



Executive – 2014/15 Budget report

Monday 17 February 2014 at 7.00 pm

Boardroom - Civic Centre, Engineers Way, Wembley,
HA9 0FJ

Membership:

Lead Member Councillors:

Portfolio

Butt (Chair)	Leader/Lead Member for Corporate Strategy & Policy Co-ordination
R Moher (Vice-Chair)	Deputy Leader/Lead Member for Finance and Corporate Resources
A Choudry	Lead Member for Crime Prevention and Public Safety
Crane	Lead Member for Regeneration and Major Projects
Denselow	Lead Member for Customers and Citizens
Hirani	Lead Member for Adults and Health
Mashari	Lead Member for Environment and Neighbourhoods
McLennan	Lead Member for Housing
J Moher	Lead Member for Highways and Transportation
Pavey	Lead Member for Children and Families

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The press and public are welcome to attend this meeting

Agenda - 2014/15 Budget report

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

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This report sets out the detail of the budget proposed for 2014/15 and how this has been developed as well as the medium term financial outlook. Members are principally concerned with setting the budget for 2014/15 at this stage, but to do so need to be mindful of the medium term position and of the inherent financial risks in delivering, as Brent does, a complex range of services to its 312,000 residents, spending over £1bn p.a. to achieve this.

Ward Affected:
All Wards

Lead Member: Councillor R Moher
Contact Officer: Mick Bowden, Deputy Director
of Finance
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Date of the next meeting: Monday 24 March 2014



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Executive
17 February 2014

**Report from the Chief Finance
Officer**

Wards affected:
ALL

Budget 2014/15 and Council Tax

1. INTRODUCTION

- 1.1. Since 2010 a stated aim of the government's fiscal policy has been to eliminate the current account deficit in the public finances, which stands at £111bn in 2013/14 and which, in the Autumn Statement, was forecast to move into surplus by 2018/19. This has principally been pursued through reductions in public expenditure with a smaller but still significant contribution through changes to the taxation system. Within the public expenditure totals national policy has been to protect some large budgets, such as for the NHS and schools. The inevitable consequence of this has been that local government expenditure has been subject to proportionately greater reductions.
- 1.2. In common with other councils Brent has therefore had to confront difficult decisions to maintain a balanced budget over this period. Significant back office efficiencies have been contributed to achieving these financial targets, but substantial savings have also been made by reducing or closing some local services. A similar pattern of decisions is proposed for the 2014/15 budget, as set out in the detail of this report. Members should also note that the indications are that the period to 2016/17 will be even more financially challenging, with the pace and scale of savings required forecast to accelerate sharply, especially in 2015/16.
- 1.3. The period since 2010 has also seen unprecedented changes to the structure of local government finance. At a technical level the removal of most ring fenced grants and 'rolling these in to formula grant with

tailored distributions' (as DCLG describe it) and other detailed adjustments has made a true like for like comparison over time difficult. Different figures have been quoted by different organisations making it hard to assess objectively the total impact on local councils.

- 1.4. In the view of the Chief Finance Officer the simplest and yet still highly appropriate comparison is between the gross expenditure on all services, excluding housing benefit, schools and the HRA. For Brent this has reduced by more than £60m over the period. This equates to a cash fall of 13% or about 23% in real terms once inflation is taken into account. An alternative measure proposed by DCLG is 'spending power' which seeks to take account of other funding streams that councils can influence but not directly control. On this measure, which is arguably more sophisticated but less transparent, London Councils calculate that in London the average 'spending power' per household has fallen by £544 since 2010, compared to the national average reduction of £300.
- 1.5. It should also be noted that the Brent Council element of the council tax has not increased since 2009. By freezing the council tax, as proposed in this budget, Brent will receive a 'freeze grant' equivalent to the value of a 1.25% increase in council tax. This would be the fifth consecutive year that the Council has not increased council tax.
- 1.6. The pace of change in Brent has been rapid to adjust to this, and the council has made savings of £80 million over the period, at an average impact of £702 per household. In doing so the council has sought to focus on achieving efficiencies in administrative and back office services. However, in common with other local authorities across the country, it has not been possible to avoid confronting difficult decisions about service provision.
- 1.7. The general fund revenue budget proposed for 2014/15 reflects the pattern of recent years. As set out in the detail of this report, savings of £17.8m are proposed. These include substantial efficiency savings, such as over £3m from senior management and corporate services and £2.8m from adopting vacancy factors in staffing budgets. Nonetheless, it has not been possible to propose a budget with no impact on front-line services and a full list of all of the proposals is provided in the appendices to this report
- 1.8. The net budget proposed for 2014/15 is £269.4m. This is based on a total un-ringfenced grant from central government of £95.4m, down 17.8% on the £116.0m received in 2013/14. As the report also shows, further savings currently estimated at £52.8m will be required over the period 2015/17 and, based on current national fiscal forecasts, it is reasonable to expect that further substantial savings will be required beyond that point.
- 1.9. This report therefore sets out the detail of the budget proposed for 2014/15 and how this has been developed as well as the medium term

financial outlook. Members are principally concerned with setting the budget for 2014/15 at this stage, but to do so need to be mindful of the medium term position and of the inherent financial risks in delivering, as Brent does, a complex range of services to its 312,000 residents, spending over £1bn p.a. to achieve this.

- 1.10. The report also sets out the council's planned capital programme to 2016/17. No fundamental changes are proposed to the previously agreed programme. Where additional government grants have been awarded, principally for school places, the programme has been updated to reflect this. No new additional borrowing is proposed, and given the pressures on the capital programme as asset sales decline as a source of potential finance it will be necessary to constrain tightly any new investments that cannot be made self-financing. Managing the capital programme beyond 2016/17 will be one of the most significant medium term financial challenges for the council.
- 1.11. The report also sets out an appropriate level of technical detail on the ring fenced Dedicated Schools' Grant, Housing Revenue Account and Prudential Treasury Indicators. For ease of reading and completeness most of the technical detail is contained in various appendices. All of these are relevant and important, but the covering report highlights the key issues for Members' consideration. Members should also note the advice from the Director of Legal and Procurement as set out in Appendix M.

2. RECOMMENDATIONS

These recommendations only include a provisional Council Tax level for the GLA as its final budget was not agreed when this report was dispatched. This means that the statutory calculation of the total amount of Council Tax under Section 30(2) of the Local Government Finance Act 1992 may be amended by the final Greater London Authority precept.

Subject to the final confirmation of the GLA precept the Executive is asked to approve the following recommendations for Full Council at its meeting on 3 March 2014:

- 2.1 Agree the General Fund revenue budget for 2014/15, as summarised in Appendix A.
- 2.2 Agree the Service Area budgets including the cost pressures and savings detailed in Appendices B and C.
- 2.3 Note the report of the Budget and Finance Overview & Scrutiny Committee in Appendix D.
- 2.4 Note Appendix E and agree the budgets for central items and other budgets.
- 2.5 Receive the report from the Chief Finance Officer in Appendix C(iii) in respect of his statutory duty under Section 25 of 2003 Local Government Act.
- 2.6 Agree that there is no increase in the Council's element of council tax for 2014/15.
- 2.7 Note and consider the advice of the Director of Legal and Procurement as set out in Appendix M.
- 2.8 Agree the instalment dates for council tax and NNDR for 2014/15, and the recovery policy for council tax as set out in Appendix F(ii).
- 2.9 That decisions on individual applications for reducing Council Tax payable in accordance with section 13A(1)(c) of the Local Government Finance Act 1992 be delegated to the Chief Finance Officer.
- 2.10 Note the Medium Term Financial Outlook in Section 5.
- 2.11 Agree the School's Budget set out in Appendix H.
- 2.12 Agree the Housing Revenue Account budget set out in Appendix I(ii).
- 2.13 Agree the 2014/15 to 2016/17 capital programme as set out in Appendix J.

- 2.14 Note the levels of unsupported borrowing forecast for 2014/15, based on the borrowing levels agreed by the Council on 28 February 2013.
- 2.15 Agree the Treasury Management Strategy and the Annual Investment Strategy for 2014/15 set out in Appendix K.
- 2.16 Agree the Prudential Indicators set out in this section for affordability, capital spending, external debt and treasury management set out in Appendix L.
- 2.17 In relation to the council tax for 2014/15 we resolve:

That the following amounts be now calculated by the Council for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

- (a) £1,059,811,000 being the aggregate of the amount that the Council estimates for the items set out in Section 31A(2) of the Act.
- (b) £975,937,657 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £83,873,343 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.
- (d) £1,058.94 being the amount at (c) above, divided by the amount for the taxbase specified above calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
705.96	823.62	941.28	1,058.94	1,294.26	1,529.58	1,764.90	2,117.88

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

- 2.18 That it be noted that for the year 2014/15 that the proposed Greater London Authority precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, in respect of

the Greater London Authority, for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
199.33	232.56	265.78	299.00	365.44	431.89	498.33	598.00

- 2.19 That, having calculated the aggregate in each case of the amounts at (e) and the precepting authority referred to in the preceding paragraph above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2014/15 for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
905.29	1,056.18	1,207.06	1,357.94	1,656.70	1,961.47	2,263.23	2,715.88

- 2.20 The Chief Finance Officer has determined that the Council's basic amount of Council Tax for 2014/15 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Act 1992.

- 2.21 (a) That the Chief Finance Officer be and is hereby authorised to give due notice of the said council tax in the manner provided by Section 38(2) of the 1992 Act.
- (b) That the Chief Finance Officer be and is hereby authorised when necessary to apply for a summons against any council tax payer or non-domestic ratepayer on whom an account for the said tax or rate and any arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.
- (c) That the Chief Finance Officer be and is hereby authorised to collect revenues and distribute monies from the Collection Fund and is authorised to borrow or to lend money in accordance with the regulations to the maximum benefit of each fund.

3. THE 2014/15 REVENUE BUDGET

The process for developing the 2014/15 budget

- 3.1 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 revised Borough Plan and the updated medium term financial outlook which was considered by the Executive in October 2013;
- Public consultation, including: engagement through 8 workshops with 199 members of the public during September 2013; a budget simulator on the Council's website where 480 responses have been received; through face to face meetings including presentations and question and answer sessions at each Brent Connects meeting;
- In response to what people have said in the consultations the public expressed a view that the Council should protect vulnerable residents and reduce back office costs. The budget proposals reflect this.
- Debates through the Budget and Finance Overview and Scrutiny Committee
- Meetings 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;
- The First Reading Debate at Full Council.

- 3.2 The Budget and Finance Overview & Scrutiny Committee has met on a number of occasions during the budget process. All Members were invited to a meeting of the Committee on 4 February 2014 and had the opportunity to pose questions to the Deputy Leader and Lead Member for Resources on the proposals in the budget. The report of the Budget and Finance Overview & Scrutiny Committee is attached as Appendix D.

- 3.3 Other decisions have been made on items that have been taken into account in these budget proposals. The Executive on 9 December 2013 agreed the 2013/14 balance on the Collection Fund and General Purposes Committee on 21 January 2014 agreed the council tax base and estimated business rate yield for 2014/15.

- 3.4 Decisions of external bodies affect the budget process. The provisional grant settlement was published in December 2013. Notifications from levying bodies, including the West London Waste Authority, are taken

into account in this report. The precept for the GLA is due to be confirmed by the Greater London Assembly on 14 February 2014.

Changes since the First Reading Debate

3.5 The First Reading Debate report of the Chief Finance Officer to Full Council on 18 November 2013 set out progress on the budget. At that stage it was anticipated that the budget, including the draft schedule of savings, was broadly in balance.

3.6 Details of the progress that has been made are set out below:

a. Service area cost pressures

Since the First Reading Debate, service area cost pressures have reduced from £5.6m to £3.1m, primarily due to a reduction in the forecast costs relating to temporary accommodation. The revised cost pressures are detailed in Appendix C(i).

b. Central Items

Since the First Reading Debate, the forecasts for central items have been reviewed. A number of budgets have been updated to reflect latest information on levies and subscriptions.

2014/15 Service Area Budgets

3.7 Table 3.1 below summarises the changes in budget at service area level.

Table 3.1 Service Area Budgets

	2014/15 Revised Base Budget £'m	Cost Pressures		Savings		2014/15 Draft Budget £'m
		£'m	%	£'m	%	
Adults	92.0	3.5	3.9	(4.4)	(4.8)	91.0
Children & Young People	44.6	0.0	0.0	(3.2)	(7.1)	41.5
Environment & Neighbourhoods	35.6	0.2	0.6	(3.4)	(9.6)	32.3
Regeneration & Growth	35.9	(1.0)	(2.8)	(2.7)	(7.6)	32.1
Corporate Services	53.2	0.4	0.7	(4.1)	(7.7)	49.5
Total Service Area Budgets	261.3	3.1	1.2	(17.8)	(6.8)	246.5

Central Items

- 3.8 Central items are items not included in individual service cash limits. The total of central items is £40.273m in 2014/15, principally relating to capital financing costs and levies. Further details of the items are included in Appendix E.

HRA

- 3.9 The detailed HRA budget is set out in a separate report to the Executive and is summarised in Appendix I. The proposals reflect an overall average rent increase of 4.39% which is consistent with the government's rent restructuring policy and enables the investment in the Council's housing stock as set out in the HRA asset management plan.

Equalities Implications

- 3.10 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. Further details are in Appendix G.

Risks

- 3.11 Officers have carried out an assessment 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. The detailed assessment is set out in Appendix C(iii) which also contains the Chief Finance Officer's commentary on the adequacy of the budget calculation and the level of balances as required by Section 25 of the 2003 Local Government Act.

Balances and Earmarked Reserves and Provisions

- 3.12 Based on the latest budget monitoring position for 2013/14 the council's General Fund usable balances are forecast to meet the target of at least £12m at 31 March 2014.
- 3.13 Councils need balances to deal with unexpected events 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.
- 3.14 Balances also contribute to effective medium term financial planning. They allow councils to adjust to changes in spending requirements over a period of time, and to take a more flexible approach to the annual

budget cycle, for example through *invest to save* schemes. This flexibility needs to be considered each year depending on the particular pressures facing the council and the outlook in the medium term.

- 3.15 Balances can be used only once. It is not financially sustainable to plan to keep using reserves to balance the budget, but using them to meet temporary funding shortfalls or to pump prime investments that will in time be self financing can be an important part of a sound medium term strategy. The budget proposed for 2014/15 would leave general unallocated balances at the end of the year at or slightly above the minimum level recommended by the Chief Finance Officer. It should be noted that Brent's level of balances, as a proportion of budget requirement, is currently one of the lowest in London.
- 3.16 The list of current earmarked reserves and provisions, in accordance with Part A of the Council's Scheme of Transfers and Virements, is set out in Appendix N.

Overall Budget Requirement

- 3.17 The overall budget requirement in 2014/15 resulting from the proposals in this section is £269.421m. The make up of this budget requirement is summarised in Table 3.2 (details in Appendix A).

Table 3.2 General Fund Budget Requirement in 2014/15

	£m
Service area budgets	246.5
Centrally held Government Grants	(25.0)
Central items	40.3
Inflation provision, centrally held pressures and the enabling fund	7.6
Proposed budget requirement for 2014/15	269.4

4 RESOURCES

Revenue Support Grant and Business Rate Funding 2014/15

- 4.1 The main funding sources for the Council's net budget are:
- Revenue Support Grant
 - Business Rates Top-up
 - Retained Business Rates
 - Council Tax Freeze Grant
 - New Homes Bonus
- 4.2 For 2014/15, Brent's Settlement Funding Assessment is £174.027m of which £95.368m will be funded by the Revenue Support Grant (RSG). The remaining £78.659m is the government's assumed figure for locally retained business rates (£31.220m) and the business rates top-up (£47.439m).
- 4.3 The Council has to estimate its 2014/15 level of business rates and to budget for the retained business rates element for Brent and at the same time determine how much will need to be paid over to the GLA and central government. This is detailed in table 4.1.

Table 4.1 – Business Rates

	2013/14 £m	2014/15 £m
Retained Element – Brent (30%)	31.892	33.003
GLA Element (20%)	21.261	22.002
Central Government Element (50%)	53.154	55.005
Total	106.307	110.010

- 4.4 The increase in the collectable figure is largely due to the estimated growth in business rates from the London Designer Outlet other developments within the borough. This does not affect the business rate top up from the Government. These figures have been updated since the General Purposes Committee on 21 January 2014 and reflect the latest government guidance on the business rate changes announced in the Autumn Statement. The Chancellor announced that the uprating of business rates would be capped at 2% from April below the 3.2% increase expected on inflation figures. In addition the rate relief for small business was extended and a £1,000 discount for small shops, pubs and restaurants was introduced. All these changes impacted on the collection of business rate income. The Council now expects £1.7m in Section 31 grants to compensate for the loss in business rate retained income and business rate top-up.

Limitation of Council Tax Increases/Council Tax Freeze Grant

- 4.5 The Localism Act 2011 allows the government to determine levels of council tax increase for which local authorities are required to seek approval via a local referendum. For 2014/15 the level has been determined as equal to, or greater than, 2%.
- 4.6 By freezing the council tax, as proposed in this budget, Brent will receive a 'freeze grant' equivalent to the value of a 1.25% increase in council tax. This would be the fifth consecutive year that the Council has not increased council tax.

New Homes Bonus

- 4.7 The New Homes Bonus Grant was introduced in 2011/12. The objective was 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 D for each new additional property (at Band D equivalent). This is currently £1,439, payable on a rolling basis for six years as a non ringfenced grant. Therefore councils receive a double benefit from each new home, with the additional council tax due plus the reward grant. There are also payments for long term empty properties brought back in to use (or reductions if this number increases), and an additional payment for of £350 for each new affordable home.
- 4.8 The grant for 2014/15 is based on changes in property numbers between September 2009 and September 2013 and is £6.198m. From 2015/16 it is proposed that £70m of New Homes Bonus is top-sliced from councils in London and allocated to the GLA. It is anticipated that this would amount to more than £2m for Brent.

The Collection Fund

- 4.9 The Executive meeting on 9 December 2013 approved an estimated council tax surplus of £3.2m in 2013/14, of which the Council's share is £2.488m with the balance payable to the GLA.

The Council Tax Base

- 4.10 A tax base of 79,205 adjusted equivalent Band D properties for 2014/15 was agreed by the General Purposes Committee on 21 January 2014. This assumes a collection rate of 96.25% will be achieved in respect of charges raised for 2014/15 (increased from 96% in 2013/14).

Calculating the Council Tax Level

- 4.11 The calculation of the council tax for Brent services is set out in Table 4.2 below. The calculation involves deducting Formula Grant from Brent's budget, deducting the surplus on the Collection Fund, and dividing by the tax base.

Table 4.2 Calculation of Brent's Council Tax for 2014/15

	£m
Proposed Brent budget	269.421
Less Revenue Support Grant	(95.368)
Less Retained Business Rates	(33.003)
Less Business Rates Top up	(47.439)
Less Council Tax Freeze Grant	(1.052)
Less New Homes Bonus	(6.198)
Less Net Surplus on Collection Fund	(2.488)
Total to be met from Council Tax for Brent Budget	83.873
Tax Base (Adjusted Band D equivalents)	79,205
Band D Council Tax (£)	£1,058.94

Greater London Authority (GLA)

- 4.12 The GLA came into existence on 3rd July 2000 and includes the London Fire and Emergency Planning Authority (LFEPA), the Metropolitan Police and Transport for London.
- 4.13 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.
- 4.14 The Mayor's initial budget is based on a precept at Band D is £299.00 for 2014/15. This represents a reduction of £4.00 or 1.3%.

Setting the Tax

- 4.15 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.

- 4.16 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations.
- 4.17 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

- 4.18 Appendix F(ii) sets out the council tax and NNDR instalment dates and the recovery policy for council tax which Members are asked to endorse.
- 4.19 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 each month starting in April until 1st January 2015, whilst direct debit payers can pay on the 1st, 12th, 17th, or 28th of the month. Council tax payers are also able to request to make payments over twelve monthly instalments.

5 MEDIUM TERM FINANCIAL OUTLOOK

Resource envelope

- 5.1 The local government finance settlement in February 2014 covered 2014/15 and gave indicative allocations for 2015/16. Officers cannot be certain of funding for future years but can make reasonable projections based upon the national figures included within the Autumn Statement in December 2013.

Managing the budget within the resource envelope

- 5.2 At its meeting on 14 October the Executive considered an update on the medium term financial outlook. This included resource projections, including grant levels, movements in the council tax base, business rate yield and collection rate assumptions.
- 5.3 The results were presented as the level of net savings required for each year of the plan based on no council tax increases. This is purely for presentational purposes as decisions about future levels of council tax have not been made. As a rough guide Members are advised that each 1% increase in future council tax would raise additional annual revenue of £0.8m, reducing the future savings requirement accordingly. This does not take account of future council tax freeze grants, which depending on the way in which they were made, would reduce this impact. Details of projected savings required are provided in Table 5.1.

Table 5.1 Initial Forecast of Savings Required in Future Years

	2015/16 £m	2016/17 £m
Net savings required:		
Annual	33.6	19.2
Cumulative	33.6	52.8

- 5.4 The projections also assume that the council will keep its level of balances unchanged.

5.5 Factors that are built into the projections include:

Spending assumptions

- Service area budgets have been rolled forward at 2014/15 levels into future years;
- An allowance for both pay inflation and for an increase in the employer's rate of pension contribution of 1%;
- An assumption that general inflation will be in line with the Bank of England's forecast of 2%;
- The movement in central items detailed in Appendix E.

Resource assumptions

- Revenue support grant of £67.8m in 2015/16 and £54.4m in 2016/17;
- New Homes Bonus retained by the Council, after taking account of the GLA top-slice, to be £6.3m by 2016/17;
- Council tax base increase of 1% each year;
- Council tax collection of 96.25% in each year;
- Retained business rates to increase by 5% each year;
- Business rate top-up to increase by 2.5% each year.

6. THE SCHOOLS REVENUE BUDGET

Introduction

- 6.1 This section sets out estimates for the Schools' Budget for 2014/15 for approval. The Schools' forum, on 15 January 2014, reviewed the proposals and recommended their approval.

Schools' Budget Funding

- 6.2 Schools are funded by a ring-fenced grant, the Dedicated Schools Grant (DSG). As with many other areas of local government finance, the DSG has been subject to significant changes in recent years.
- 6.3 A portion of the DSG is retained centrally by the council to provide services to schools. This covers, for example, maternity costs, and so shares the costs amongst all schools rather than allowing individual costs, possibly at a small school, having a disproportionate impact on the budget of a single school. The Schools Forum continues to scrutinise centrally retained and de-delegated amounts of the DSG, to ensure that value for money is being obtained on behalf of schools.
- 6.4 The proposed final schools budget reflects the Executive decision of 9 December 2013 to change the ratio of funding between primary and secondary schools to bring it in line with the national average, and thereby also addresses Brent's excessively high minimum funding guarantee (MFG). MFG is a mechanism that ensures that schools do not lose or gain more than 1.5% each year, except in the case of falling rolls or growing schools. This reduces the over-reliance of schools on MFG, as although MFG is expected to continue in its current form for the short-term, this may not be the case in the long-term.
- 6.5 Funding per pupil, excluding MFG, for 2014/15 is set out below (with 2013/14 figures in brackets). It should be noted that overall funding per pupil, including MFG, is broadly unchanged.
- Secondary £5,805 (£4,582)
 - Primary £4,596 (£4,144)

Changes in pupil numbers results in the total Schools Budget increasing by £1.2m.

- 6.6 Both MFG and pupil rolls have protected primary schools from the ratio shift, with primary schools set to receive £2.2m more in funding in 2014/15. Funding for secondary schools however, will drop by £2m (excluding Sixth Form which isn't part of this funding stream) in 2014/15 as a direct result of falling pupil numbers. Funding for special schools will increase by £1m.

- 6.7 Schools also receive a Pupil Premium Grant (PPG), which is in addition to and separate from the schools budget. This is additional funding provided to target disadvantaged pupils and to narrow the attainment gap between them and their peers. With increases announced to this funding for 2014/15, as shown below, schools in Brent will benefit from an addition £3.5m in funding of which primary schools gain £3.3m.

Element of PPG	2013/14	2014/15
Free School Meals:	£	£
- Primary	935	1,300
- Secondary	900	953
Looked After Children	900	1,900
Service Children	300	300

Schools' Budget Risks

- 6.8 Where a school in deficit is required by the DfE to convert to academy status, the deficit at the point of conversion remains with the council. This therefore impacts on the DSG available for provision of central services to schools. In contrast, where a school in deficit chooses to pursue academy status, the council is able to recover the deficit from the DfE.
- 6.9 Although this may be subject to change at present the following academy conversions may take place during 2014/15:
- Gladstone Park Primary School in April 2014;
 - Woodfield Special School in April 2014;
 - Copland Community School in September 2014.
- 6.10 Where a school has a deficit the Council will work with the governing body to develop an action plan to recover the position.

7. THE CAPITAL PROGRAMME, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS

Capital Programme

Overall programme

7.1 The proposed capital programme for is attached as Appendix J. Table 7.1 provides a high level summary.

Table 7.1 Proposed Capital Programme

	2014/15	2015/16	2016/17
Service Area	£000	£000	£000
Expenditure			
Regeneration and Growth	109,827	42,031	33,657
Environment and Neighbourhoods	8,599	8,250	8,250
Adult Social Care	2,541	748	748
Central	400	400	400
Total GF expenditure	121,367	51,429	43,055
Housing HRA	17,496	25,812	10,362
Total Expenditure	138,863	77,241	53,417
Resources			
Grant and External Contributions	(80,237)	(27,377)	(24,634)
Internal Contributions	(1,033)	(900)	(900)
Capital Receipts	(24,921)	(10,651)	(5,020)
S106 & CIL Funding	(5,783)	(5,500)	(5,500)
Unsupported Borrowing	(8,054)	(6,801)	(6,801)
Self-funded borrowing	(1,339)	(200)	(200)
Total GF Resources	(121,367)	(51,429)	(43,055)
Housing HRA	(17,496)	(25,812)	(10,362)
Total Resources	(138,863)	(77,241)	(53,417)

Spending proposals

- 7.2 The capital programme is based on the previous year's programme, amended to take account of the provisional Local Government Settlement announcement in December.

Resources

- 7.3 Funding changes from the previously agreed programme are as follows:

a. Grant funded schemes

Figures for grant funded schemes have been based on the latest available figures. However, in several cases final allocations have not yet been disclosed, so these figures are estimates and are subject to revision.

b. Capital receipts

Capital receipts have been reviewed and capital programme resources amended to reflect the most up to date capital disposals forecasts. The position will continue to be kept under review. 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. In accordance with the Council's asset management plan, it is proposed that any HRA receipts will be applied to develop or acquire affordable housing.

c. S106 and Community Infrastructure Levy Funding Agreements

The council's Community Infrastructure Levy (CIL) scheme came into effect in 2013/14. Existing Section 106 (S106) agreements are expected to continue to provide capital funding for a number of years. The capital programme includes an estimate of combined future S106 and CIL income. Members should note that this is currently an indicative profile of expenditure. Members should be aware that Section 106 funds are only triggered once schemes start on site and therefore timing of receipt of funds is not guaranteed.

d. Self-funded borrowing

Schemes funded from self-funded borrowing include 'invest to save' schemes such as improvements to sports facilities, energy conservation schemes (for which part funding is from Carbon Trust monies), and school expansion schemes. In addition to the figures above, up to £20.6 million can be borrowed by the HRA to be used by March 2016. The HRA business plan accommodates the funding of this borrowing through the projected level of future rents.

e. Other borrowing

Overall unsupported borrowing levels within the capital programme between 2013/14 and 2016/17 have been reviewed in light of the provisional Local Government Settlement

announcement and the revised forecast levels of capital receipts arising in the individual years. Amendments have been made as appropriate to ease pressure on the revenue account to meet debt charges and no new unsupported borrowing is proposed. The council will flexibly apply its capital resources in order to minimise the cost of borrowing over the medium term. Only where there is a legal obligation for the council to ring-fence specific capital resources to a specific project will capital resources be ring-fenced.

Treasury Management Strategy and Prudential Indicators

Treasury Management Strategy

7.4 The Council's Treasury Management Strategy is aligned to the financing requirements of the capital programme. It sets out the framework for treasury management activity in 2014/15 and includes:

- current levels of borrowing and investments
- interest rate outlook
- approach to future borrowing
- approach to future investments.

7.5 The Strategy, which has been reviewed by the Audit Committee at its meeting on 8 January 2014, is set out in Appendix K.

Prudential Indicators

7.6 A local authority is required to ensure that its capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. This is achieved through the setting of prudential indicators covering a number of key factors such as the limit on, and the repayment profile of, external debt. Appendix L sets out the full set of Prudential Indicators which are consistent with the capital programme and revenue budget proposals within this report.

8 FINANCIAL IMPLICATIONS

8.1 These are contained in the body of the report.

9 LEGAL IMPLICATIONS

9.1 These are set out in Appendix M.

10 DIVERSITY IMPLICATIONS

10.1 These are set out in Appendix G.

11 STAFFING IMPLICATIONS

11.1 The impact of the budget proposals are outlined in Appendix C(ii).

12 BACKGROUND INFORMATION

2013/14 Revenue Budget and Council Tax – Report to Council on 25 February 2013.

First Reading debate on the 2014/15 – 2017/18 Budget – Report from Chief Finance Officer to Council on 18 November 2013.

Collection Fund Surplus/Deficit at 31 March 2014 Report – Report to the Executive on 9 December 2013.

Calculation of Council Tax Base and Business Rate Yield 2014/15 – Reports to General Purposes on 21 January 2014.

Housing Revenue Account Budget Report 2014/15 – Report to the Executive on 17 February 2014.

13 CONTACT OFFICERS

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LIST OF APPENDICES

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Appendix B	Service Area Budget Summary
Appendix C (i)	Service Cost Pressures
(ii)	Analysis of Savings Items within Service Area Budgets
(iii)	Budget Risks and Chief Finance Officer's Assessment
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Appendix E(i)	Central Items Table
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(ii)	Council Tax and NNDR Instalment Dates and Collection Policy
Appendix G	Equalities Impact Assessment
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Appendix I (i)	Housing Revenue Account
Appendix I (ii)	Housing Revenue Account Budget Analysis
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2014/15 REVENUE BUDGET

	2013/14 £'000	2014/15 £'000
Service Area Budgets (SABs)		
Adults	108,748	91,049 (*)
Children & Young People	43,781	41,475
Environment & Neighbourhoods	35,495	32,345
Regeneration & Growth	30,231	32,131
Corporate Services	42,769	49,517 (*)
Total SABs	261,024	246,517
Other Budgets		
Central Items	40,242	40,273
Transformation Enabling Fund	2,500	1,390
Inflation Provision	3,467	6,052
One Council Savings	33	0
Unallocated Government Grants	(22,883)	(24,975)
Centrally Held Growth	164	164
Use of earmarked reserve	(250)	0
Total Other Budgets	23,273	22,904
Total Budget Requirement	284,297	269,421
Less		
Revenue Support Grant	115,976	95,368
Retained Business Rate	31,892	33,003
Business Rate Top up	46,532	47,439
Council Tax Freeze Grant	1,053	1,052
New Homes Bonus	5,289	6,198
Surplus/(Deficit) on the Collection Fund	1,814	2,488
	202,556	185,548
Total to be met from CT for Brent Budget	81,741	83,873
Total to be met from CT for GLA Precept	23,389	23,682
Taxbase - Band D Equivalents	77,191	79,205
Brent Council Tax Requirement at Band D	£1,058.94	£1,058.94
Brent % Increase	0.0%	0.0%
GLA Precept	£303.00	£299.00
GLA % Increase	0.0%	-1.3%
TOTAL BAND D including Precepts	£1,361.94	£1,357.94
TOTAL % Increase	0.0%	-0.3%

(*) The figures above reflect the transfer of Public Health budgets of £18.8m into Corporate Services, primarily from Adult Social Care

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SERVICE AREA: Budget Summary

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Adults	108,748	(16,794)	3,545	(4,450)	0	91,049
Children & Young People	43,781	851	0	(3,157)	0	41,475
Environment & Neighbourhoods	35,495	65	197	(3,412)	0	32,345
Regeneration & Growth	30,231	5,651	(1,022)	(2,729)	0	32,131
Corporate Services	42,769	10,434	395	(4,081)	0	49,517
TOTAL	261,024	207	3,115	(17,829)	0	246,517

Notes:

1. 2014/2015 Budget = Column 1 + 2 + 3 + 4 + 5

SERVICE AREA: Adults

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Welfare Payments						
Concessionary fares	15,353	558	0	0	0	15,911
Support for chronically sick and disabled	84	0	0	0	0	84
	15,437	558	0	0	0	15,995
Social Care						
Transitions	6,182		500			6,682
Adults with learning disabilities	15,416		488	(1,251)		14,653
Adults with physical disabilities	6,449			(277)		6,172
Adults with mental illness	6,937			(370)		6,567
Older people	22,484	182	2,548	(1,634)		23,580
Support planning	2,822			(87)		2,735
Reablement	2,571			(80)		2,491
Safeguarding	593			(18)		575
Direct services	5,569	(285)		(273)		5,011
Client affairs	788			(97)		691
Grants	1,056					1,056
	70,867	(103)	3,536	(4,087)	0	70,213
Public Health						
Public Health	17,417	(17,417)				0
Directorate						
Senior management	807			(290)		517
Commissioning	2,126		9	(73)		2,062
Central costs	2,094	168				2,262
	5,027	168	9	(363)	0	4,841
TOTAL	108,748	(16,794)	3,545	(4,450)	0	91,049

SERVICE AREA: Children & Young People

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Early Help and Education	52,199	6,191	0	(1,708)	0	56,682
Social Care	32,452	44	0	(1,442)	0	31,054
Director's Office	242	2	0	(7)	0	237
Central Support and Others	2,836	(333)	0	0	0	2,503
Schools,DSG and Other School Related	(43,948)	(5,053)	0	0	0	(49,001)
TOTAL	43,781	851	0	(3,157)	0	41,475

SERVICE AREA: Environment & Neighbourhoods

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Business Support	300	(233)	0	(7)	0	60
Brent Transport Services	(250)	6	0	(188)	0	(432)
Consumer & Business Protection	1,487	14	0	(179)	0	1,322
Safer Streets	3,717	(836)	102	(183)	0	2,800
Emergency Planning & Control	823	0	23	(178)	0	668
Parking Control	(3,670)	5	0	(678)	0	(4,343)
Community Safety	0	918	0	(93)	0	825
Registration & Nationality	0	74	0	(224)	0	(150)
TOTAL - ENVIRONMENT & PROTECTION	2,407	(52)	125	(1,730)	0	750
Directorate	848	5	0	(15)	0	838
Environment & Neighbourhoods Policy	0	250	0	(45)	0	205
Welsh Harp	0	26	0	0	0	26
TOTAL - DIRECTORATE	848	281	0	(60)	0	1,069
Parks Service	2,349	(928)	0	(14)	0	1,407
Cemeteries	(242)	(300)	0	(30)	0	(572)
Transportation	(15)	18	11	(293)	0	(279)
Recycling & Waste	23,185	1,340	0	(1,177)	0	23,348
Sports Service	2,868	(306)	61	(33)	0	2,590
Libraries	4,095	12		(75)	0	4,032
TOTAL - NEIGHBOURHOODS	32,240	(164)	72	(1,622)	0	30,526
TOTAL	35,495	65	197	(3,412)	0	32,345

SERVICE AREA: Regeneration & Growth

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Non Housing	10,826	(882)	0	(1,434)	0	8,510
Housing General Fund	19,405	69	(1,022)	(849)	0	17,603
BACES	0	(1,063)	0	0	0	(1,063)
Customer Services	0	7,527	0	(446)	0	7,081
TOTAL	30,231	5,651	(1,022)	(2,729)	0	32,131

SERVICE AREA: Corporate Services

ITEM	YEAR 1	YEAR 2				
	2013/2014 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2014/2015 Budget Forecast £'000 (6)
Assistant Chief Executives	9,356	17,152	220	(1,260)	0	25,468
Finance & IT	23,372	(11,171)	0	(1,431)	0	10,770
Human Resources	0	8,563	175	(1,007)	0	7,731
Legal & Procurement	10,041	(4,110)	0	(383)	0	5,548
TOTAL	42,769	10,434	395	(4,081)	0	49,517

SERVICE GROWTH / COST PRESSURES - 2014/15

Service	Item	2014/15	Comments
		£'000	
	Demand led pressures		
Adults	Transitions	500	Children with disabilities accessing social care services transfer into adult social care at age 18 (or later, if in full time education). The costs of providing social care services to children in transition become a service cost pressure for adult social care. The number of children in transition and the cost of their care vary from year to year. As they often transfer part way through the financial year, the full year effect of their costs is felt in the year following their transfer.
Adults	Learning Disabilities	488	Transitional clients living longer into Adult age. In 2013/14, the highest spending category of care was Learning Disability residential care, and this category of care will continue to see growth across the period.
Adults	Demand for Services	310	Although the numbers of older people are increasing according to population growth, the proportion or mix of service users with dementia will increase significantly which in general means that additional costs will be incurred by the department. In addition, the department has seen a significant increase in dementia service users in the last two years. A risk for the department is managing the growth in demand in 2013/14 of around £1m, but the service is working hard to look at strategies to counteract this growth with changes in the way that services are delivered.
R&G	Housing - Temporary Accommodation	(1,047)	The implementation of the overall benefit cap following from changes to the Local Housing Allowance regime have resulted in an increase in homeless demand and changes in the housing benefit subsidy for temporary accommodation. To date the demand has not been as high as originally anticipated.
	Total demand led growth	251	
	Price led growth		
Adults	Inflation	2,238	The department's historic 'price point' approach to reducing unit costs has largely been exhausted. This impacts the viability of holding the current levels of unit costs. The department anticipates a 3.8% price increases in homecare
E&N	Contractual inflation across Environment & Neighbourhoods Services	197	This covers contractual inflation relating to the Streetlighting PFI and Street Trees contractual inflation, Willesden Sport Centre PFI, CCTV contractual inflation and LoHAC framework inflation.
	Total Price led growth	2,435	
	Loss of Income		
R&G	HRA/General Fund Recharges	25	Impact of stock transfers from South Kilburn and other sites
Assistant Chief Executive	Design Service	220	To reflect the historic shortfall of income within Design.
Human	Payroll Service	175	Loss of income from the Authority no longer providing a
	Total pressures due to loss of	420	
	New Burdens		
Adults	Learning Disability & Community	9	Funding for Deprivation of Liberty Safeguards/Mental Health
	Total pressures due to new	9	
	Other Growth		
	Total pressures due to other	0	
	GRAND TOTAL OF SERVICE	3,115	

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SERVICE AREA: SUMMARY**ANALYSIS OF SAVINGS**

Service Area	2014/2015 £'000
Adults	4,450
Children & Young People	3,157
Environment & Neighbourhoods	3,412
Regeneration & Growth	2,729
Corporate Services	4,081
TOTAL	17,829

SERVICE AREA: ADULTS**ANALYSIS OF SAVINGS**

Unit	Item	2014/2015 £'000
Integrated Health and Social Care	Work is well underway to integrate mental health and older people services with the Clinical Commissioning Group, and working with other parties as appropriate. This aims to deliver savings by: - enabling those who can to live independent lives thus cutting residential costs - reducing staffing overlaps between partners North West London has been awarded Pioneer status by the Department of Health, which adds confidence to our ability to deliver, but this is still a complex and demanding programme of change and there are high inherent risks which may make it hard to achieve all of the savings in 2014/15.	2,200
Continuing Health Care	Ensuring the people within Brent who are entitled to Continuing Health Care (CHC) funding (non means tested health funding to meet their needs), get CHC.	590
Usual Rates	Continued negotiations with Residential and Nursing care providers to reduce their rates down to the Council's 'usual rates'.	410
Additional extra care/accessible housing	Investing in extra care schemes in order to reduce the number of people who need to live in residential and nursing care	200
Direct Payments	Increasing the number of Direct Payments, so people pay for their Home Care through independent Personal Assistants, therefore cutting out the overhead and profit costs attributed to home care agencies. A market for independent Personal Assistants will need to be developed in the local area.	60
Mental Health	Bringing consistency for all adult social care customers who pay what they can for services by ensuring that mental health customers receive s117 funding that they are eligible for.	72
Community Transport Review	The review of Community transport investment via a grant to remove duplication with other concessionary transport schemes.	100
Licenses/phone lines/On-line assessments	Staffing efficiencies through the introduction of online financial assessments and ensuring consistency across all customers by no longer paying for telephone or TV licenses.	73
Learning and Development	Fundamental review of training, ensuring focus is on departmental priorities for professional practice and contracted provision.	73
One Council Programme	Restructure of Senior Management and Corporate Services	290
Cross-Council	Introduce average vacancy factor of 3% across the council	382
TOTAL		4,450

SERVICE AREA: CHILDREN & YOUNG PEOPLE**ANALYSIS OF SAVINGS**

Unit	Item	2014/2015 £'000
Children and Young People - General	Reduction on supplies and services expenditure	50
SEN Transport	Savings due to efficiencies in routing and other transport costs	100
School Improvement Services	This saving has already been achieved through the restructuring of the service during 2012/13.	150
Children's Social Care	Through the Working with Families Project, working with families on the edge of care and working with WLA on smarter procurement, reductions in more expensive placements can be made.	327
Children's Centres	Reduction in locality management costs. In order to maintain frontline services and reduce management overheads the middle management structure will be reorganised. Three posts will be deleted as a result, with duties of other staff reconfigured to ensure effective service delivery.	147
Children's Centres	Reduction in central costs. This will continue the strategic direction over the last four years, which has been to maintain front-line provision whilst reducing management and administration costs in order to contribute towards financial targets. The budgets affected include those for marketing and promoting services, for hire of additional premises, for learning and development, for equipment and for commissioning.	442
SEN Transport	Further savings on eligibility following the introduction of the new eligibility policy in March 2013.	100
Fostering and Adoption	Savings from advertising, service reorganisation and allowances	108
CAMHS	Reduction in CAMHS support commissioned for LAC so that direct interventions for LAC will be delivered through the CAMHS core contract, in line with other local authorities. This will also require changes to mental health services for children with disabilities.	405
Connexions	Reduction in intensive support posts, commissioned and one-off projects and ending the provision by P3.	191
Commissioning - restructure	Deletion of Access to Resources post and downgrade (currently vacant) manager post. Several functions are being merged with other teams (including Adult Services) to generate efficiencies.	63
SEN	Review of Education Psychology Service, expecting to lead to an income generation strategy.	40
Short Breaks Unit	Income from selling bed nights and daytime usage by The Village School	60
School Improvement Services	Deletion of 1 of 4 school improvement lead posts	70
Safeguarding	Reduction in cost of Family Group Conferencing Service	80
Learning & Development	Amalgamating training functions within Children & Families	84
One Council Programme	Restructure of Senior Management and Corporate Services	80
Cross-Council	Introduce average vacancy factor of 3% across the council	660
TOTAL		3,157

SERVICE AREA: ENVIRONMENT & NEIGHBOURHOODS**ANALYSIS OF SAVINGS**

Unit	Item	2014/2015 £'000
Highways Licensing	As agreed in 2012-13 budget process, to incrementally increase charges for Crane Licenses and review other highways licensing fees (for skips, scaffolding and building materials on the public highway).	20
Sports, Parks and Cemeteries Income	To increase fees and charges for sports, cemeteries and parks as agreed in the 2012/13 budget process	44
Trading Standards - Proceeds of Crime	To fund the Accredited Financial Investigators (AFI) post from any incentivisation money received from Proceeds of Crime investigations, as part of the three year proposal agreed in the 2012/13 budget process.	25
School Crossing Patrol (SCP)	As agreed in the 2012-13 budget process, to continue with the agreed SCP policy where any vacancies in non-priority sites will not be filled and vacancies at any of the priority sites will be filled by transferring staff from a low priority site.	40
Regulatory Services	Collaborative opportunities are being explored with other boroughs to achieve savings. Some changes to the working arrangements within the regulatory services will also contribute to this saving.	50
Public Realm Contract	The Council has commenced a procurement and service delivery exercise covering the following services as part of the Public Realm contract: <ul style="list-style-type: none"> • Waste collection and recycling services including how recycled material is managed • Street cleansing and litter picking across Brent's highways, parks, open spaces • Grounds maintenance across all Brent parks, cemeteries, open spaces and housing estates managed and/or owned by BHP • Burial services • Winter services 	1,177
Highways	Reduction in a number of highways work areas including development control, asset management, public transport liaison, NRSWA and ad hoc works. Savings from reduction in posts are off-set by reduced levels of income.	185
Brent Transport	End the use of in-house driver and passenger attendants	75
Brent Transport	Reducing overheads further including ending participation in the WLA project.	37
Emergency Planning	Close the control room for one shift per day (4.00am to noon) - removing 2 posts	76
Licensing	A reduction in 1 Licensing Inspector post and an increase in income from reviewing systems and current rateable values, visits to unpaid licenses renewal premises	84
Parking	Re-letting of the parking contract	678
Community Safety	Incorporate outcome of review	75
One Council Programme	Restructure of Senior Management and Corporate Services	205
Cross-Council	Introduce average vacancy factor of 3% across the council	441
Registrars & Nationality Service	Realignment of the budget for Registrars income to factor in the increased levels of collections in 2012/13.	100
Registrars & Nationality Service	The move to the Civic Centre will increase the income generated from Registrars	100
TOTAL		3,412

SERVICE AREA: REGENERATION & GROWTH

ANALYSIS OF SAVINGS

Unit	Item	2014/2015 £'000
Housing	Travellers site - increase in annual pitch fee	10
Major Projects	From October 2012, there was a reduced need to monitor the Housing PFI contracts as most of the activity was handed back to housing. The proposal is the full year effect of reducing the existing role to a part-time role – working 3 days a week.	14
Housing	Restructure of the business process in Housing Care and Support Services.	21
Housing	Private Housing Service team leader restructure	40
Housing	Capitalisation of work carried out by the Private Sector Housing Team due to the capital nature of the tasks	40
Supporting People	Estimated savings from contracts being retendered in 2013/14	500
Planning & Building Control	Cost recovery from CIL/S106 - covering a specialist post and part support	75
Property	Increase in base rental income target	25
Property	Reduce the Special Projects budget	150
Property	Facilities Management contract efficiencies	71
Property	Reduction of 1 post from the Facilities Management client side	40
Property	Remove civic centre team budget - phased to reflect funding of events team	29
Non-HRA PFI	Reduce 1 post and reduction in service budget	124
New Initiatives	Merge Barham Park and South Kilburn management responsibility	12
New Initiatives	Reduce special projects budget	200
Housing	Reduction in budgets for audit fee and mortgage admin (miscellaneous)	63
Employment	Remove base budget to reflect funding from reserve	65
Planning & Building Control	Fundamental review of planning & building control service	155
Brent Customer Services	Realignment of the budget for Summons income to factor in the increased levels of collections in 2012/13.	140
One Council Programme	Restructure of Senior Management and Corporate Services	309
Cross-Council	Introduce average vacancy factor of 3% across the council	555
Brent Customer Services	Charity Relief not required	91
TOTAL		2,729

SERVICE AREA: CORPORATE SERVICES**ANALYSIS OF SAVINGS**

Unit	Item	2014/2015 £'000
Assistant Chief Executive	Ward Working - Reduction in the budget	210
Assistant Chief Executive	Events - To cease delivery of Council led events apart from the two national events (Remembrance Sunday and the Holocaust Memorial Day) and the annual fireworks display	133
Assistant Chief Executive	Restructure of Senior Management and Corporate Services	784
Assistant Chief Executive	Introduce average vacancy factor of 3% across the council	133
Finance & IT	One Print Project	208
Finance & IT	Restructure of Senior Management and Corporate Services	940
Finance & IT	Introduce average vacancy factor of 3% across the council	273
Finance & IT	Move to electronic purchase orders and remittance advices - reduction in postage - formerly part of Customer Services	10
Human Resources	Council-wide realignment of business support	250
Human Resources	Restructure of Senior Management and Corporate Services	496
Human Resources	Introduce average vacancy factor of 3% across the council	261
Legal & Procurement	Reduction in the cost of barristers by 10% by better use of barrister resources.	150
Legal & Procurement	Reduce the use of experts by 10% by robustly challenging the need for experts	20
Legal & Procurement	Restructure of Senior Management and Corporate Services	93
Legal & Procurement	Introduce average vacancy factor of 3% across the council	120
TOTAL		4,081

Risk Assessment

1. 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 welfare reform 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 welfare benefits 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 risk. There is also the risk of increased borrowing costs should long-term interest rates rise;
 - e. procurement risks. No allowance has been made for general price increases within the 2014/15 budget. However these pressures 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. There is also a risk relating to the Education Services Grant which will be announced quarterly during the financial year;
 - 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 provides a significant risk to the Council's financial position in the years 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.

2. The risks are quantified in Table 1 below.

Table 1 Major Risks

	Potential Risk £'000	Likeli- hood %	Net risk £'000
<u>Demand risks</u>			
Adult care packages	6,000	20%	1,200
Children's care packages – incl legal costs	3,000	20%	600
Waste	500	20%	100
<u>New legislation and other statutory changes</u>			
Welfare reform changes	10,000	25%	2,500
Youth Remand – new responsibility	500	25%	125
Localisation of Council Tax Benefit	4,500	15%	675
<u>Interest rate risks</u>			
Combined potential effect of reduced short term rates, additional borrowing requirement, and bank failure	5,000	20%	1,000
<u>Procurement risks</u>			
Risk that cost of social care placements may increase by more than allowed in the budget	1,500	30%	450
Energy risk – risk of increases in energy prices which cannot be contained in budgets	500	30%	150
Other procurement risks	2,000	10%	200
<u>Pay risks</u>			
Risk that pay increases are above those allowed for in the budget	600	20%	120
<u>Grant risks</u>			
Risk of exceeding the threshold on housing benefit overpayments in 2014/15	600	20%	120
Risk of amendments to housing benefit subsidy claim	1,500	20%	300
Risk of loss of income from other grant changes	2,000	20%	400
<u>Savings/income risks</u>			
Risk of not achieving savings in the budget	17,500	20%	3,500
Risk of failing to meet income targets	2,000	20%	400
<u>Asset management risks</u>			
Closure of council buildings and need to undertake emergency maintenance or find alternative accommodation	1,000	10%	100
<u>Major disaster</u>			
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	59,200		12,090

Statement by the Chief Finance Officer on the budget and balances

- Under Section 25 of the 2003 Local Government Act I am 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 and forecasts of demand and risk, the higher the level of balances required to justify the budget calculations. This budget has been carefully prepared, risks have been identified and quantified and, while excessive provision has not been made in the budget, a prudent and cautious approach has been taken. The council also has adopted 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 £12.0m, which will cover the General Fund revenue budget risks identified over the medium term. As the forecast level of balances as at 31 March 2014 is at this level, no further increase is required for 2014/15.

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	2013/14 Grant	2014/15 Grant	Notes
	£'000	£'000	
Local Reform & Community Voices	235	242	
New Homes Refund	653	264	
Section 31	0	1,711	This is a new grant to reimburse authorities for changes to business rates announced in the Autumn Statement.
Community Rights to Bid	8	8	
Community Rights to Challenge	9	9	
Education Services	4,449	3,430	The initial grant for 2014/15 is £4.375m but is expected to reduce as schools convert to academies
Public Health	18,335	18,848	
<u>Local Services Support Grant</u>			
Lead Flood Authority	83	83	Part of this grant has been rolled into Formula Grant in 2013/14
Extended Rights - Sustainable Travel	18	9	
Sub Total	23,790	24,604	
Council Tax Freeze	1,036	1,052	The 2013/14 Council Tax Freeze Grant has now rolled into RSG for 2014/15
Grand Total	24,826	25,656	

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ONE COUNCIL PROGRAMME OPERATIONAL SAVINGS - 2014/15 BUDGET

ONE COUNCIL PROGRAMME OPERATIONAL BENEFITS - AGAINST THE 2010/11 PROGRAMME BASELINE						
(NET OPERATIONAL BENEFITS)	Saving/ cost avoidance	2010/11 Actual £'000	2011/12 Actual £'000	2012/13 Actual £'000	2013/14 Forecast £'000	2014/15 Budget £'000
Cross-cutting projects						
Structure and Staffing	Saving	6,591	13,770	14,468	14,468	14,468
Review of employee benefits	Saving	1,000	2,035	2,860	2,997	2,997
Future Customer Services	Saving	0	686	1,441	1,501	1,501
Finance Modernisation	Saving	400	1,505	1,505	1,505	1,505
Realignment of Corporate and Business Support	Saving	0	0	0	1,913	2,170
One print project	Saving	0	0	433	494	702
Strategic Property Review - 2011/12	Saving	496	681	1,211	1,211	1,211
Strategic Procurement - savings	Saving	1,249	2,147	2,147	2,647	2,647
Strategic Procurement - cost avoidance	Cost avoid	0	3,000	6,000	9,000	10,500
Streamlining Management Structures and Corporate Services	Saving	0	0	0	0	3,197
Income Maximisation	Saving	213	4,355	4,355	4,355	4,355
Recruitment advertising	Saving	150	150	150	150	150
Cross-cutting projects total benefits		10,099	28,329	34,570	40,241	45,403
Service projects						
Benefits	Saving	560	708	708	708	708
Revenues	Saving	0	1,200	1,200	1,200	1,200
Housing Needs Transformation - process	Saving	0	18	950	1,300	1,300
Housing Needs Transformation - policy	Cost avoid	0	0	500	1,000	1,500
Waste and street cleansing - budget savings	Saving	42	1,595	2,838	2,952	2,952
Public realm - contract in 2014	Saving	0	0	200	200	1,177
Libraries	Saving	0	317	816	816	816
Parking contract	Saving	0	11	277	588	1,266
Highways operations	Saving	0	0	200	284	384
Environment Regulatory Services	Saving	0	0	50	100	150
Adults Customer Journey	Saving	988	1,165	1,165	1,165	1,165
Adults Direct Services	Saving	0	635	1,068	1,068	1,068
Adults Commissioning	Saving	0	4,941	5,866	5,866	5,866
Supporting People	Saving	0	1,200	1,800	3,400	3,900
Transitions to Adult Life	Cost avoid	0	0	0	500	1,000
Children with Disabilities	Saving	0	0	60	60	60
Children's Social Care transformation	Cost avoid	0	1,035	1,050	1,050	1,050
Working with Families -placement costs	Saving	0	0	0	385	712
Working with Families - aligned services	Saving	0	0	0	0	0
SEN and adults transport	Saving	0	0	380	380	580
School Improvement Service	Saving	0	0	700	1,250	1,400
Traded Services to Schools	Saving	0	0	150	150	150
Service projects total benefits		1,590	12,825	19,978	24,422	28,404
Cross-cutting project total benefits		10,099	28,329	34,570	40,241	45,403
TOTAL PROGRAMME BENEFITS		11,689	41,154	54,548	64,663	73,807

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Budget & Finance Overview & Scrutiny Committee

First Interim Report

January 2014

Membership

Councillor Hopkins (Chair)
Councillor Kataria (Vice Chair)
Councillor D Brown
Councillor S Choudhary
Councillor RS Patel
Councillor HB Patel
Councillor Ketan Sheth
Councillor Van Kalwala

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1. Introduction

The Budget and Finance Overview & Scrutiny Committee was set up to undertake an in-depth review of the council's financial performance, medium term financial strategy, 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, thus enabling robust challenge and debate on the administration's budget proposals.

The national economic situation is starting to show signs of improving with predictions about economic growth being revised upwards. It was announced in the Autumn Statement that the Office for Budgetary Responsibility (OBR) had revised its forecast for GDP up from 0.6% to 1.4% in 2013 and from 1.8% to 2.4% in 2014. The OBR also expects the rate of inflation to slow between 2013 and 2016 returning to the 2% target by the second half of 2016.

However the coalition government has made it clear that it will continue with its deficit reduction strategy extending government spending cuts beyond the timescales envisaged at the time of the 2010 Comprehensive Spending Review. Therefore the financial context within which the council is setting the 2014/15 budget remains unlikely to improve significantly in the near future and presents an on going challenge. Brent Council will continue to face some difficult decisions about what services are delivered, how they are delivered and the size and shape of the organisation well beyond the life of the current parliament. One of the Budget & Finance Overview & Scrutiny Committee's main areas of investigation has been to review how the administration proposes to achieve a balanced realistic budget and deliver on its priorities, whilst taking advantage of any opportunities that arise.

The One Council Programme, which was launched in 2009, aims to ensure a planned approach to budget reduction and organisational transformation and continues to be the main driver within the council's medium term financial strategy and is projected to deliver £76.4 million of savings from existing and completed projects by the end of the financial year 2014/15. It is the transformation of services that continues to provide the bulk of the required savings. This committee's main interest in this programme is concentrated on its ability to generate those 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 Borough Plan.
- 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 first interim report of the Budget & Finance Overview & Scrutiny Committee and contains the committee's recommendations to the Executive.

2. Recommendations

1. That a clear and detailed set of priorities are developed which ensure the deployment of the councils limited resources and focusses on activities which contribute most to improved outcomes for local people.. The Budget & Finance Overview & Scrutiny Committee to receive updates on how savings are being made in the context of the priorities.
2. That when setting the budget the administration takes into account the fact that the council has no assurance that funding will be restored or increased by a future government. The council therefore needs to plan for the worst case, whatever the complexion of the government in power.
3. That given the levels of risk and reduction in funding the council continues with its policy to maintain its reserves at £12m.
4. That the council explores opportunities to work in partnership, including shared services and commercial partnerships arrangements, while encouraging greater involvement of community and voluntary sector partners within the borough.
5. That the Budget & Finance OSC continues to recall any Department that overspends its quarterly budget by 2.5% to the Budget and Finance O&S Committee paying particular attention to the main areas of overspend:
 - Adult Social Care
 - Children's Social Care and related legal costs
 - Temporary Accommodation
 - Environment and Neighbourhoods
 - Interims and Consultants
6. That the One Council Programme becomes a standard and continuing work stream which seeks to constantly asses, monitors, measures and improves service and performance whilst reducing costs.
7. That innovative solutions for savings proposals are brought forward for 2015/16 so that the council is not reliant on traditional / conventional ways of cutting budgets.
8. That the council sources and maximises external funding particularly funding for education skills, employment and enterprise
9. That there is a transparent process for the recruitment of all interims and consultants including a clear business case, specification of work with KPIs and milestones. That appropriate supervision is in place and arrangements are made to review and reassess the requirement for individual consultants and interims at agreed and frequent intervals.
10. That the Administration develops and implements new initiatives that are designed to facilitate economic growth, social enterprise and support local businesses.

- 11 That the council builds on the changes introduced to monitor the WLWA budgets and regularly reports back to the Budget and Finance OSC.
12. That the council continues an robust policy towards maximising and realising Community Infrastructure Levy wherever possible.
13. That councillors are provided with clear transparent information about the S106/CIL monies available and have the opportunity to monitor how this is used through the production and use of ward based information.
14. That there is a particular focus on the monitoring of the new Public Realm contract with regular reports to an overview & scrutiny committee
15. That the council optimises the use of and maximises revenue from the Civic Centre and Willesden Centre by marketing to business on conference organisers.
16. That the council continues with and enhances the programme of initiatives to recruit full time social workers
17. That the council examines and reviews all ways of maximising revenue collection and enforcement with particular focus on council tax collection and developing new payment methods such as direct debits while minimising the impact on our most vulnerable residents.
18. That any increase in the council's fees and charges policy has regard to council priorities and where possible is in line with the RPI inflation rate.
19. That a review performance of the Local Council Tax Scheme be included in the overview and scrutiny work programme

3. Methodology

The budget scrutiny process started in July 2013 and mirrors that of the budget setting process. At the committee's first meeting the Operational Director of Finance provided an overview of the budget strategy 2014/15 to 2016/17 and the main factors that would influence the budget setting process. This included details about resource assumptions, the updated budget gap, the Capital Programme and the One Council Programme. 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 Operational Director of Finance provided regular updates on the budget process, budget gap, budget pressures and the future financial prospects for the council.
- The Strategic Director of Regeneration & Growth and Operational Director of Finance provided information about the current budget position, budget pressures and risks, future saving and the capital programme. (September)
- The Director of Environment & Neighbourhoods, Operational Director of Finance, the Operational Director of Environment & Protection and Operational Director of

Neighbourhood the current budget position, budget pressures and the department's One Council projects. (October)

- The Acting Director of Adult Social Care and the Operational Director of Finance provided information on the current budget, service pressures including unit cost trends and the transformation projects aimed at producing savings. (November)
- The Acting Director of Children & Families and Assistant Director of Strategic Finance informed the committee about the department's current budget position, actions being taken to control the overspend and transformation projects that were aimed at making savings and efficiencies. (December)
- The Programme Management Office Manager provided an overview of the One Council Programme and projected savings. (October)
- The Operational Director of HR attended to talk about the review on non-permanent staff arrangements
- Councillor Muhammed Butt, Leader of the Council and Councillor Ruth Moher, Lead Member for Finance and Resources and Deputy Leader of the Council attended a number of meetings to answer questions, discuss the First Reading Debate Papers and set out the administration's approach to setting a robust budget.
- The committee received monthly reports on all services summarising budget, spend, forecast and variances to date, with reasons and exceptions noted.

4. Discussion

4.0 ***Budget Gap and Budget Risks***

- 4.1 At the start of the budget scrutiny process, in July 2013, we received a presentation which set out the context within which the budget for 2014/15 was being developed. This included information on the medium term financial strategy, national developments and key budget assumptions. The outlook for medium term, 2016/17, included a 27% reduction in government funding and though there was a predicted increase in income from local business rates and the New Homes Bonus it was anticipated that there would be a net reduction funding of £37m. The main budget assumptions for this period included cost pressures of £17m, other inflation £10m and existing savings of £9m. Taken together this meant a cumulative budget gap of £55m for 2016/17. We were told that the 2014/15 settlement would result in a total reduction of funding from central government of 11.8% which, set against an increase in locally generated funds of 1.3%, would result in a budget gap of £20.4m in 2014/15 with a budget gap of £17.1m predicted for 2015/16.
- 4.2 The central government spending review announced in June indicated that local government funding would be cut by a further 10% in 2015/16 however at that stage it was unclear what the implication for Brent would be. In the September we were told that it was now anticipated that this would equate to 15% or 16%. By October it was possible to estimate that there would be further reductions in the Revenue Support

Grant of £2m in 2014/15, £12.9m in 2015/16 and £1.1m in 2016/17. The council would also be losing £2.7m in 2015/16 as the New Homes Bonus was due to be top sliced.

4.3 A revised budget gap of £13.1m for 2014/15 was reported to our November meeting which reflected:

- Changes to government funding forecasts following the Spending Round in June and subsequent technical consultation in late July 2013
- Revised forecasts for the retained share of business rates, council tax yield and the collection fund surplus
- The announcement that the council tax freeze grant arrangements will continue for 2014/15 and 2015/16
- Update on anticipated pressures, particularly on capital finance and social care
- Changes to other savings assumptions in the budget.

The overall impact of these changes was an improvement in the position for 2014/15 but would result in a significant deterioration for 2015/16. The revised cumulative budget gap for 2016/17 had now gone up from £55m to £65.9m.

4.4 In November we were also provided with a schedule of saving which, along with the savings that had already been identified, would provide the total of £17.9m required to balance the 2014/15 budget. This information was provided earlier than usual in the budget process with the aim of starting work early on identifying the savings required for 2015/16. While we absolutely support the need to start to identify future saving now, members of the committee expressed disappointment that the savings identified were largely conventional and did not reflect the radical thinking that the committee has asked to see.

4.5 In January 2013 the Budget & Finance Overview & Scrutiny Committee received a report which set out the financial problems at the West London Waste Authority and how these had impacted on Brent. In July we invited the Director of West London Waste to come and discuss:

- How the changes outlined in a letter to the Chair have impacted on WLWA practices.
- Detail of the new and revised processes in place
- Outcomes to date
- What checks and balances have been put in place
- And lastly, what impact all of this has had on the Authority's recent major procurement

4.6 We heard that a number of steps had been taken to ensure that the risk to member authorities was reduced. The main changes included:

- A new code of Corporate Governance
- Changes to the staffing structure that would improve support and challenge
- The Establishment of an Audit Committee to aid risk control and governance
- A new interim Head of Finance
- A review of finance systems
- Improved transparency and engagement with officer from member authorities

Members of the committee pressed for reassurance that there would be no further requests for additional funding. We were told that while there could be no absolute

guarantee the Director was confident that the audit controls and risk management were appropriate.

5.0 ***The One Council Programme***

5.1 The One Council Programme is one of the key planks of the council's medium term financial strategy. Launched in 2009, it is designed to fundamentally change the way that the council carries out its business by significantly improving the way it delivers services, whilst limiting the impact of budget reductions on residents.

5.2 We heard from the PMO Manager that by the end of the One Council Programme in 2014/15 it was expected that it would have achieved a cumulative saving of £76.4m. The projected savings for 2014/15 are £11.6m. These will be achieved through the following projects:

- Realignment of Corporate and Business Support;
- Significant procurement activity tied in with service remodelling: Parking, Highways Operations, Public Realm, Supporting People;
- Managing down the costs of supplies across the organisation through improved procurement systems and capacity;
- Managing down demand through the on-going impact of the changes to the Transitions Service and policy responses to welfare reform.

5.3 The most significant risk areas for 2014/15 were:

- Managing the Public Realm – a saving of £1.315m which would be dependent on the outcome of the procurement exercise
- Streamlining Management Structures and Corporate Services - £2.9m, dependent on the organisational changes; and
- Working with Families – a saving of £327k – dependent on achieving placement budget reductions in 2014/15 (as well as 2013/14).

We were informed that the council's budget projections included funding of £1.87m to meet the costs of the programme in 2014/15.

5.4 Members of the Budget and Finance Overview & Scrutiny Committee have in previous years expressed our support of the One Council Programme. We were keen to know what would happen when the current programme ended in 2014/15 and were keen to ensure that the underlying philosophy of the One Council Programme would continue. We were told that this would continue and that future projects were likely to focus on joint working, joint procurement, and identifying alternative ways to deliver services.

5.5 In 2013/14 this committee recommended that the One Council Programme became the standard means through which the council constantly assesses, monitors, measures and improves service and performance whilst reducing cost. We will be repeating the recommendation for 2014/15

6.0 **Budget Pressures**

6.1 The committee spent some time exploring the main pressures the council faces in setting the budget. We were interested in looking at the short term pressures, the longer term pressures, the impact they would have on the council and the actions being taken to address them. To do this we focussed on the four largest spending departments:

- Regeneration and Growth
- Environment and Neighbourhoods
- Children and Families
- Adult Social Care

6.1 The Director of Regeneration and Growth informed us that the departments gross budget for 2013/14 was:

- | | |
|----------------|------|
| • General Fund | £90m |
| • HRA | £60m |
| • Capital | £93m |

6.2 We were told that the impact of Welfare Reform represented a significant budget pressure. Over 2000 households in Brent had been affected by the benefit cap and that the resulting increase in homelessness applications and acceptances had placed greater pressure on the temporary accommodation budget. To mitigate against the impact of the cap the council was offering a range of support services. These included discretionary payments and support to move to more affordable accommodation. However, the most effective action that the council could take was to support individuals into work.

6.3 To enhance the council's role in providing active support a new employment service had been established with £1m of funding allocated from reserves. The Regeneration and Growth department was due to be taking over responsibility for Brent Adult Community Education Service (BACES) which would enable them to ensure that the curriculum had a focus on employability and relevance to the local economy. BASCES currently receive £3m of funding from the Skills Funding Agency and the committee was keen for the department to identify and maximise funding from other external sources. An employment partnership had been set up and a stronger approach would be taken in attracting funding from a broad range of sources and to deliver via the voluntary sector were being identified. We would like to encourage innovation, establishment of local networks including the involvement of local councillors

6.4 The Director informed us that 21,000 Council Tax accounts had been affected by reduction to benefit as a result of the introduction on the Council Tax Support Scheme. We heard that 12,000 households that had previously received 100% assistance with their council tax now are required to pay a minimum of 20% . The department was closely monitoring the council tax collection rate and patterns to ensure that the council tax collection target of 93.8% was achieved.

6.5 We explored the use and disposal of council property and we were informed that following the move to the civic Centre the council had more empty properties than at any previous time and that these would be disposed of in accordance with the council's duty to achieve best value. The Director confirmed that all financial targets for disposal had been met, including those set out in the Civic Centre Business Plan. The committee

would like to emphasise the need to maximise revenue from hiring out the Civic Centre for business and community use.

- 6.6 We heard that the New Homes Bonus was introduced as an incentive to increase housing supply. This is paid each year for six years for each new home produced and has so far provided a cumulative £5.3m for Brent. However, the Government was consulting on top slicing this to give to the Mayor of London as a growth fund. If this goes ahead it would, as mentioned early in the report, have a negative impact on the council's budget in the future.
- 6.7 The Director told us that the biggest single element of the Capital Programme is the Schools Programme which is £47m in 2013/14. A total of £93m would be need over the next few years, £19m of which is currently unfunded. Other Capital Projects include:
- South Kilburn - £7m 2013/14
 - Property - £1m in 13/14
 - Housing Revenue Account - £17m 2013/14

Exploring the governance arrangements for the capital portfolio we were told that they include monthly status reporting and a gateway review for each project and programme stage

- 6.8 The Community Infrastructure Levy (CIL) was introduced in July 2013. We were informed that this could be used in a more flexible way than money received as a result of a section 106 agreement. While we were pleased to hear this we wanted to know more about the options available to use the £11.6m S106 money that is currently unassigned. We were told the money was meant for particular uses or developments and were frequently tightly controlled by the terms of legal agreements. The Director agreed that there was a need to improve transparency about the allocation of S106 monies and a report would be submitted to the Executive before the end of financial year.
- 6.8 The Director of Environment and Neighbourhoods informed us at our October meeting that the recent corporate restructure had resulted in number of services joining the department. These are Registration and Nationality, Strategic Transportation and Community Safety. While the department was much larger than last year it did expect to end the year £14k under budget.
- 6.9 The department's biggest risk areas are Recycling and Waste and Parking. The forecast in October was that the Parking Account would have an overspend of £63k by the end of the financial year. There were a number of risks associated with Parking. Firstly a reduction in productivity was likely to occur as a result of the mobilisation of the new parking contract. Secondly parking charges had been estimates based on assumptions about behaviour changes that were hard to predict. We were informed that these risks would be closely monitored via the departmental management team and finance monitoring. Members of the committee raised concerns about the economic impact of raising parking costs particularly in relation to local businesses
- 6.10 Recycling and Waste had started 2013/14 with a forecast overspend of £850k. By the time of our October meeting the forecast overspend had reduced to £12k. A number of reasons were given for this which included:
- Work done at the Twyford Reuse centre and with BHP who were disposing of their own waste now.

- A reduction in street waste with penalties being enforced for consistent offending
- A reduction in organic waste in July/August due to the dry weather.

6.11 We questioned what steps were being taken by the department to undertake education and outreach in relation to recycling and reuse as a way of helping to reduce landfill costs. A number of steps had been taken. These included:

- Targeting parts of the borough where recycling was low
- Targeting areas where recycling was just below average – where households might need a little push to recycle more
- Visiting schools most likely in the winter months this year

Members of the committee raised other issues such as packaging and the need for national decisions and initiatives to encourage or even force manufacturers to reduce it. The council should encourage a move to a zero waste economy and encourage members of the public to use organisations like Freecycle, as an alternative to the uplift service.

6.12 The Environment and Neighbourhood's Capital Programme for 2013/14 was £13m. The main funding sources for this were:

- Main Programme £5
- Section 106 £3m
- TFL/Grants £5m

The main areas of spend were:

- Libraries, Arts and Heritage - £0.3m
- Parks Service - £1.1m
- Sports Service - £1.2m
- Transportation - £10m
- Cemeteries - £0.02m
- Emergency Planning - £0.2m

6.13 The interim Director of Adult Social Services attended the committee in November and told us that out of an overall budget of £108.74m the department had an overspend of £290k, which was mainly due to mental health residential care and supported living cost. The overspend was comparable with that of previous years and the service was confident that the actions they were taking would mean that they would end the financial year on or under budget.

6.14 Over the last three years the department has achieved £13.42m in savings, the largest proportion of which was through the commissioning and procurement of services and through reducing the number of people cared for in residential care by supporting them to live in the community. For instance residential placement costs had reduced from £30.5m in 2011/12 to £27m in 2013/14.

6.15 Member questioned the balance between keeping care costs down and ensuring quality. The Director believed that there was not a direct correlation between cost and quality. He said that as well as trying to support people to live in the community for as long as possible, the department was working to commission more supported living schemes in an attempt to allow clients to live more independently and avoid the costs of long term residential care.

- 6.16 We heard that Brent Clinical Commissioning Group spend comparably less than most other London boroughs on Continuing Health Care and the council was currently in discussions with them to identify the reasons for this.
- 6.17 Responsibility for Public Health was transferred to the council in April 2013 and Brent was allocated £18.3 in 2013/14. This is a ring fenced grant that is to be spent on public health services. Adult Social Services received £17.2m of this to fund the Director of Public Health's office and Public Health and contracts relating to areas such as substance misuse and sexual health. The Director felt that in future years there was enormous scope for voluntary sector involvement in the delivery of these services.
- 6.18 The Director outlined the main aspects of the Care Bill which was due to be introduced in April 2014. While much of the detail still needed to be clarified the department expected the introduction of a cap on care costs would place a strain on resources, while there would be a need to manage expectations.
- 6.19 At our December meeting the Interim Director of Children and Families informed us that the department had an overall budget of £87.87m which included the Dedicated Schools Grant for centrally funded education related services. The department has a projected overspend of £1.47m mainly due to pressures from in year growth of pupil numbers, redundancy costs in the schools placement budget and children's placement budget. We were informed that over the last 3 years the department had achieved £16.93m in savings and this would rise to £17.93m in 2013/14.
- 6.20 We heard that unit cost trends in residential care and the number of Looked After Children (LAC) continued to fall in 2013/14. The costs had fallen from £4.6m in 2012/13 to £3.4m in 2013/14, a reduction of 26.1%. The council was currently working with the West London Alliance to commission higher quality places for Looked After Children.
- 6.21 The Department had also focussed on increasing the number of in-house foster care placements and reducing the reliance and expenditure on independent fostering agencies. However, it can be a struggle to find in house placements for sibling groups, adolescents with challenging behaviour and young children with complex needs.
- 6.22 The department currently had 168 vacancies covered by temporary staff. Recruiting permanent, experienced social workers remained difficult but a targeted recruitment campaign was currently underway.
- 6.23 Future challenges for the department included:
- Increased number of children, high levels of need
 - Population mobility
 - Pressure from regulatory regimes
 - New regimes for children with disabilities and special educational needs
 - Reduced funding to support education functions
 - Early intervention

7.0 **Non Permanent Staffing Arrangements**

- 7.1 For some time members of the committee have expressed concern about the amount of money the council spends on non-permanent staff and asked for a report on the review into this to come to our December meeting.

- 7.2 The Operational Director of Human Resources provided figures that showed total spend on non-permanent staffing arrangement had reduced for £24.6m in 2011/12 to just under £20m in 2012/13. We were informed that these figures had been calculated by internal audit and were at best estimates and it was estimated that the costs would fall again in 2013/14. The largest proportion of non-permanent staff were agency workers, though they were not the largest area of spend.
- 7.3 We heard that good progress had been made in reducing spend on agency workers, though there were times that they were more cost effective for the council and were necessary particularly in areas such as social work. While the reduction in agency worker spend is welcome, members of the committee were more concerned about the spend on consultants and interims, for which we were told there was comparatively less information held centrally about what they were being used for.

The Operational Director for HR told us that the council used the following definitions:

- Consultant – someone who does not fill a permanent post and works on a specific activity
- Interim – someone who covers an established post usually in the middle or senior manager level working to a job description

- 7.4 The council had experienced difficulties bringing in senior interim support via the Reed contract so managers frequently had to go 'off contract' either using other agencies or going directly to an individual. We were concerned to learn that the relationship with independents was one of mutual trust with no specification of work, contracts or timesheets agreed. We were also told that many of the individual interims used were known to the council for quality of their work and ability to deliver. We do not believe that this approach would secure the best value for money for the council and the council would not procure any other service through merely knowing the provider and working on the basis of mutual trust. This lack of transparency may leave the council open to abuse and potentially open to legal challenge. We were told that a new HR contracts manager had been appointed to tighten up on this process.
- 7.5 We were provided with figures for the number of consultants and interims for October 2013.

Directorate	Headcount	Total Spend (Net Invoice Value)
Adults	6	£222,500
Assistant Chief Exec Service	4	£273,028
Children and Young People	17	£273,805
Environment & Neighbourhoods	-	-
Finance	15	£362,805
Human Resources	4	£359,100
Legal & Procurement	1	£58,050
Regeneration & Growth	1	£26,278
Grand Total	48	£1,575,566

- 7.6 What we are not clear about was the period for which each consultant and interim has been working for the council and the mechanism for reassessing that their skills and abilities were still those required by the council as the organisation changed. We would therefore strongly recommend that there is a transparent process for the recruitment of all interims, a specification of work with KPIs and milestones and appropriate supervision are in place and arrangements are made to review and reassess the requirement for individual consultants and interims at agreed and frequent intervals.

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ANALYSIS OF CENTRAL ITEMS 2013/14 -2016/17

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Coroners Courts	238	243	248	253
LGA	43	43	44	45
London Councils	169	162	175	178
LGIU Subscription	26	26	26	26
West London Alliance	30	34	34	34
Copyright Licensing	20	20	20	20
External Audit	380	380	380	380
Capital Financing Charges	25,047	26,306	27,131	26,895
Levies	3,427	2,717	2,853	2,996
Premature Retirement Compensation	5,224	5,365	5,499	5,636
South Kilburn Development	900	900	900	900
Insurance Fund	1,880	2,603	2,603	2,603
Freedom Pass Scheme Growth	0	0	795	1,630
Affordable Housing PFI	0	0	35	71
Council Elections	100	100	100	100
Carbon Tax	67	240	248	256
Redundancy and Restructuring Costs	2,611	1,054	1,054	1,054
Other Items	80	80	80	80
TOTAL	40,242	40,273	42,225	43,157

Details of the Central Items are included in Appendix E(ii)

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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 A. It should be read in conjunction with Section 2 on Brent's 2014/15 budget proposals.

2. DETAIL

- 2.1 The table to this Appendix summarises the budgetary implications for the council for 2014/15 and the potential requirement for the next two 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 forecast outturn for 2013/14 is £236k which is slightly lower than the budget of £238k.
- 3.2.2 The 2014/15 budget is not yet available and is not expected before the Brent budget is set. We are expecting the budget to rise by £5k to £243k.

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 2014/15 subscription paid to The Local Government Association has been set at £43k for 2014/15. This is unchanged from the 2013/14 subscription.
- 3.3.3 The London Councils' subscription covers a number of cross London bodies. The 2014/15 joint committee subscription will be levied as follows:

	2014/15 £'000
London Councils :	
Core	165
London Government Employers	4
Total Main Subscription	<u>169</u>
Young Peoples Education & Skills Board	<u>3</u>
Total	<u>172</u>
Reduction for use of reserves	<u>(10)</u>
Revised Total	<u>162</u>

The core contribution of £172k for 2014/15 has remained unchanged from 2013/14. However, in 2013/14 in recognition of the financial climate faced by boroughs, the Leaders' Committee approved a one-off payment of £25,000 per borough from accumulated Joint Committee reserves thus reducing the payment to £147k. For 2014/15 a reduction of £10k for use of reserves was also agreed reducing the 2014/15 payment to £162k. In addition to the above other service areas receive charges principally the London Councils grants scheme charge of £341k which is met by the Assistant Chief Executives. In total for 2014/15 Brent will receive £45k from London Councils reserves made up of £10k from the Joint Committee, £30k from the Grants Committee and £5k from Transport Executive Committee.

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. For 2014/15 Brent's subscription will remain unchanged at £26k.

3.5 WEST LONDON ALLIANCE

- 3.5.1 The West London Alliance is a partnership between a number of West London local authorities, 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 2014/15 will total £34k.

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 2013/14 was £17k and will continue to budget for £20k in 2014/15.

3.7 EXTERNAL AUDIT

- 3.7.1 This budget relates to the work undertaken by KPMG in relation to the statutory audit of the Council's financial statements and grant claims. For 2013/14 the budget for external audit fees was £380k and is expected to remain unchanged in 2014/15.

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 Appendix K. They also reflect the overall level of the capital programme (see Section 7). 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 2014/15.
 - (b) Capital Financing Charges, which are the principal repayments and interest on the council's borrowing.
- 4.2 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. The current low level of interest rates continues to support the budget, but the capital programme will increase the budget in future years.
- 4.3 The council is estimated to have £428m of long-term debt outstanding at 31 March 2014. The average interest rate on existing loans, following debt restructuring, is around 4.68%. Investments are estimated to average £100m during 2014/15, with an estimated average return of 0.6%, 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 4.0% although some borrowing may be taken at lower variable rates.
- 4.4 The net budget for 2014/15 for interest receipts and capital financing charges is £26.306m. It is forecast that interest earned on deposits in 2013/14 will amount to £750k and the estimate for 2014/15 is £642k. It is not expected that Interest rates will rise during 2014 but this is dependent on the state of the national economy and international markets in 2014/15.

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 2014/15 are shown below.

	2013/14 Actual £'000	2014/15 Estimate £'000
Lee Valley Regional Park	253	253
London Pension Fund Authority	309	309
Environment Agency	181	181
West London Waste Authority – Fixed Cost Element	2,617	1,874
Contingency	67	100
	3,427	2,717

5.3 A council tax base for 2014/15 of 79,205 was agreed by General Purposes Committee on 21 January 2014. All the levies 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. The reduction in the West London Waste Authority for 2014/15 levy partly reflects reductions in the overall costs but also changes in the charging mechanism where costs have transferred between the fixed cost and the pay as you throw (PAYT) elements.

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 have not yet announced a levy for 2014/15 and so we are currently assuming an unchanged levy.

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 broadly unchanged in 2012/13 and was frozen in 2013/14. The LPFA have not yet announced a levy for 2014/15 and so we are currently assuming an unchanged levy.

5.6 Environment Agency

For 2013/14 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 increased their levy by 5% in 2013/14. The Environment Agency has announced a provisional levy for 2014/15 for Brent of £183k a £2k increase from the £181k levy in 2013/14 though this is still subject to final agreement.

5.7 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.

5.8 The charges from the WLWA are split into two parts - a fixed element and a variable element. The fixed charge is apportioned according to each constituent authority's council tax bases before the start of the financial year and is included in the central levy costs. The variable element is called Pay As You Throw (PAYT) and is charged according to the tonnages delivered to WLWA. Charges vary depending on the type of waste sent for disposal such as landfill or organic waste and these costs are paid for by Environment & Neighbourhoods.

5.9 The Budget for 2014-15 will include the first full year of the West London Residual Services Contract which is to provide interim landfill services pending the construction of the Energy for Waste Plant in South Gloucester. As a consequence of the new contract there are a number of complex changes to the charging mechanisms. The majority of costs for operating the transfer stations will move to the PAYT rates. Overall the WLWA's fixed costs will fall by £4.9m and the PAYT costs will rise by £1.4m giving a net reduction of £3.5m however certain aspects of the contract still remain to be finalised. Based on the most recent estimates for 2014/15 the fixed charge for Brent will fall by £743k from £2.617m to £1.874m though this is still subject to final confirmation. It is expected that the majority of the increase in PAYT has already been provided for within Environment & Neighbourhoods' budget.

5.10 At present there is a £100k contingency within Levies Budget to fund any increases in levies and to mitigate for any further changes in the WLWA Fixed levy.

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 Consumer Price Index (CPI) inflation rate applicable in the previous September (2.7%). It is now estimated that a provision of £5.365m will be required in 2014/15, an increase of £141k.

7. SOUTH KILBURN DEVELOPMENT

- 7.1 Work on the regeneration of South Kilburn is progressing well. To date 362 new homes have been completed as part of 'Phase 1a' (defined as Texaco Garage Site, McDonald House, Marshall House Albert Road Zone 11a and the Carlton Vale Roundabout Site Zone 3C) of the South Kilburn Regeneration Programme. 264 of these new homes are affordable and have been occupied by South Kilburn households.
- 7.2 On 13th February 2012 the Executive authorised the disposal of the land at Cambridge Court, Wells Court and Ely Court and Bond Hicks Bolton and Wood House (together defined as 'Phase 1b') to Catalyst Housing Group. On 13th July 2012 the Phase 1b sites were handed over to Catalyst Housing Ltd (formerly Catalyst Housing Group) and a capital land receipt was obtained. Construction works are now underway on site. This development will deliver 208 new homes in summer/autumn 2014, 122 of these new homes will be affordable. The affordable homes will be made available to secure tenants currently residing in Gloucester House, Durham Court, Masefield House and Wordsworth House (together defined as 'Phase 2b') , thereby facilitating vacant possession of these sites for redevelopment.
- 7.3 On 22nd April 2013 the Executive authorised the Strategic Director of Regeneration & Growth [formerly the Director of Regeneration & Major Projects] to enter into development agreements in respect of land at Bronte House and Fielding House (together defined as Phase 2a) and British Legion and Albert Road Day Care Centre (together defined as Site 11b) with preferred developer partners.
- 7.4 In December 2013 Bronte House and Fielding House was handed over to Network Housing Association Ltd for development. Network Housing Association Ltd will comprehensively redevelop Bronte House and Fielding House to deliver 229 new homes of which 103 will be affordable and made available to existing South Kilburn residents. The new homes will be completed by November 2016.
- 7.5 In December 2013 Site 11b was handed over to Bouygues (UK) Limited to redevelop the site to deliver a new mixed used development comprising 144 new homes (28 of which will be affordable) and 480m² of commercial floor space by November 2016

- 7.6 The capital receipts from the disposal of both Site 11b and Bronte House and Fielding House are being recycled back into the delivery of future phases of to ensure the momentum of the programme is maintained. In particular the capital receipt from the disposal of Site 11b will provide a cash injection into the programme enabling works to commence on some of the more challenging and difficult sites.
- 7.7 Design and planning work has now commenced on the remaining Phase 2 sites comprising Peel Precinct, Gloucester, Durham, Masefield and Wordsworth House.
- 7.8 It is intended a detailed planning application for Gloucester and Durham will be submitted in Spring/Summer 2014. A hybrid planning for Peel, which will include provision for a new South Kilburn Health Centre, will also be submitted in 2014. A Health Care Provider will also be procured to manage, operate and maintain the South Kilburn Health Centre. A review of the South Kilburn Spatial Planning Document (SPD) will also be undertaken in 2014. Design and planning may also commence on the to comprehensive redevelop 5-9 Chippenham Gardens and the Post Office site with the Council's adjoining land at 4 - 26 Stuart Road (together defined as the 'Post Office Plus Site') subject to the Council agreeing and entering into a Collaboration Agreement with the adjoining land owner.
- 7.9 Projected revenue spending in 2013/14 will be in the region of £900k. 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 the budget for 2014/15 to meet costs associated with decant costs, negotiations with the preferred development partners, legal costs, specialist consultant advice and ongoing independent advice for residents.

8. INSURANCE FUND

- 8.1 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.

8.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £50k per annum 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 though the Council has a stop loss cover of £3.5m to limit our 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 closer to 12 months. The Ministry of justice have been reviewing the claims process and Brent will be looking to adopt any measures recommended with a view to improving claims handling procedures. 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, Environment and Neighbourhoods and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. Although there has been a downward trend in recent years however, the poor weather and increased number of potholes in recent winters has seen the number of claims rise, though we still compare well with other London boroughs.

8.3 The overall cost of insurance will remain unchanged. However there is a transfer of budgets from service areas in respect of items that were previously recharged but will now be met centrally.

9. FREEDOM PASS SCHEME GROWTH

9.1 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. 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 and provided central funding to meet the additional cost of free off peak travel for non-residents.

9.2 For 2014/15 the cost of concessionary fares increased to £15.902m from £15.344m an increase of £558k. Overall, the costs of concessionary fares have increased by 4.1% for London Councils and 3.6% for Brent. The largest element in the increase relates to TfL fares where the Mayor announced on 3

December an increase of 3.1% across London's transport network which is in line with RPI (July 2012).

- 9.3 For future years the assumption for the budget is that fares will increase by 3.5% and that there will be 1.5% increase in the volume of journeys as more people qualify for concessionary fares. For 2014/15 the increase in concessionary has been included within the Adults budget.

10. PRIVATE FINANCE INITIATIVES - PFI

- 10.1 This section includes details of the Affordable Housing PFI.
- 10.2 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previously been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI. The budget increased gradually to 2011/12 as properties were delivered and then by 2.5% thereafter. Dwellings are owned by Hyde Housing and are non-HRA. Rent collection is largely a Hyde risk.
- 10.3 The PFI is governed by the single project agreement which reached financial close on 6th July 2010. This comprised the construction of 384 dwellings in total of which 20 are supported living units split between a 15 bed and a 5 bed development. The completed scheme will also contain a further 15 supported living units in the later developments. All of the 384 dwellings have been successfully handed over as programmed. The PFI contractor BCE also provides full housing management and maintenance services for the dwellings.
- 10.4 The risk relating to the Council's ability to support the modelled rents as a result of the introduction of housing benefit changes in April 2013 are potentially very serious. We have worked closely with the Council's PFI partners BCE and have had the figures checked and modelled by BDO. This process is on-going and the PFI, Housing Benefit and Welfare Reform Team are working closely to consider impacts at an individual household level and how problems may be avoided.
- 10.5 A minimum of 75 units were due to convert from temporary to permanent tenancies by January 2013. In order to maintain rental income levels to the project the conversion has been deferred. This will allow for the Council and the PFI Partners to consider how to improve and assure the longer-term financial performance of the project. It is anticipated that the outcome of these discussions will be reported to the Executive by July 2014.
- 10.6 The Council will contribute £1,348k to this scheme in 2014/15, and this includes an increase of £31k when compared to 2013/14 to reflect the Council's agreed contribution to the scheme. The contribution for 2014/15 is included in Regeneration and Growth's budget.

11. COUNCIL ELECTIONS

- 11.1 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.

12. CARBON TAX

- 12.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a 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 CO₂ emissions for any given year. Monies are to be retained by the government to support public finances and environmental initiatives. Phase 1 of CRC scheme has been running since April 2011 with CO₂ tonnages charged at £12 per tonne. The charge for 2011/12 which was calculated in arrears was £279k of which £212k was met by schools giving a net general fund contribution of £67k. This was used as the budget for 2013/14.
- 12.2 Phase 1 of the CRC scheme will end in March 2014 and a second phase will run from April 2014 for 5 years until 2018/19 with a review by government in 2016. Phase 2 of the scheme has a number of changes from the previous phase it includes street lighting but now excludes schools. In addition unlike phase 1 where payment for a financial year was made the following year and based upon final figures, phase 2 of the scheme provides for allowances to be purchased upfront in June of the financial year at a discounted rate with the balance outstanding settled in September of the following year at a higher rate
- 12.3 For 2014/15 the inclusion of street lighting in the scheme means there is a significant increase in costs. The authority is currently budgeting for a CRC payment of £240k based upon 15,000 tonnes at £16 per tonne. The government has recently announced that there will be a discounted rate for 2014/15 of £15.60 for purchasing allowances in advance against a non-discounted rate of £16.40 for paying for the allowances in September 2015. For future years rates will increase by inflation. The authority is currently assessing its options for purchasing allowances for 2014/15 and future years.

13. REDUNDANCY COSTS

- 13.1 As part of the Authority's One Council Programme a number initiatives have been in place to rationalise and improve the Council's services and meet savings required by central government. This process of rationalising council structures will continue during 2014/15. The Council therefore needs to make provision for any redundancy and severance costs. By using the redundancy and restructuring reserve to meet the one off costs of restructures in previous in full it is possible to reduce the ongoing redundancy budget from £2.611m to £1.054m for 2014/15.

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 NDR INSTALMENT DATES AND RECOVERY POLICY

Introduction

There are over 113,600 domestic properties and 8,240 non-domestic properties within Brent and the Revenues service is responsible for collecting Council Tax and Business Rates 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. From 1 April 2013 the Council Tax benefit scheme was replaced with a less generous Council Tax support scheme which resulted in 21,000 council tax accounts having more to pay or having to pay some Council tax for the first time in a number of years. This presented a challenge in having to collect these amounts from those least able to pay without detrimentally impacting on expected collection rates; the policy below includes considerations and strategies used in respect of these accounts.

1. COUNCIL TAX INSTALMENT DATES

- 1.1 Changes were introduced in 2013/14 which enabled council taxpayers to pay their Council Tax by 12 instalments should they opt to do so. The default continues to be 10 instalments, these being 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 2014 and end in January 2015, unless the payer has requested 12 instalments in which case the last instalment will be due in March 2015.

(b) Non Direct Debit payers

First instalment on the 1st April 2014, then on the 1st of each month to 1st January 2015 or 1st March 2015 if the taxpayer has requested 12 instalments.

Those accounts in receipt of Council Tax Support (CTS) have been switched to 12 monthly instalments, thus reducing the monthly instalment due as the cost is spread over the full year.

2. NNDR INSTALMENT DATES

- 2.1 From 2014/15 ratepayers will be able to elect to pay their Business Rates over 12 months, from April 2014 to March 2015. They will have to opt in to this. The default remains 10 instalments these being due on the 1st of each month from 1 April 2014 to 1 January 2015.

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)
- Pre Summons Letter
- 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 Reminder Notices

These are usually issued immediately after 14 days of an instalment becoming due where full payment of the instalment has not been received. If the instalment is not paid within 10 days then the right to pay by instalments is lost and the full unpaid balance for the year becomes due. At the start of the financial year when volumes of reminders are highest the issue of reminders will be prioritised with those not in receipt of Council Tax support having highest priority.

3.1.3 Pre-Summons Letter

In order to provide support to all taxpayers and particularly those affected by the CTS changes an additional pre summons letter will be sent before a summons is issued for non payment. This is not a statutory requirement but has been introduced to increase the taxpayer's opportunities to make an arrangement before a summons is issued and additional costs incurred

3.1.4 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.

3.1.5 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 Customer Services 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 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 payment of the balance 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 amount that can be deducted from the individual's salary based on the appropriate percentage of salary received. 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 from 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 taxpayer is in receipt of those benefits a deduction from those benefits will be considered. For those persons in receipt of the maximum council tax support and in receipt of a qualifying benefit this is the preferred method of recovery. In these cases consideration will be given to reducing the court costs.

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

Bailiffs have been instructed to take a considered collection approach to those cases in receipt of council tax support and where the balance is less than £500.00.

- 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. As from 1 April 2014 the charges that bailiffs can make has been simplified as a result of major reform to bailiff law. Brent Customer Services are in discussions with its bailiff companies in order to agree the actions that will be taken in respect

of the 3 new stages of bailiff enforcement. It will be closely monitoring this to ensure compliance with both this and the new legislation.

The bailiff has discretion to make arrangements. The bailiff is requested to return the Liability Order back to the council within four months if they are 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
- (c) Ross and Roberts

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 or force of sale against a property, a bankruptcy order or to seek the Taxpayer's committal to prison. Which course of action is taken will depend upon individual circumstances, their payment history and the balance outstanding.

3.9 Other Methods

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.

In addition where mobile telephone numbers are held customers are sent text messages to remind them of missed instalments.

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 Support 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 Support is awarded. Those customers experiencing difficulty in paying their Council Tax, are in receipt of Council Tax Support and who have

also been affected by other welfare reform cuts will be referred to the Council's welfare benefits team for possible assistance.

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 Support after recovery has started or provides information enabling their claim to be assessed then the assessment will be fast tracked. This means the customer will be offered an appointment with an assessment officer within 24 hours and informed what information they need to bring to the interview in order to have their entitlement assessed. The outcome of the benefit assessment could mean there is full or partial entitlement to Council Tax Support that reduces the balance due or the claimant is advised they have no entitlement to Council Tax Support.

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
- Pre-Bailiff Letter

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 £145.00 have been incurred and that the payment must include the costs.

4.3 Pre-Bailiff Letter

4.3.1 This notice is a personalised notice issued within the first week following a Liability Order hearing. It is issued to all ratepayers who have failed to pay in full or make an arrangement for payment. The notice advises the ratepayer 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.

4.4 Bailiff Action for NNDR

4.4.1 The following cases will be subject to Bailiff action

- (a) No payment arrangement made
- (b) Taxpayers defaulting on existing arrangements

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

The bailiff may make charges in accordance with the Regulations. As from 1 April 2014 the charges that bailiffs can make has been simplified as a result of major reform to bailiff law. Brent Customer Services are in discussions with its bailiff companies in order to agree the actions that will be taken in respect of the 3 new stages of bailiff enforcement. It will be closely monitoring this to ensure compliance with both this and the new legislation.

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.

4.4.3 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
- (c) Ross and Roberts

4.5 Bankruptcy and Committal to prison

In cases where all other recovery methods have failed we may seek to undertake insolvency proceedings or to seek the ratepayer's committal to prison. Which course of action is taken will depend upon whether it is a limited company or an individual, their 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 debited to the account when the issue of the summons has been agreed. 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 £145 and for Council Tax £90.

- 5.1.2 Liability Order costs for council tax is £30.00 and for non-domestic rates £25.00. 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 further costs. Liability Order Costs will be applied for in 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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EQUALITIES IMPACT ASSESSMENT

The Equality Act 2010 challenges the Council to understand the individual and collective nature of our community and our workforce as described by the ‘protected characteristics’ of:

- age,
- disability,
- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race,
- religion and belief, and
- sexual orientation.

The Council is expected to use this understanding in taking financial decisions to demonstrate “due regard” to Public Sector Equality Duty and the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups.¹ Demonstrating “due regard” involves:

- assessing the potential impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken;
- ensuring that decision makers are aware of their responsibilities and any issues of inequality when making decisions.

Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show ‘due regard’. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.

Having “due regard” does not mean the Council cannot make decisions which impact disproportionately. It does mean that the Council must be clear where this is the case, and must be able to demonstrate that we have undertaken consultation and both understood and mitigated the impact.

To ensure that the process of impact assessment is robust, it needs to:

- be specific to each individual proposal;
- be clear about the purpose of the proposal;
- consider available evidence;
- include consultation and involvement with those affected by the decision, where appropriate;
- consider proposals for mitigating any negative impact on particular groups;
- set out arrangements for monitoring the actual impact of the proposal.

In proposing the savings outlined in Appendix C(ii), Departments have therefore considered the potential equality impact. The majority involve no change in policy

¹ The Duty applies to marriage and civil partnership, but only in respect of the requirement to have due regard to the need to eliminate discrimination.

and/or service and will be achieved through efficiencies. Those involving staff changes have been the subject of proper consultations under the Managing Organisational Change Policy including proper equalities considerations. Equality impact assessments have been undertaken for major changes and have previously been reported to the Executive, such as the procurement and service delivery exercise for the Public Realm Contract (reported to the Executive in October 2013). In this respect the budget sets out the financial consequence of decisions already taken.

2014/15 SCHOOLS BUDGET

Budget Description	2014/15 £'000
Individual School Budgets (ISB)	190,711
Special Schools	14,126
Additionally Resourced Provision (ARP) Units	1,975
Early Years	7,098
Pupil Referral Units	1,530
Health Needs Education (Formerly BETS)	825
Voluntary and Independent Nurseries	11,763
Central Budgets	42,474
Total Budget	<u>270,502</u>

Dedicated Schools Grant (DSG)

Schools Block	190,707
High Needs Block	54,874
Early Years	18,377
Additions & Cash Floor (2 Year Old Early Years)	6,544
Total DSG	<u>270,502</u>

Sixth Form funding is excluded from the above figures and will form part of ISB when allocated.
The funding for Pupil Premium is also excluded.

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HOUSING REVENUE ACCOUNT

Introduction

- 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. There can be no cross-subsidy between the General Fund and the HRA, although legitimate charges flow between the accounts. Any balances on the HRA at the end of the year are carried forward within the HRA to the next year. The council must agree and publish an annual budget for the HRA.
- 2 A detailed report on the HRA budget for 2014/15 is being considered by the Executive on 17 February 2014. That report set out proposals for an overall rent increase of 4.39% for the main properties within the stock. This is in line with the government's rent restructuring policy. The HRA budget is formally agreed by Full Council when this report is considered at its meeting on 3 March 2014.

The HRA Budget 2014/15

- 3 The 2014/15 HRA budget includes the following:
 - An inflation allowance of 1% for pay, an increase in the Employer's Superannuation Contributions for BHP staff from 17.8% to 18.8%. For non pay price rises, a general increase of 0% has been used, except for repairs, cleaning, grounds maintenance and gas servicing which have been increased in line with the inflation provisions set out in their contracts.
 - The government's implementation of its rent restructuring policy continues into 2014/15 and, under the national formula, individual rents should increase by 3.7% + 0.5%. However, the impact on tenants will be cushioned by "caps and limits", which generally means that in 2014/15 no rent will increase by more than 3.7% + £2.
 - An overall average rent increase of 4.39% (average £4.67 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.
 - An increase in service charges of 3.2%.
 - Net Savings after taking account of stock loss, efficiency and other savings of £591k.
 - Growth of £3.740m, comprising £90k for Council Tax on Empty Properties, £145kk for Rubbish Disposal Costs, £250k for legal fees, and £3.280m for depreciation (to be spent on HRA Capital Expenditure).
 - An estimated 8,445 HRA dwellings at 1st April 2014.
 - Rent collection assumed at approximately 97.7% of the rental income due.
 - The current level of HRA borrowing is expected to be £141m at 31 March 2014. Brent's HRA borrowing limit under HRA self financing is £199m; and the estimated HRA borrowing "headroom" is £58m.

- HRA Reserves brought forward from 2013/14 are estimated to be £511k. The HRA budget for 2014-15 assumes that £111k of these reserves will be used.
 - The HRA is estimated to show a surplus of £400k at 31st March 2015.
- 4 Details of the HRA budget 2014/15 are shown in Appendix I (ii).

HRA Risks

- 5 The main risk associated with the HRA budget for 2014/15 are:
- Recovery of Leaseholder Service Charges (Major Work); and
 - Rent Collection – maintaining high collection performance and the impact of welfare reforms.

HRA Business Plan/HRA Asset Management Strategy

- 6 The Council's HRA Business plan is now updated regularly and shows that the HRA 30 year business plan is viable.
- 7 The HRA asset management strategy was approved by the Executive in November 2013 and sets out the long term approach to the maintenance and development of the Council's housing in order to best meet its housing objectives. The HRA Asset Management strategy encompasses plans stock investment, stock reform, development and rent policy.

HRA Probable Budget 2013-14 and Draft Budget 2014-15			
Description	(1) Original Budget 2013-14 £000's	(2) Forecast Outturn 2013-14 £000's	(3) Draft Budget 2014-15 £000's
Provision For Bad Debts	1,158	858	1,158
Rent & Rates	1,744	2,108	1,732
Services	590	590	590
Capital Financing	10,536	10,536	8,474
Depreciation (Major Repairs Allowance (MRA))	14,052	14,052	15,461
Leaseholder Service Charges Income	(3,120)	(2,650)	(2,760)
Rent Income	(50,399)	(49,633)	(51,224)
Non Dwelling Rent	(379)	(379)	(254)
Other Income	(59)	(59)	(59)
General Management	11,490	11,073	11,286
Special Management	4,557	4,727	4,711
Housing Repairs	11,402	10,852	10,996
Net Expenditure	1,572	2,075	111
Surplus B/Fwd	(1,972)	(2,586)	(511)
To/(from) Earmarked Reserve	0	0	0
Surplus C/Fwd	400	511	400
Total	0	0	0

HRA Probable Budget 2013-14 and Draft Budget 2014-15			
<u>Subjective Analysis</u>			
Description	(1) Approved Budget 2013-14 £000	(2) Forecast Outturn 2013-14 £000	(3) Draft Budget 2014-15 £000
Employees	1,452	1,412	1,408
Premises	16,868	16,683	16,519
Transport	29	27	26
Supplies and Services	4,091	3,517	3,930
Third Party Payments	8,079	8,340	8,160
Tfr Payments/Capital Financing	24,497	24,497	23,842
Support Services	1,427	1,336	1,376
Total Expenditure	56,443	55,812	55,261
Direct Income	(54,373)	(53,233)	(54,712)
Recharged Income	(498)	(504)	(438)
Total Income	(54,871)	(53,737)	(55,150)
Deficit (Surplus) for the Year	1,572	2,075	111
Surplus B/Fwd	(1,972)	(2,586)	(511)
To/(From) Earmarked Reserve	0	0	0
Surplus C/Fwd	400	511	400
Total	0	0	0

	Proposed 2014/15 Capital Budget (£000)	Proposed 2015/16 Capital Budget (£000)	Proposed 2016/17 Capital Budget (£000)
Regeneration & Growth			
Asset Management Plan	110	110	110
Bridge Park Regeneration	1,447	0	0
Carbon Reduction Measures	250	250	250
Church End Regeneration	542	450	0
Combined Property and ICT Initiatives	100	100	100
Crest Academies	5,951	0	0
Devolved Capital	432	432	432
Expansion of Secondary/Primary School Places	61,585	18,245	15,502
HCA Empty Homes Grant	498	0	0
Pop Down Square	215	0	0
Private Sector Renewal Support Grant and Disabled Facilities Grant council	4,780	4,780	4,780
Project Management	200	200	200
Schools Asset Management Plan	3,383	2,050	2,050
Section 106 & CIL (Estimate)	5,500	5,500	5,500
South Kilburn Regeneration Project	24,834	9,914	4,732
Regeneration & Growth Total	109,827	42,031	33,657
Environment & Neighbourhood Services			
Cemetery and Mortuary Service	20	20	20
Delivering the Sports Strategy	535	535	535
Parks	145	145	145
Pavements, Roads and Streetscene/Street Trees	3,550	3,550	3,550
Transport for London Funded Schemes	4,000	4,000	4,000
Vale Farm Improvements	349	0	0
Environment & Neighbourhood Services Total	8,599	8,250	8,250
Adult Social Services			
Supported Living to Extra Care	2,541	0	0
Surplus Capital Grant not yet Allocated to Schemes	0	748	748
Adult Social Services Total	2,541	748	748
Corporate			
ICT Initiatives	400	400	400
Corporate Total	400	400	400
General Fund Total	121,367	51,429	43,055
HRA			
Additional Affordable Housing	7,134	15,450	0
Disabled Facilities Works (on council properties)	600	600	600
Major repairs of council properties	9,762	9,762	9,762
HRA Total	17,496	25,812	10,362
Grand Total	138,863	77,241	53,417

	Proposed 2014/15 Capital Budget (£000)	Proposed 2015/16 Capital Budget (£000)	Proposed 2016/17 Capital Budget (£000)
General Fund			
Grant and External Contributions			
Adults PSS Grant	(1,459)	(748)	(748)
Basic Need Grant	(60,942)	(17,892)	(15,149)
Capital Maintenance for LA schools	(2,403)	(2,403)	(2,403)
Crest Academies - PfS Contributions	(5,951)	0	0
Devolved Formula Capital	(432)	(432)	(432)
Disabled Facilities Grant	(1,680)	(1,852)	(1,852)
HCA Empty Homes Grant	(498)	0	0
Salix Grant Funding (Carbon Trust Works)	(50)	(50)	(50)
Transport for London	(4,000)	(4,000)	(4,000)
Universal Infant Free School Meals Capital	(833)	0	0
CPOs to be re-funded by developer	(1,989)	0	0
Grant and External Contributions Total	(80,237)	(27,377)	(24,634)
Internal Contribution	(1,033)	(900)	(900)
Capital Receipt			
Corporate Capital Receipts	(788)	(1,238)	(788)
Right to buy capital receipts	(400)	(400)	(400)
South Kilburn Capital Receipts	(23,734)	(9,013)	(3,832)
Capital Receipt Total	(24,921)	(10,651)	(5,020)
Section 106 & CIL	(5,783)	(5,500)	(5,500)
Unsupported Borrowing	(8,054)	(6,801)	(6,801)
Self Funded Unsupported Borrowing	(1,339)	(200)	(200)
General Fund Total	(121,367)	(51,429)	(43,055)
HRA			
Internal Contribution	(1,684)	(1,684)	(1,684)
Capital Receipt			
Right to buy capital receipts	(1,984)	0	0
Capital Receipt Total	(1,984)	0	0
Major Repairs Reserve	(8,678)	(8,678)	(8,678)
Unsupported Borrowing	(5,150)	(15,450)	0
HRA Total	(17,496)	(25,812)	(10,362)
Grand Total	(138,863)	(77,241)	(53,417)

TREASURY MANAGEMENT STRATEGY STATEMENT

Introduction

1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services requires local authorities to determine their Treasury Management Strategy Statement (TMSS).
2. As per the requirements of the Prudential Code of Practice, 2011, the Authority has adopted the CIPFA Treasury Management Code and reaffirmed its adoption at its annual Budget meeting, most recently on 25 February 2013.
3. The purpose of this TMSS is, therefore, to approve the following:
 - i. Treasury Management Strategy for 2014/15
 - ii. Annual Investment Strategy for 2014/15

The approved Strategies will be implemented from the date of approval by the Council.

4. The Authority has borrowed substantial sums of money and has a significant amount invested and therefore, has potentially large exposures to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is, therefore, central to the Authority's Treasury Management Strategy.

Capital Financing Requirement

5. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with usable reserves, are the core drivers of the Authority's Treasury Management activities.
6. At 31 December, 2013 the Authority's had £450m of long and short-term debt and £98m of investments. These are set out in further detail below.

Existing Investment & Debt Portfolio Position

Table 1

	30/12/2013 Actual Portfolio £m	30/11/2013 Average Rate %
External Borrowing:		
PWLB – Maturity	288	5.01
PWLB – EIP	45	2.55
Local Authorities	21	0.43
LOBO Loans	96	4.73
Total Gross External Debt	450	4.49
Investments:		
Market Deposits	91	0.66
Money Market Funds	7	0.43
Total Investments	98	0.65
Net Debt	352	

- 7 The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years. The Authority's current strategy is to maintain borrowing at the lowest level possible unless interest rate prospects present a clear case for taking long term borrowing ahead of immediate requirements. This implies that the Council will continue borrow less than its CFR in the near future.

Interest Rate Forecast

- 8 Arlingclose (the Council's treasury advisers) and Capital Economics forecast that official UK Bank Rate will remain at 0.5% possibly until late 2016. Officers will monitor developments with the advice of Arlingclose but giving due regard to other published information.

Borrowing Strategy

- 9 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. The cost of carry is likely to be an issue for the foreseeable future. As borrowing is often for longer dated periods (anything up to 60 years) the cost of carry needs to be considered against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position. Therefore, the Council does not intend to borrow in advance of need to fund its activities.
- 10 The Authority will adopt a flexible approach to any future long-term borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The

following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source.

Sources of Borrowing and Portfolio Implications

- 11 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:
 - Internal balances
 - PWLB
 - Other local authorities
 - European Investment Bank
 - Leasing
 - Structured finance
 - Capital markets (stock issues, commercial paper and bills)
 - Commercial banks
- 12 The cost of carry has resulted in an emphasis on the use of internal resources and then increased use of shorter dated borrowing and repayment by Equal Instalments of Principal (EIP). This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. It also maintains an element of flexibility to respond to possible future changes in the requirement to borrow. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review.
- 13 The Authority has £95.5m exposure to LOBO loans (Lender's Option Borrower's Option) of which £21.0m of these can be "called" within 2014/15. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan, at which point the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion which is compensated for by a lower interest rate being paid.
- 14 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted. It is unlikely that LOBOs will be called, unless and until interest rates start to rise, but officers are confident that if any are these could be repaid from resources available, or refinanced more cheaply.

Debt Rescheduling

- 15 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 16 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans have adversely affected the scope to undertake worthwhile debt restructuring although occasional opportunities arise. The rationale for undertaking any debt rescheduling or repayment would be one or more of the following:
 - Reduce investment balances and credit exposure via debt repayment
 - Align long-term cash flow projections and debt levels
 - Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 17 Borrowing and rescheduling activity will be reported to the Executive and Council in the Annual Treasury Management Report and the mid year report.

Annual Investment Strategy

- 18 In accordance with investment guidance issued by the Department for Communities and Local Government (CLG), and best practice, this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments is secondary, followed by the yield earned on investments.
- 19 The Authority and its advisors remain alert for signs of credit or market distress that might adversely affect the Authority.
- 20 Investments are categorised as Specified or Non-Specified within the investment guidance issued by the CLG. Specified investments are sterling denominated investments with a maximum maturity of one year. They are also of a high credit quality as determined by the Authority and are not investments that needed to be accounted for as capital expenditure. Non-specified investments are, effectively, everything else. Investments for more than a year remain non-specified until they mature.
- 21 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	<input type="checkbox"/>	<input type="checkbox"/>
Term deposits with other UK local authorities	<input type="checkbox"/>	<input type="checkbox"/>
Investments with Registered Providers	<input type="checkbox"/>	<input type="checkbox"/>
Certificates of deposit with banks and building Societies	<input type="checkbox"/>	<input type="checkbox"/>
Gilts	<input type="checkbox"/>	<input type="checkbox"/>
Treasury Bills (T-Bills)	<input type="checkbox"/>	<input type="checkbox"/>
Bonds issued by Multilateral Development Banks	<input type="checkbox"/>	<input type="checkbox"/>
Local Authority Bills	<input type="checkbox"/>	<input type="checkbox"/>
Commercial Paper	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Bonds	<input type="checkbox"/>	<input type="checkbox"/>
AAA-Rated Money Market Funds	<input type="checkbox"/>	<input type="checkbox"/>
Other Money Market Funds and Collective Investment Schemes	<input type="checkbox"/>	<input type="checkbox"/>
Debt Management Account Deposit Facility	<input type="checkbox"/>	<input type="checkbox"/>

- 22 Registered Providers (Housing Associations and Registered Social Landlords) have been included within specified and non-specified investments for 2014/15. Any investments with Registered Providers will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 23 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). Within these criteria the Chief Finance Officer (CFO) will have discretion to accept or reject individual institutions as counterparties on the basis of any information which may become available. The countries and institutions that currently meet the criteria for investments are included in Annex A. The Council uses the lowest rating quoted by Fitch, Standard and Poor or Moody, as recommended by CIPFA.
- 24 Any institution will be suspended or removed should any of the factors identified above give rise to concern, and caution will be paramount in reaching any investment decision regardless of the counterparty or the circumstances. Credit ratings are monitored continually by the Authority, using the advice of Arlingclose on ratings changes, and action taken as appropriate.
- 25 The Authority banks with National Westminster Bank (Natwest) and, at the current time, it meets the Authority's minimum credit criteria.

Investment Strategy

- 26 With short term interest rates expected to remain low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns.
- 27 In order to diversify a portfolio largely invested in cash, investments will be placed with a number of approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set by the Chief Finance Officer to ensure that prudent diversification is achieved.
- 28 Money market funds (MMFs) will be utilised but good treasury management practice prevails, and whilst MMFs provide good diversification, the Authority will also seek to mitigate operational risk by using at least two MMFs where practical. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In addition, each Fund will be limited to a maximum deposit of £10m and no more than half the Council's deposits will be placed with MMFs.
- 29 The investment strategy will provide flexibility to invest cash for periods of up to 370 days in order to access higher investment returns, although lending to UK local authorities can be for up to 5 years. The upper limit for lending beyond a year is £20m. In practice, lending for more than one year will be only to institutions of the highest credit quality and at rates which justify the liquidity risk involved.
- 30 Collective Investment Schemes (Pooled Funds):
The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns. Investments in pooled funds will be undertaken with advice from Arlingclose. The Authority currently has no investments in Pooled Funds.
- 31 Investment Policy:
Treasury Management in the Public Services: Code of Practice (the Code) was updated in November 2011, with a greater focus on risk management and significance of capital security as the Council's primary objective in relation to investments.
- 32 The Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - The Policy Statement was approved last year and is not being revised.

Policy on Use of Financial Derivatives

- 33 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy. Where schemes contain an embedded derivative, it will be subject to evaluation as part of the appraisal of the particular scheme.
- 34 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and any relevant foreign country limit.
- 35 The Authority will only use derivatives after seeking expertise, receiving a legal opinion and ensuring officers have the appropriate training for their use.

Policy on apportioning Housing Revenue Account HRA

- 36 Central Government completed its reform of the HRA Subsidy system at the end of 2011/12. Local authorities are required to recharge interest expenditure and income attributable to the HRA in a way which is fair to the HRA without detriment to the General Fund. The guidance is very general, so the Council is required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Code recommends that local authorities outline this policy in their TMSS.
- 37 As of 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Individual loans or parts of loans have been allocated to the HRA, on the basis of achieving the same long term rate as that which applied to the General Fund at the self financing date. In the future, new long-term borrowing will be assigned in its entirety to one pool or the other, allocating the costs and benefits to each accordingly.
- 38 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow will result in a notional element of internal borrowing. This balance will be assessed over the year and interest charged to the HRA at an appropriate rate for short term borrowing. The HRA will also hold reserves and balances which will be invested with the Council, and interest will be paid on identified balances at a rate which recognises that any investment risk is borne by the General Fund.

Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

- 39 The CFO will report to the Executive and Full Council on treasury management as follows:
- Annually, against the strategy approved for the year.
 - A mid-year report on the implementation of strategy and main features of the year's activity to date.

Training

- 40 CIPFA's Code of Practice requires the CFO to ensure that all members with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Arlingclose delivered a training session for members on 2 July 2013. Staff regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and others. Relevant staff are also encouraged to study for professional qualifications from CIPFA and other appropriate organisations.

Treasury Management Advisers

- 41 The Authority uses Arlingclose as Treasury Management Advisers and receives the following services:
- Credit advice
 - Investment advice
 - Technical advice
 - Economic & interest rate forecasts
 - Workshops and training events
 - HRA support
 - Other matters as required

The Authority maintains the quality of the service with its advisers by holding quarterly meetings and tendering periodically.

Annex A

ANNUAL INVESTMENT STRATEGY 2014/15

**List of institutions which meet the Council's credit worthiness criteria
as at 1 February 2014:**

Jurisdiction	Counterparty
UK	Lloyds TSB/ Bank of Scotland
UK	Barclays Bank plc
UK	Close Brothers Ltd
UK	Goldman Sachs International
UK	HSBC Bank plc
UK	Leeds Building Society
UK	Nationwide Building Society
UK	National Westminster Bank/RBS plc
UK	Santander UK plc
UK	Standard Chartered Bank
Australia	Australia and N Z Banking Group
Australia	Commonwealth Bank of Australia
Australia	National Australia Bank Ltd
Australia	Westpac Banking Corp
Canada	Bank of Montreal
Canada	Bank of Nova Scotia
Canada	Canadian Imperial Bk of Commerce
Canada	Royal Bank of Canada
Canada	Toronto-Dominion Bank
Finland	Nordea Bank
Finland	Pohjola Bank plc
Germany	Deutsche Bank AG
Germany	Landesbank Hessen-Thuringen
Netherlands	Bank Nederlandse Gemeenten
Netherlands	Coöperatieve Centrale Raiffeisen
Netherlands	ING Bank NV
Singapore	DBS Bank Ltd
Singapore	Oversea-Chinese Banking Corp

Singapore	United Overseas Bank Ltd
Sweden	Svenska Handelsbanken
Switzerland	Credit Suisse AG
US	JPMorgan Chase Bank NA

The list above represents the institutions which meet the criteria at the time of preparation of the strategy. The Authority's Chief Finance Officer may introduce new names which meet the criteria from time to time and may adopt more restrictive limits on maturity or value as seems prudent. The Council may also lend any amount to any UK national or local government body for up to 5 years.

An operational list of institutions which are approved to take deposits from the Council will be prepared and circulated to dealing and approving Officers from time to time.

Group Limits - for institutions within a banking group, the authority may lend the full limit to a single bank within that group, but may not exceed the limit for all group members.

Annex B

Non-Specified Investments

Instrument

Call accounts, term deposits and Certificates of Deposit (CDs) with banks, building societies and local authorities which do not meet the specified investment criteria (on advice from Arlingclose)

Deposits with registered providers

Gilts

Bonds issued by multilateral development banks

Sterling denominated bonds by non-UK sovereign governments

Money Market Funds rated below AAA and Collective Investment Schemes

Corporate and debt instruments issued by corporate bodies

Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573. These would be capital expenditure.

The Authority will hold up to a maximum of £30m in non-specified investments at any time, which may all be in one category subject to individual counterparty limits.

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Prudential Indicators, 2013/14 – 2016/17

11.1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities when setting and reviewing their Prudential Indicators.

11.2 Gross Debt and the Capital Financing Requirement:

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Estimated capital financing requirement for:				
- General Fund	475.5	470.3	462.4	454.4
- HRA	140.6	145.8	161.2	161.2
- Total	616.1	616.1	623.6	615.6
HRA Limit on Indebtedness:				
- HRA	199.3	199.3	199.3	199.3

11.3 Estimates of Capital Expenditure:

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Planned capital spending:				
- General Fund	145.8	121.4	51.4	43.0
- HRA	21.7	17.5	25.8	10.4
- Total	160.8	138.9	77.2	53.4

11.4 Affordability indicators:

The ratio of financing costs to net revenue stream is an indicator of affordability and is based on costs net of investment income:

Ratio of Financing Costs to Net Revenue Stream	2013/14 Approved %	2013/14 Revised %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
General Fund	8.83	8.81	9.75	11.14	11.54
HRA	20.34	20.66	16.09	15.05	15.29

Total	10.56	10.57	10.76	11.84	12.24
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11.5 Incremental Impact of Capital Investment Decisions:

The incremental impact of capital investment decisions is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2013/14 Approved £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £
Increase in Band D Council Tax	8.27	17.84	25.40	32.03
Increase in Average Weekly Housing Rents	0.00	0.12	1.18	1.88

11.6. Authorised Limit and Operational Boundary for External Debt:

- 11.6.1 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
- 11.6.2 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements. The Operational Boundary and Authorised Limit are prepared on the same basis but the Authorised Limit includes additional headroom to allow for strategic decisions which may increase borrowing for short periods.

	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Authorised Limit	790	790	790	790	790
Operational Boundary	690	690	690	690	690

11.7. Adoption of the CIPFA Treasury Management Code:

This indicator demonstrates that the Authority has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the readoption of the CIPFA Treasury Management Code at its meeting on 25 February 2013.

11.8 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

11.8.1 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums (i.e. fixed rate debt net of fixed rate investments).

11.8.2 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	Existing level at 25/02/13 %	2013/14 Approved %	2013/14 Revised %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	40	40	40	40	40	40

11.8.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's treasury management strategy.

11.9 Maturity Structure of Fixed Rate borrowing:

11.9.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.9.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the

lender can require payment.

- 11.9.3 LOBOs are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment.

Maturity structure of fixed rate borrowing	Level at 31/12/13 %	Lower Limit %	Upper Limit %
under 12 months	10	0	40
12 months and within 2 years	3	0	20
2 years and within 5 years	15	0	20
5 years and within 10 years	7	0	60
10 years and within 20 years	2	0	100
20 years and within 30 years	4	0	100
30 years and within 40 years	17	0	100
40 years and within 50 years	41	0	100

11.10. Credit Risk:

- 11.10.1 The Authority considers security, liquidity and yield, in that order, when making investment decisions.

- 11.10.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

- 11.10.3 The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

- 11.10.4 The only indicators with prescriptive values remain to be long term credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

11.11. Upper Limit for total principal sums invested over 364 days:

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
	20	20	20	20	20

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ADVICE FROM THE DIRECTOR 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 pecuniary interests.

2. WHEN THE BUDGET MUST BE SET

Under Section 31A 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.

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 of the Council's decision under section 38(2) of the Local Government and Finance Act 1992. 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 under section 65 of the Local Government and Finance Act 1992.

4. 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 and the Monitoring Officer (the Director of Legal and Procurement). 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.

5. ARREARS OF COUNCIL TAX AND VOTING

In accordance with section 106 of the Local Government Finance Act 1992 ("the 1992 Act"), 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.
- (iv) Members will have a defence under section 106 of the 1992 Act 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 of the 1992 Act which attracts a maximum fine of £1,000.

6. PECUNIARY INTERESTS

A Member must before the end of 28 days from the date of election to office, notify the Monitoring Officer of any disclosable pecuniary interests.

A pecuniary interest is a disclosable pecuniary interest in relation to a person (as specified in regulations) and either –

- (a) It is the Member interest, or
- (b) It is an interest of:
 - (i) a member's spouse or civil partner,
 - (ii) a person with whom a member is living as husband and wife, or
 - (iii) a person with whom a Member is living as if they were civil partners, and the Member or is aware that the other person has the interest.

If a Member is present at a meeting and has a disclosable pecuniary interest in a matter under consideration, if the interest has not been registered they must disclose it at the meeting.

The Member may not participate in the discussions or vote on the matter where they have a disclosable pecuniary interest.

The definition of a pecuniary interest is set out below in the following eight paragraphs of this section.

Employment, office, trade profession or vocation - Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship - Any payment or provision of any other financial benefit (other than from London Borough of Brent) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out his/her duties as a member, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

Contracts - Any contract which you have made between the Member (or a body in which the Member has a beneficial interest) and the London Borough of Brent -

- (a) under which goods or services are to be provided or works are to be executed; and
- (b) which has not been fully discharged.

Land - Any beneficial interest in land which is within the area of the London Borough of Brent.

Licences - Any licence (alone or jointly with others) to occupy land in the area of the London Borough of Brent for a month or longer.

Corporate tenancies - Any tenancy where (to the Member's knowledge knowledge) -

- (a) the landlord is the London Borough of Brent; and
- (b) the tenant is a body in which the Member has a beneficial interest.

Securities - Any beneficial interest in securities of a body where –

- (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and
- (b) either -
 - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

It should be noted that where there is any reference to the words "his/her" and "the Member" also includes those interests of the Member's spouse or civil partner, a person living with him/her as husband/wife, and a person the Member is living with as if they were civil partners, and the Member is aware that this other person has the interest.

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.

Sensitive Interests

Where a Member has an interest, the disclosure of which the Monitoring Officer believes could subject the Member to violence or intimidation, the interest should not be placed on the public register. Instead, the register would simply say that the Member has an interest, the details of which are withheld under s32 (2) of the Localism Act 2011.

Dispensations

The Council's Monitoring Officer may, on written request from a Member, grant a dispensation to relieve the applicant from the restrictions on participation and voting. Dispensation may be granted if:-

- Without the dispensation the number of persons prohibited from participating would be so great a proportion to impede the effectiveness of the meeting;
- The representation of different political groups would be affected and likely to alter the likely outcome of any voting at the meeting;
- Granting the dispensation is in the interests of persons living in the Borough;
- Every Member of the Council's Executive would be precluded from participating in the meeting;
- It is appropriate to grant a dispensation.

Dispensation may be granted for up to 4 years. A dispensation will mean that the Member to whom it is granted can speak and vote on a matter in which they have a relevant interest. Where the Monitoring Officer is undecided on the best response, and time is not of the essence, the decision could be passed to Standards Committee for decision and there is no Standards Committee meeting currently fixed before the budget setting meeting.

7. 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 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 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 and the adequacy of the proposed financial reserves. 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 and section 19A of the Audit Commission Act 1998 provide 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.

8. 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 31A(2)(b) and (c) 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. As set out previously, under section 25 of the Local Government Act 2003 the Chief Finance Officer is required to report to the authority on the adequacy of the proposed financial reserves.

In addition to advising on the robustness of the estimates as set out above, the Chief Finance 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.

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.

Localism Act 2011

Sections 72 to 79 and Schedules 5 to 7 of the Localism Act 2011 amended the legislation regarding the calculation of council tax. Schedule 5 of the Localism Act provides for a council tax referendum to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State. Authorities will not be able to exceed the Secretary of State's principles without having held such a referendum. The Secretary of State has ruled that most principal authorities, which includes Brent Council, proposing increases which exceed 2% or more will need to hold a referendum.

Any authority taking up the council tax freeze grant from the Department of Communities and Local Government for 2013/14 will not be subject to a council tax referendum in that year. Only those principal authorities not accepting the freeze grant and increasing council tax by over 2% would have to hold a referendum by no later than the first Thursday in May in the 2013/14 financial year. In this scenario, substitute calculations would need to be drawn up in accordance with the principles laid down by the Secretary of State and these substitute calculations would take effect in the event of any increases in excess of 2% not being approved in the referendum.

Alternative Proposals

If alternative proposals to those contained in this report are moved at the budget setting meeting, the Chief Finance 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 Finance 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 Finance 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 and the Council is under a duty to prevent a debit balance in the Housing Revenue Account pursuant to Section 76 Local Government and Housing Act 1989.

Equalities Legislation

Section 149 of the Equality Act 2010 sets out the public sector equality duty which requires the Council, when exercising its functions to have 'due regard' to the need to eliminate discrimination (both direct and indirect discrimination), harassment and victimization and other conduct prohibited under the Equality Act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

A 'protected characteristic' is defined in the Equality Act as:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race; (including ethnic or national origins, colour or nationality)
- religion or belief;
- sex;
- sexual orientation.

Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

Having due regard to the need to 'advance equality of opportunity' between those who share a protected characteristic and those who do not, includes having due regard to the need to remove or minimize disadvantages suffered by them. Due regard must also be had to the need to take steps to meet the needs of such persons where those needs are different from persons who do not have that characteristic, and encourage those who have a protected characteristic to participate in public life.

Complying with the duty may involve treating some people better than others, as far as that is allowed by the discrimination law.

Due regard to the need to eliminate discrimination, advance equality, and foster good relations must form an integral part of the decision making

process. The Council must consider the effect that implementing a particular policy will have in relation to equality before making a decision.

There is no prescribed manner in which the equality duty must be exercised. However, the council must have an adequate evidence base for its decision making. This can be achieved by gathering details and statistics on who use the facilities. A careful consideration of this assessment is one of the key ways in which the Council can show “due regard” to the relevant matters. Where it is apparent from the analysis of the information that the proposals would have an adverse effect on equality then adjustments should be made to avoid that effect (mitigation).

The duty is not to achieve the objectives or take the steps set out in s.149. Rather, the duty on public authorities is to bring these important objectives relating to discrimination into consideration when carrying out its functions. “Due regard” means the regard that is appropriate in all the particular circumstances in which the authority is carrying out its functions.

There must be a proper regard for the goals set out in s.149. At the same time, the council must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures, economics and practical factors will often be important. The weight of these countervailing factors in the decision making process is a matter for the Council.

The equality and 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.

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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.

Reserves

Affordable Housing PFI	Multi Agency Front Door
Advance Cash Receipting Module	Museums, Libraries & Archives
BACES	National Museum Foundation
Barham Park	New Initiatives
Brent Cycling Project	NHS Bike IT Project
Brent Irish Advisory Service	NNDR Revaluation Refunds
Capital Financing	PCT Joint Venture
Capital Funding	Physical Activity Summit
Carpenders Park Cemetery	Planning Service Major Cases
CEO Maternity costs & Cultural Change Initiatives	Poplar Grove Lease agreement
Chalkhill	Positive Activities for young People
Chief Executive	Preventing Homelessness
Civic Centre	Private Landlords Rent Deposit Scheme
CLG - Small Business Allowance	Property
CLG Funding Secondment Officer	Public Health Transitional Costs
Client Deposits	Pupil Premium
Collection Fund	Redundancy & Redundancy
Connect Programme	Remuneration Strategy
Consumer Support Network Grant	Revenue & Benefits Capita contract
Council Tax Scheme Grant	Revenue Contribution to Capital
Countryside Stewardship Grant	Safeguarding Inspection - London Councils
Crest Academy	Salix
Crest Academy/Surveys	Schools
DCLG Flats Food Waste	Section 106
Discretionary Housing Payment Grant	Section 106 Capital
DWP - Atlas Funding	Service Pressures
DWP – Local Housing Allowance 2012/13	Service Pressures - Temporary Accommodation
DWP - Transition Funding	Services to Schools - DfE MaST
Early Years	Services to Schools - NHS Grants
Edward Harvist Trust	Sexual Health
Employment Initiatives	Single Payment Scheme

Employment Initiatives - Central	Social Care Training Programme
English National Stadium	SP&I Climate Change Social Media Project
Environment Stewardship Grant	SP&I Community Safety Grant
External Schools Active Grant	SP&I Grants Paid in Advance
Finance systems	SP&I NHS Funding
Football Foundation	SP&I Performance Plus & Complaints
Fuel Poverty Programme	SP&I Projects
Gordon Brown	SP&I Voluntary Sector Grants
Green Deal Pioneer Places	SP&I Working with Families
Headstart Grant	Special Projects
Health Check Pilot Project	Sports & Health Projects
Homeless Strategy	Sports England
Hospital Sunday Fund	Sports, SEN & Healthy Schools
Housing Client Deposits	Stonebridge HAT Project
Innovation Grant	Supplementary School
Insurance	Tackling Illegal Landlords
Insurance - Housing	Telecom Equipment Income
IT	Tenancy Fraud Initiative
JFS School PFI	Trading Standards - Proceeds of Crime
John Lyons Trust	Transformation
Kellogg's Fund	Viewstar Project
LA Horticultural Apprentice Grant	Violent Crimes Fund
Land Charges Court Case	Warm Homes Grant
Teacher Recruitment TDA (Golden Hellos)	Welfare Reform
Legal/Disciplinary Costs Disputes	Welfare Reform - Central
Library/arts projects	Wembley Youth and Community
Local Elections	Westbrook Bequest
Local Housing Allowance	Willesden Green
Local Housing Allowance - Implementation	Willesden Sports Centre PFI
Local Housing Allowance Funding	Working Neighbourhood Fund
Local Safeguarding Board	Youth Offending - Nurse Funding
Long Term Sickness	
Lottery Heritage	
Mortgage Repossession Fund Grant	

Provisions

Insurance	Carbon Reduction Commitment
Disrepair cases	Leases
Provision - Repairs PSL Scheme	HRA Insurance
Corporate Leases	

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