SUMMONS TO ATTEND COUNCIL MEETING - supplement

Monday, 1 March 2010 at 7.15 pm
Council Chamber, Brent Town Hall, Forty Lane, Wembley, HA9 9HD

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

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

GARETH DANIEL
Chief Executive

Dated: Friday, 19 February 2010

For further information contact: Peter Goss, Democratic Services Manager, 020 8937 1351, peter.goss@brent.gov.uk

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The press and public are welcome to attend this meeting

Agenda

Apologies for absence

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Report from the Director of Finance and Corporate Resources circulated separately

Ward Affected: All Wards;

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- The meeting room is accessible by lift and seats will be provided for members of the public.
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- Catering facilities can be found on the first floor near the Grand Hall.
- A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

LONDON BOROUGH OF BRENT

FULL COUNCIL - 1ST MARCH 2010

2010/11 BUDGET AND COUNCIL TAX

LONDON BOROUGH OF BRENT

Meeting of Full Council - 1st March 2010

2010/11 BUDGET AND COUNCIL TAX

EXECUTIVE SUMMARY

1. The budget report sets out the key decisions Members are asked to make on:
   - the 2010/11 General Fund revenue budget;
   - the 2010/11 Schools Budget;
   - the 2010/11 Housing Revenue Account;
   - the council's capital programme for 2010/11 to 2013/14;
   - the council's treasury management strategy; and
   - prudential indicators aimed at ensuring the affordability of capital spending and a secure approach to borrowing and investment.
2. This executive summary covers the main items covered in each of the sections of the report.
3. *Section 1* introduces the report, with brief descriptions of what is covered in each of the other sections.
4. *Section 2* details proposed recommendations to Full Council. These are cross-referenced to appropriate parts of the main body of the report. They include the statutory decisions Full Council is required to make on the overall budget requirement of the council, gross revenue expenditure and income, and the council tax calculation.
5. The General Fund budget making process, including its links with the Corporate Strategy priorities and the council's Medium Term Financial Strategy, is set out in *Section 3.* This section sets out the underlying budget assumptions, the process for development of the proposals, including the role of members of the Executive and the Budget Panel, and the involvement of the public, businesses and council trade unions.
6. The Budget Panel has held several meetings during the development of the budget and its draft recommendations are set out in their final report which is attached as Appendix E (ii) to this report.
7. The 2009/10 probable outturn for the General Fund budget is covered in *Section 4.* Balances at the end of 2009/10 are forecast at £8.908m which is £1.408m more than the target of £7.5m set for 31st March 2010 in the 2009/10 budget report.
8. *Section 5* deals with the key spending decisions. The recommended overall budget requirement for 2010/11 is £265.469m, which is 1.4% above the 2009/10 budget requirement of £261.836m.

9. The key decisions Members need to take on the 2010/11 General Fund budget are as follows:

- Agreeing or varying the service area budgets for 2010/11, which are detailed in Appendix C, incorporating growth and savings outlined in Appendix D;
- Agreeing or varying the overall budget for service areas in 2010/11 which this report recommends should be set at £250.749m;
- Agreeing or varying the budget for central items which is estimated at £51.035m for 2010/11, and is detailed in Appendix F;
- Agreeing or varying the use of balances figure of £1.408m in 2010/11;
- Agreeing or varying the overall proposed budget of £265.469m for 2010/11, after taking account of Area Based Grant of £28.578m.

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

11. Members also have to consider the impact of the budget on individuals and communities in Brent. The priorities within the Corporate Strategy and Local Area Agreement reflect the needs and aspirations of the diverse communities and individuals within Brent. Budget proposals are also screened individually by service areas to assess whether they have equalities implications. But Members also have to ensure the budget as a whole does not discriminate against communities or individuals because of age, ethnicity, gender, disability, religion, or sexual orientation, and meets the council's other duties to promote equal opportunities and good race relations.

12. As approved as part of the 2009/10 budget process growth required to fund priorities within the LAA, including sports activities for young people, prevention of domestic violence, volunteering, and sustainability, has been funded from Performance Reward Grant due to the council or achievement of stretch targets within the 2006-09 Local Area Agreement. Additional funding has also been put into the libraries book fund, speeding up the Disabled Facilities Grant process and support for Brent residents in accessing benefits and allowances to which they are entitled.

13. The performance and finance review process brings together monitoring of finance, activity and performance. The budget report includes target activity and performance levels as well as budget allocations. It sets out the underlying activity levels the budget can support – for example, number of children in care, tonnes of waste disposed of - and the performance improvements that can be expected. Monitoring of variations from target activity levels helps the council determine what measures need to be taken to ensure spending is within budget. Linking in performance ensures that Members are aware of the key outcomes expected as a result of the budget decisions and enables oversight of delivery of these outcomes during the course of the year, including the impact of any decisions needed to bring the

budget into line. These processes are of course supported by service planning within individual service areas.

14. Pressure on budgets, limited resources, and uncertainty mean that there are risks within the budget. These risks are assessed as part of the budget setting process and then carefully monitored and managed during the year as part of the performance and finance review process. The most significant financial risks for 2010/11 that have been identified as part of this process are as follows:

    - Impact of any mid-year changes to local government funding following the general election;
    - Demographic pressures and potential increase in client numbers above that allowed for in the budget;
    - The ability of the council to offset loss of interest on balances as a result of reduced interest rates by debt restructuring;
    - The ongoing impact of the economic downturn on service income and service demand;
    - The impact of the 'Southwark judgement' regarding the provision of care to homeless 16/17 year olds;
    - Uncertainty about the potential costs that may arise from the proposals within the Personal Care at Home Bill;
    - The ability of the council to ensure that savings from the Improvement and Efficiency Action Plan are delivered.

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

    - The minimum prudent level of balances in 2010/11 should be £7.5m which is sufficient to meet the revenue budget risks identified in the report;
    - The optimal level of balances, to enable effective medium term financial planning in the authority, remains at £7.5m to £8m, with use of balances in any year being replenished in subsequent years;
    - As a general rule, Members should only plan to use balances to fund one-off spending;
    - Where Members wish to use balances to fund on-going spending or reductions in council tax, they should indicate how they plan to make up the budget shortfall in future years.

16. Members should note that the budget proposals in *Section 5* include a recommendation to use £1.408m of balances to fund the budget in 2010/11, and that the impact of this on future years' budgets has been built in to the Medium Term Financial Strategy in *Section 7*.

17. The resources to fund the General Fund budget are set out in *Section 6*. Overall the council will receive Formula Grant (which excludes Area Based

Grant and other specific grants) of £164.489m in 2010/11. This is 1.5% higher than in 2009/10.

18. The council tax income requirement is £102.142m. This is based on the proposed budget requirement of £265.469m, less grant of £164.489m, with £1.162m added for Brent's share of the Collection Fund deficit. Using the council tax base of 96,457 Band D equivalent properties agreed by General Purposes Committee on 26th January 2010, the Band D Council Tax for Brent services would be £1,058.94 in 2010/11, unchanged from the figure in 2009/10.

19. The government does not announce capping levels in advance. However, ministerial statements indicate that it will be significantly lower than the 5% benchmark used in previous years.

20. Council tax payers in Brent also have to fund the GLA precept, which covers the Metropolitan Police, the London Fire and Emergency Planning Authority, Transport for London, the Olympics levy and the GLA itself. The Greater London Assembly met on 10th February 2010 and agreed the Mayor of London's proposal to freeze the GLA Band D precept for 2010/11 at its 2009/10 level of £309.82.

21. Subject to agreement to the recommendations in this report the overall council tax at Band D in Brent would be £1,368.76 in 2010/11, the same as in 2009/10.

22. *Section 7* of the report sets out the council's Medium Term Financial Strategy (MTFS) and is the last part of the report dealing specifically with the General Fund. The current three year settlement runs until 2010/11. The impact of current measures to take the economy out of recession will be a sharp reduction in public spending in subsequent years. The likelihood is therefore of even tighter grant settlements from 2011/12 onwards.

23. The current economic situation makes assumptions about other variables in the budget difficult. The government's announcement on public sector pay is likely to mean pay increases will be limited. Low price inflation will also impact on the cost of supplies and services purchased by the council. A number of the council's contracts are linked to inflation indices and the ability to restrict future cost increases will be dependent upon inflation keeping low. On the other hand, continuation of low interest rates will have an on-going impact on the council's interest on balances. The same applies to loss of income from land searches where this budget proposes use of one-off funding to cover income losses at current levels. However it is unclear how long low price increases, low interest rates, low levels of housing market activity and so on will last so budget forecasts from 2011/12 onwards are uncertain.

24. The council's Pension Fund is due to be valued at 1st April 2010 and this will feed into employer contributions from 2011/12. The current employer contribution, which was set in the 2007 valuation, is 22.9% of the employee's remuneration. Market turmoil has led to a significant reduction in the value of assets in the Fund, although there has been a partial recovery since March 2009. Valuations look at the long term assets and liabilities of the Fund and not just short term movements and any changes could have a significant

impact on the budget with each 1% added to Pension Fund contributions adding around £1m per annum to General Fund spending.

25. There are other pressures that the council will face where it is easier to project impact. The combined effect of landfill tax increases and increasing costs of waste disposal and recycling have added around £2m to the budget each year for the past few years and are expected to do so in future. Use of Local Housing Allowance to calculate housing benefit subsidy levels for temporary accommodation leased by the council will require growth in 2010/11 in addition to the funding growth provided for in 2009/10. The government has announced that it will transfer over £30m of grant for concessionary fares from London to redistribute to other parts of the country and the impact of this has been factored into the budget.

26. The council's MTFS places us in a strong position to manage the pressures and uncertainty. The delivery of the Improvement and Efficiency Action Plan is key to the MTFS which builds upon the council's financial stability and its judicious use of balances to manage risk. The council has also been careful not to raise expectations about funding of priority growth and instead has used a combination of Area Based Grant, Performance Reward Grant, specific grants, redirection from lower priority services, and improvements in efficiency to improve services. Finally, the council has been careful not to build up unsustainable commitments by limiting the amount of prudential borrowing to fund the capital programme.

27. A key decision for Members in future years will be the level of council tax. Even if Members were inclined to increase council tax, the maximum permitted under capping rules is likely to be significantly lower than 5%. The uncertainty about the impact of economic conditions on the council's budget makes it even more important than in the past for Members to maintain flexibility about the level of council tax that will be set. The MTFS therefore sets out a resource envelope within which spending would need to be constrained using a range of assumptions about funding changes.

28. The council has a thirty year financial plan which was up-dated in 2008/09 following the announcement of the results of the Comprehensive Spending Review. The council uses this to assess the longer term impact of borrowing to fund investment in council assets. Given current uncertainties about future economic conditions and the prospect of even tighter financial settlements, it is proposed not to up-date the 30 year plan until after the publication of the spending plans of the government after the general election.

29. *Section 8* of the report deals with the Schools Budget. Brent historically spent below the amounts earmarked by government for schools and, since its introduction in 2006, Dedicated Schools Grant (DSG) for Brent schools has increased faster than the average for England in order to catch up. In 2009/10, the increase per pupil was 4.3% compared to 3.7% nationally. The per pupil increase for 2010/11 is 4.7% (compared to a national average of 4.3%). Details of the proposed allocation formulae and costs that will be charged to central items are subject to consultation with the Schools Forum.

30. The Housing Revenue Account, which covers the activities of the council as landlord for approximately 9,220 dwellings, is dealt with in *Section 9*. The HRA is separate from the General Fund and is ring-fenced – ie HRA expenditure is met from HRA resources, which primarily consist of government subsidy (Housing Revenue Account Subsidy) and rents. An average rent increase of 1.09% is proposed for 2010/11 in line with the government's Rent Restructuring Policy. There was a separate report to the Executive on 15th February 2010 on the HRA. Whilst the Executive is asked to agree the rent increase, the overall HRA budget is part of the overall budget decision that will be taken by Full Council on 1st March 2010.

31. The council's overall capital programme for 2010/11 to 2013/14, together with the forecast outturn for 2009/10, is dealt with in *Section 10.* It is a four year rolling programme, based on the agreed Capital Strategy. It balances the need to deliver the council's priorities as set out in the Corporate Strategy, requirements to manage and maintain the council's existing assets, and the need to limit the impact of borrowing on the revenue budget both in the short and the longer term. The overall proposed capital programme is £122m in 2010/11, with £106m spent on General Fund assets and £16m on HRA assets.

32. The treasury management strategy is set out in *Section 11*. The treasury management strategy sets out how the council plans to protect itself against future banking failures and to minimise the adverse impact of reduced interest rates. The CIPFA Prudential Code for Capital Finance requires the treasury management and annual investment strategy to be approved by Full Council and this has always been done in Brent. However, recent events have highlighted the need for more Member engagement and increased accountability and *Section* 11 sets out ways in which this can be achieved.

33. In addition to the requirement that councils adopt a treasury management strategy, the Prudential Code aims to ensure that councils use new freedoms to borrow introduced in the Local Government Act 2003 responsibly. It requires councils to set affordability limits on the amount of borrowing for capital purposes, to be clear about the impact on council tax and rents of their borrowing policy, to manage their borrowing and lending in a professional way, and to ensure value for money from the use of borrowing to fund capital investments. Details of the limits set for the prudential indicators included in the Code and other ways in which the council intends to use its prudential borrowing powers are set out in *Section 12*.

34. *Section 13* provides details of the council's approach to delivering value for money. The council has been successful at meeting government targets for efficiency savings, including the efficiency target set under the first round of the Local Public Service Agreement process and the Gershon target for efficiency. The Improvement and Efficiency Action Plan, launched in September 2009, sets out how the council plans to deliver fundamental change in the organisation aimed in a strategic and planned approach to meet the challenges over the next four years.

35. *Section 14* deals with the procedures required to control expenditure. This includes roles and responsibilities, the arrangements for monitoring spending,

and the approach to controlling the budget. The council needs to maintain spending within budget to ensure delivery of corporate and service priorities. The arrangements set out in *Section 14* seek to ensure this happens.

36. Setting the budget and council tax is one of the most important decisions Members take during the year. Decisions can affect the services received by the people of Brent and the level of council tax they pay. The legal basis on which the budget and council tax is set is also carefully defined in statute. *Appendix O* sets out advice from the Borough Solicitor on Members' individual responsibilities to set a legal budget and how they should approach this task. It is important that all Members read this advice carefully before taking part in decision making on the 2010/11 budget.

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SECTION 1

1. INTRODUCTION

Purpose

1.1 The main purpose of this report is to obtain Members' approval for the 2010/11 revenue and capital budgets and to agree the council tax to be levied. It also brings together into one document key information relating to the council's current financial position and future projections.

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

Section 2	-	Sets out the recommendations from the Executive to Full Council.
Section 3	-	Describes the budget making process.
Section 4	-	Sets out the council's probable outturn for 2009/10.
Section 5		Details the 2010/11 revenue budgets for each service area and the central items.
Section 6	-	Sets out the level of resources available from central government and the calculation of the amount required from council tax.
Section 7	-	Details future expenditure plans and the medium term financial strategy.
Section 8	-	Sets out the basis for the Schools Budget estimates for 2010/11.
Section 9	-	Describes the 2009/10 position and the 2010/11 budget for the Housing Revenue Account.
Section 10	-	Sets out the council's capital expenditure requirements and resources.
Section 11	-	Details the council's Treasury Management Strategy and Annual Investment Strategy for 2010/11.
Section 12	-	Sets out the requirements of the Prudential Code and the limits that have to be agreed.
Section 13	-	Describes the approach the council is taking to delivering its efficiency programme.
Section 14	-	Sets out the procedures to be adopted for financial management of the council.

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

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

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Director of Finance and Corporate Resources

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SECTION 2

2. RECOMMENDATIONS

In respect of Section 3

2.1 Note the process, including consultation, that has led to these budget proposals.

In respect of Section 4

2.2 Note the final 2008/09 outturn.

2.3 Note the latest forecast for the General Fund outturn (Appendix A) for 2009/10.

In respect of Section 5

2.4 Agree the General Fund revenue budget for 2010/11, as summarised in Appendix B, or consider any amendments to that budget.

2.5 Agree the Service Area budgets including the growth and savings and other adjustments detailed in Appendices C and D.

2.6 Note Appendix F and agree the budgets for central items and other budgets, or consider any amendments to those budgets.

2.7 Note and, where appropriate, make provision for the contingent liabilities and risks set out in this section of the report.

2.8 Agree the approach to balances set out in the report.

2.9 Receive the report from the Director of Finance and Corporate Resources in paragraph 5.35 in respect of his statutory duty under Section 25 of 2003 Local Government Act.

In respect of Section 6

2.10 Note that the GLA precept was approved at the meeting of the Greater London Assembly on 10th February 2010.

2.11 Note the advice of officers on the capping limit.

2.12 Agree there is no surplus or deficit at 31st March 2010 for that part of the Collection Fund relating to community charge.

2.13 Note and consider the advice of the Borough Solicitor as set out in Appendix O.

2.14 Agree the instalment dates for council tax and NNDR for 2010/11, and the recovery policy for council tax as set out in Appendix H(ii).

In respect of Section 7

2.15 Agree the Medium Term Financial Strategy and the provisional service area cash limits for 2011/12 to 2013/14 set out in Appendix I.

In respect of Section 8

2.16 Agree the Schools Budget set out in Appendix K(i).

In respect of Section 9

2.17 Agree the Housing Revenue Account budget set out in Appendix L.

In respect of Section 10

2.18 Note the latest forecast outturn position on the 2009/10 capital programme, and agree the revised budgets.

2.19 Note the properties included within the disposals programme set out in Appendix M(vi).

2.20 Agree the 2010/11 to 2013/14 programme as set out in Appendix M(iii), including the new capital allocations. Taking account of risk arising on the funding of the Building Schools for the Future programme as detailed at paragraph 10.15 (ii).

2.21 Note the inclusion in this Capital Programme of all capital schemes, irrespective of the source of funding and agree that all schemes are subject to the approval procedures as set out in the Constitution.

2.22 Note the levels of supported and unsupported borrowing forecast for 2010/11 and future years and the impact on council tax levels.

2.23 Adopt the policy on repayment of principal in 2010/11 as set out in paragraphs 10.22 to 10.30.

In respect of Section 11

2.24 Agree the Treasury Management Strategy and the Annual Investment Strategy for 2010/11.

In respect of Section 12

2.25 Note the requirements of the Prudential Code.

2.26 Agree the Prudential Indicators set out in this section for affordability, capital spending, external debt and treasury management.

2.27 Note the arrangements for monitoring and reporting on Prudential Indicators.

In respect of Section 13

2.28 Note the measures in place to help deliver Value for Money.

In respect of Section 14

2.29 Note and agree the procedures for controlling expenditure set out in section 14.

2.30 Agree the updated schedule of Provisions and Earmarked Reserves set out in Schedule 1 of Appendix P.

In addition

2.31 Authorise the council's Director of Finance and Corporate Resources to:

(a) Make payments on approved capital schemes in 2010/11.

(b) Borrow in 2010/11 up to the limits agreed within the Prudential Indicators.

(c) Enter such leasing arrangements as are necessary to finance the programme for 2010/11 and terminate or renegotiate any existing leases.

(d) Make such minor adjustments to budgets as are necessary.

The following sections of the recommendations relate to the calculation of the budget and council tax as set out by the statutory framework. Amendments to the above recommendations which alter figures in Appendix B will require this section to be changed to reflect these.

2.32 In agreeing the above recommendations and the budget in Appendix B, we note that the effect of all these measures is to produce overall council expenditure in 2010/11 of £266.631m.

2.33 That we note that £1.162m is attributable to the net deficit on the Collection Fund.

2.34 That we note that at its meeting on 26th January 2010 General Purposes Committee calculated the amount of 96,457 as its Council Tax Base for the year 2010/11 in accordance with the Local Authorities (calculation of Council Tax Base) Regulations 1992.

2.35 In relation to the council tax for 2010/11 we resolve:

That the following amounts be now calculated by the Council for the year 2010/11 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

(a)	£1,019,255,000	being the aggregate of the amount that the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.
(b)	£753,786,000	being the aggregate of the amounts that the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
(c)	£265,469,000	being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
(d)	£163,327,000	being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant reduced by the amount of the sums which the Council estimates will be transferred in the year from its general fund to its collection fund in accordance with Section 97(4) of the Local Government Finance Act 1988.
(e)	£1,058.94	being the amount at (c) above less the amount at (d) above, all divided by the amount for the taxbase specified above calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.

(f) 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 (e) 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.

2.36 That it be noted that for the year 2010/11 the Greater London Authority has stated the following amounts in 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
£	£	£	£	£	£	£	£
206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

2.37 That, having calculated the aggregate in each case of the amounts at (f) 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 2010/11 for each of the categories of dwellings shown below:

Valuation Bands

A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
912.51	1,064.59	1,216.68	1,368.76	1,672.93	1,977.10	2,281.27	2,737.52

2.38 (a) That the Director of Finance and Corporate Resources 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 Director of Finance and Corporate Resources 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 Director of Finance and Corporate Resources 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.

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SECTION 3

3. THE BUDGET MAKING PROCESS

Introduction

3.1 The budget making process is a key part of the overall strategic planning framework for the council. This framework consists of a number of inter-related processes involving:

- working with partners to determine the overall Sustainable Community Strategy for Brent;
- developing a Corporate Strategy which sets out what the council will do to deliver the priorities of the Administration;
- developing service strategies in the context of the Community Strategy, Corporate Strategy, wider statutory responsibilities and an assessment of needs;
- putting in place action plans to deliver the various cross-cutting strategies, including the Local Area Agreement and the Improvement and Efficiency Programme;
- agreeing annual service plans and individual project plans which set out key priorities and targets for individual services over the next year in the context of the wider strategic objectives of the authority and the individual service;
- backing these arrangements up with a performance and finance review framework in which budgets, activity levels and performance measures are agreed and monitored at service and corporate level, and linked down into team plans and individual staff appraisals.

3.2 The role of the budget making process in the strategic planning framework is to ensure that:

- there is a clear link between the strategic ambitions of the authority set out in the Community Strategy. Corporate Strategy and individual service strategies and resources likely to be available to the authority over the medium term – hence the importance of the council's Medium Term Financial Strategy which is set out in Section 7 of this report;
- resources are redirected to priorities for improvement where these priorities cannot be provided within existing resources;
- the benefits to service users in terms of improvements in, or protection of, services are balanced against the interests of council tax-payers;
- performance targets are realistic in the context of the budgets that are set;
- there is a basis for monitoring spending and income alongside the delivery of service priorities.

3.3 The statutory framework within which the council sets its budget is set out in Appendix O. Key elements are as follows:

- the budget and council tax for the following year need to be set annually before 11 March;
- the government has the power to cap council tax increases if it considers them excessive;
- the Director of Finance and Corporate Resources has to report on the robustness of the budget estimates and the adequacy of balances;
- the Schools Forum, which consists of governors and heads, has a defined role in relation to decisions on the Schools Budget.

3.4 The government has a key role in the budget process because it determines levels of grant funding. There have been multi-year settlements which coincided with the period of government spending reviews intended to give local authorities and schools certainty about general grant funding and funding for the Schools Budget. However 2010/11 is the final year of the three year funding settlement announced following the 2007 Comprehensive Spending Review. The funding levels for future years are therefore uncertain and this limits the council's ability to plan for the future.

3.5 Members have a key role in the process in different ways:

- as members of the Executive to determine the overall strategy and make recommendations on the budget;
- as Lead Members, to ensure the budget will deliver the priorities for their areas of responsibility;
- as members of the Budget Panel, to advise the Executive on factors it should take into account in making its budget proposals and scrutinise those proposals when they are made;
- as members of Full Council, to make their views known on priorities for the budget in the First Reading Debate and to make final decisions on the budget and council tax.

3.6 There is a statutory requirement to consult business rate-payers. But there is also an expectation that the public will be involved. In practice, this is achieved through public consultation on corporate and service priorities of the council through the Citizens' Panel, use of residents' attitude surveys and user satisfaction to find out what people think of the services they receive, feedback from area consultative and service user forums, and so on. Most importantly, it is achieved through councillors understanding the needs and expectations of local residents and ultimately through the ballot box.

3.7 This section of the report sets out:

- links between the budget process, the Corporate Strategy, and the service planning process;
- how the annual budget process fits in with the Medium Term Financial Strategy (MTFS);

- the underlying budget assumptions used in the 2010/11 budget process;
- the process for developing the budget proposals;
- the involvement of the public and other stakeholders in the budget process.

Links to the Corporate Strategy and service planning process

3.8 The 2010/11 budget is the fourth of the Administration formed following the May 2006 elections. This budget continues the focus of the previous budgets on priorities within the Corporate Strategy and in particular the emphasis placed on the Administration's four key priority areas – regeneration, young people, crime and community safety, and sustainability. The process for putting together the budget has also been influenced by the publication of the Improvement and Efficiency Action Plan in September 2009 and the continued impact of the recession.

3.9 The Corporate Strategy was developed in the context of the MTFS which envisaged tight constraints on resources. The following funding principles were therefore set out within the Corporate Strategy:

- Improvements identified in it would be funded within existing resources, wherever possible;
- Where growth is required to deliver the improvements, there would be rigorous assessment of the level of additional funding needed;
- There was an expectation of equitable sharing of costs of providing services with our partners;
- All services were expected to deliver annual savings built into cash limits by improving efficiency of service provision and disinvesting in services which are low priority;
- The corporate efficiency agenda would focus on those changes that could yield the most significant savings;
- Fees and charges would be reviewed to identify opportunities for increasing income without compromising key council objectives including promoting healthy living and reducing poverty.

3.10 These principles continue to inform the development of the budget. However, significant changes in the approach to the budget were set out in a report to the Executive in July 2009 on the budget process for 2010/11. This recognised that incremental changes were not sufficient given the future prospects for public spending coupled with demographic pressures and the continued demands for service improvement. The level of cost reduction required over the medium term – in excess of £50 million – requires a planned approach, embracing significant changes and radical approaches to delivering services. The eight key elements of the council's approach to improvement and efficiency are:

- Service transformation and reviews
- Civic centre and property management
- Better commissioning, procurement and contract management
- Delivering one council proposals

- Flexible ways of working
- Stopping lower priority activities
- Increased income generation
- Structure and staffing review

3.11 Further details of the delivery of the council's Improvement and Efficiency Action Plan are set out in section 13.

3.12 Corporate priorities are not only delivered through the General Fund revenue budget. Significant amounts are spent through the Schools Budget on schools, through the Housing Revenue Account on the council's housing stock, and through the capital programme on the range of capital assets the council is responsible for. Details of the Schools Budget, HRA, and capital programme are in sections 8 to 10 respectively.

3.13 The council service planning process is linked in with the development of the budget. Each service area within the council has a service plan which links service objectives to key drivers including the Community Strategy, the Corporate Strategy and the Local Area Agreement. The plans also set out the performance measures to be used to achieve the objectives, targets for the next three years, and key actions the service area will be undertaking to deliver the objectives. There is a clear link back to the financing of the services and increased emphasis within this year's plans on mainstreaming the efficiency agenda. Plans for all service areas will be in place by 31st March 2010. These form the basis for individual team plans and for priorities set for individuals as part of the staff appraisal process.

3.14 The corporate performance and finance review process has become embedded, enabling members of the Executive and Performance and Finance Select Committee to monitor delivery of the council's priorities and ensure appropriate action is being taken to keep both performance and finance on track.

Links to the Medium Term Financial Strategy

3.15 The Medium Term Financial Strategy (MTFS) sets out:

- The likely resource envelope available to the authority, taking account of likely government grant increases and a range of council tax assumptions;
- The underlying budget assumptions for future years;
- Spending pressures the council faces;
- Projections of the levels of savings the council will need to make to stay within the projected resource envelope;
- The scope for funding priority growth within the identified resource envelope, which in practice is determined by the level of savings that can be identified within existing budgets and the level of council tax increase Members are prepared to agree; and
- The process for bridging any budget gap identified for future years.

3.16 The MTFS has a key role in determining the ambitions set out in the Corporate Strategy and individual service strategies. It also ensures that decisions are not taken which might yield benefits in the short term but which undermine the budget strategy – and the ability to deliver services – in the longer term. Details are provided in section 7 below which up-dates the strategy agreed as part of the 2009/10 budget.

Underlying budget assumptions used in the 2010/11 budget process

3.17 The underlying assumptions in the budget are as follows:

- Pay inflation of 0.75% has been allowed in the budget. This is less than the 2.5% included in last year's MTFS and reflects the expected impact of reduced levels of inflation and the recession on the pay settlement that will be reached. However it should be noted that the 2009 settlement was 1%. This is therefore a risk to the budget (taken into account in Section 5 of this report) and a risk to the achievement of service targets if cuts have to be made to fund a higher than budgeted pay award in 2010. Cash limits for future years – from 2011/12 - include 2.5% but this covers not only pay but future national insurance and potential pension increases as well. The employer's contribution to pensions will remain at 22.9% of pensionable pay in 2010/11 as this is the final year based on the actuary's valuation of assets and liabilities at 1st April 2007. Contributions from 2011/12 will be affected by changes since 2007 in investment returns, longevity assumptions and long-term interest rates.
- No general allowance has been made for price inflation in 2010/11. Instead specific provision has been made for contractually committed price increases. As with pay inflation, the assumptions for future years will be reviewed when the Medium Term Financial Strategy is up-dated.

The process for developing the proposals

3.18 The 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 Corporate Strategy and last year's MTFS, which was agreed at the Executive in July 2009;
- Away-days involving both Executive and Corporate Management Team members to consider the key service and budget issues likely to affect the council in future years;
- Development by officers, in consultation with relevant Lead Members, of budget proposals for individual services within the context of the Corporate Strategy and the MTFS;
- A process of challenge of budget proposals through Star Chambers involving the Leader, Deputy Leader and relevant Lead Members;
- Agreeing the publication of the detailed budget proposals in this report.

3.19 Full Council had a First Reading Debate on 23rd November 2009 which was informed by a report from the Leader of the Council setting out the priorities of the Administration and a report from the Director of Finance and Corporate Resources setting out budget projections and options. The minutes of that meeting are attached as Appendix E(i) to this report.

3.20 The Budget Panel has met on a number of occasions during the budget process. All Members were invited to a session of the Budget Panel on 11th February 2010 where there was the opportunity to pose questions to the Deputy Leader and Lead Member for Resources on the proposals in this report. The final report of the Budget Panel is attached as Appendix E(ii).

3.21 A particular priority of the Budget Panel has been to secure more involvement from Members of all groups in the budget process. The attendance of Members who are not on the Panel at its meeting on 11th February – and their opportunity to pose questions to the Deputy Leader - is part of this process. In addition, the Director of Finance and Corporate Resources has made presentations on budget issues to individual groups.

3.22 Other decisions have been made on items that have been taken into account in these budget proposals. The Executive on 14th December 2009 agreed the 2009/10 balance on the Collection Fund and General Purposes Committee on 26th January 2010 agreed the council tax tax-base for 2010/11 – both of these decisions are taken into account in the council tax calculation in Section 6 below.

3.23 Decisions of external bodies affect the budget process. The government confirmed the final grant settlement for 2010/11 on 20th January 2010, with the total amount in line with the three year settlement previously announced. On 29th January 2010 the government announced its decision to transfer £30.2m of the specific grant for concessionary fares from London to other parts of the country. Levying bodies, including the West London Waste Authority, have confirmed their levies and these are taken into account in central items included in Section 5 of this report. The precept for the GLA was confirmed by the Greater London Assembly on 10th February 2010.

Involvement of the public and other stakeholders

3.24 There have been a number of ways in which the council has sought to obtain views of the public and other stakeholders to inform budget decisions:

- Use of results from the residents attitude survey and user satisfaction surveys to help determine corporate and service priorities;
- Feedback through area consultative forums and service user forums;
- Feedback from partners through the Local Strategic Partnership;
- Meetings on the budget with voluntary sector organisations, the unions, and local businesses.

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

Issues making somewhere a good place to live

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

Priorities for improvement

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

3.26 Resident attitude surveys have also previously highlighted concern by residents about lack of information on financial and budget issues. The council held focus groups with residents in 2007 to find out what further information they would like. In response to the results of the surveys and issues raised at the focus groups, the council now provides a range of information to members of the public on its budget. This includes regular articles in The Brent Magazine, a summary of the accounts in the Annual Review (now included as an insert in The Brent Magazine), and summary budget information circulated at area consultative forums. The council tax leaflet has also been redesigned and there is improved information on finance issues on the council's website.

3.27 Partner involvement in the budget process is primarily through the Local Area Agreement (LAA). The Local Strategic Partnership was involved in developing the priorities in the LAA and has also been involved in determining priorities for use of Performance Reward Grant in up to 2011/12. The council is also now sharing more information on its financial projections with partners at the Local Strategic Partnership, including a summary of the proposals in this report.

3.28 Summary details of budget issues have been sent to local businesses and the Deputy Leader presented details of the budget issues to a meeting of the Employer Partnership on 2nd February 2010. Around 35 business representatives attended the meeting. Issues discussed at the meeting included the Improvement and Efficiency Action Plan, support being provided by the council during the recession, the impact of the recession on council spending, particularly housing benefit, the council's collaboration with other west London councils, and the extent of additional funding required for early years services.

3.29 The Director of Finance and Corporate Resources has met union representatives on a regular basis to keep them informed of the budget issues and the key decision making dates so that they can feed in their views as appropriate.

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

SECTION 4

4. THE PROBABLE OUTTURN 2009/10

Introduction

4.1 This section of the report summarises the 2008/09 outturn and provides detailed information on forecast spending in 2009/10.

4.2 At the end of quarter three the forecast position is for a net overspend on service area budgets of £2.188m and a forecast underspend on central items and Area Based Grant of £3.564m, resulting in an overall surplus position of £1.376m. This is an improvement of £1.593m on quarter 2 where the forecast net overspend was £217k. The main reasons for this are an improvement of £2.614m in central budgets - primarily in capital financing charges. This has been offset by a deterioration of £1.021m in the position on service area budgets. This is principally due to a worsening of £550k in the Children and Families forecast because of additional placement costs and added IT spend and an increase of £498k in the overspend on Environment and Culture mainly due to reduced parking income and the effects of the bad weather. The result is that, on the basis of forecasts at the end of quarter 3, general fund balances at 31st March 2010 would be £8.908m. This is, £1.408m more than the budgeted balances of £7.5m and it is proposed that this will be used as a contribution from balances in the 2010/11 budget. (See Section 5)

The 2008/09 Final Position

4.3 The 2008/09 budget report forecast General Fund balances at 31st March 2009 of £8.013m. Following completion of the audit of the accounts at the end of September 2008, General Fund balances were confirmed as £8.054m at 31st March 2009. This was betterment of £41k.

The 2009/10 Budget Forecasts

4.4 The council set a General Fund revenue budget of £261.836m for 2009/10 including a planned contribution of £500k from balances. Estimated balances at 31st March 2010 were set at £7.513m. This was based on the forecast balances brought forward at 31st March 2009 of £8.013m less the estimated use of balances during the year of £500k. At the July Executive Members agreed that £22k of monies were needed to fund the Wembley by-election and that this should be met from balances thus increasing the planned contribution from balances to £522k.

4.5 Table 4.1 below summarises the forecasted outturn which is set out in more detail in Appendix A. The net underspend is now forecast at £1.376m which will increase the contribution to balances to £854k.

4.6 **Table 4.1 2009/10 Forecast Outturn**

	Latest Position Over/(Under) Spend	
	£'000	**£'000**
Service Areas		
Children and Families	950	
Environment and Culture	1,148	
Housing and Community Care	90	
Finance and Corporate Resources / Central Units/Business Transformation	(0)	
		2,188
Central Items		(3,564)
Net Underspend		**1,376**

4.7 The following paragraphs provide detailed explanations of the variances.

4.7.1 Children and Families

One of the major risk areas to the budget are the cost of children's placements for children in care and costs associated with children with disabilities. The children's placement budget anticipated at the start of the year a reduction in the number of looked after children and a greater proportion of those children being placed with Brent foster carers. However, the number of placements with Brent carers fell from 90 to 79 between the first and second quarters. Also the third quarter has seen little change in the total number of looked after children at 349 only one less than the second quarter. Since the first quarter, work has been undertaken to identify savings to minimise the overspending. This allowed the forecast outturn to come down to £400k at the end of the second quarter. There were for example one-off savings from unaccompanied asylum seekers grant; Building Schools for the Future and better use of the Sure Start grant. In addition service managers have identified in year savings most of which were the result of a vacancy freeze and a reduction in some smaller budgets. Although the numbers of looked after children have remained stable, a number of high cost cases including 4 children being held in secure accommodation are now included in the figures. These additional placements together with higher than expected IT costs mean the forecast outturn is projected to rise by £550k to £950k by the end of the year. In addition to the factors raised above there are risks associated with a House of Lords judgement (the Southwark judgement) last year on homeless 16 and 17 year olds , who are now classified as children in need.

4.7.2 Environment and Culture

The most significant issue in Environment and Culture remains the effect of the recession on the level of income across the service area. The third quarter has seen the forecast overspend rise by £498k to £1.148m. This is primarily due to a deterioration in parking income with the deficit rising to £1.3m. The number of PCNs issued in November and December has dropped sharply and there was a significant fall in on street meter income in December. The poor weather at the beginning of the year is also likely to have an impact on January's figures. The bad weather has also had an effect on Transportation with higher than expected winter maintenance costs and an increase in the expected costs of repairing potholes and patching costs.

4.7.3 Housing and Community Care

The forecast for the third quarter has improved by £27k with an overspend of £90k now forecast for Adult Social Care. Significant pressures continue to impact on the budget these include the increasing demand for care services, and delayed hospital discharges. These cost pressures are being offset from savings linked to the transformation programme.

4.7.4 Finance and Corporate Resources/Central Units/Business Transformation

Benefit payments have increased significantly since 2008/09 with a 17% increase in caseload and a substantial rise in rent levels linked to the introduction of Local Housing Allowances (LHA). Although most of these costs are recovered by government subsidy there are subsidy penalties relating to non-recoverable claimant overpayments. It is now projected that the costs of overpayments will increase by around £750k. The corporate units are still expected to breakeven overall as a result of compensating savings from service units.

4.7.5 Central Items

The forecast net budget shortfall on service budgets of £2.188m is offset by a forecast net surplus on central items of £3.564m. The net surplus on central items is made up of various underspending and overspending items as follows:

Table 4.2 Central Items

	£'000
Capital Financing/Net Interest Receipts	(2,477)
Civic Centre/Property Repairs and Maintenance	(438)
Levies – Section 52(9)	(303)
Premature Retirement Compensation	(115)
Remuneration Strategy	(240)
Performance Reward Grant (Net)	20
LABGI Grant	(383)
Area Based Grants	(95)
Other	467
Total	**(3,564)**

4.8 Capital Financing/Net Interest Receipts

The most significant factor in the £2,477k underspend on capital financing costs has been as a result of debt restructuring which took place in March 2009. £64m of debt was repaid and has been refinanced by short term loans which are currently running at historically low levels of interest. There has also been a significant slippage in spending on the Capital Programme which is described in more detail in Section 10.

4.9 Civic Centre/Property Repairs and Maintenance

As the Council advances its plans for the new Civic Centre revenue budgets allocated for maintaining and upgrading the current portfolio have been reviewed and reduced. Also the financing costs associated with the land acquisition for the site of the Civic Centre budgeted for in 2009/10 will not now be required until 2010/11.

4.10 Levies – Section 52(9)

In setting the 2009/10 levies budget £401k was earmarked for variations in Section 52(9) tonnages and disposal costs payable to the West London Waste Authority. Of this only £98k was required due to a reduction in level of waste disposed of in landfill thus allowing a saving of £303k to be realised. This has been partially offset by rises in recycling costs in the Environment and Culture budget.

4.11 Premature Retirement Compensation

This is the ongoing revenue cost of pensions caused by premature retirements that fall on the General Fund. The underspend of £115k represents a reduction of costs as more people than anticipated drop out of the pension scheme. The issues around pensioners within the London

Pension Funds Authority scheme discussed in section 5 of Appendix F may also impact on the outturn.

4.12 Remuneration Strategy

From 1st April 2009 revised grades for ex-manual workers were implemented. As part of the process a number of service units incurred additional costs and members at the December 2009 Executive agreed budget virements to Parks, Cemeteries and Adult Social Care Day Centres to fund these costs. These transfers were lower than expected thus generating an underspend of £240k.

4.13 Performance Reward Grant

Initial projections for the Performance Reward Grant were that the Authority would receive £8m in income (£4m revenue/£4m Capital) split equally over the financial years 2009/10 and 2010/11. The Authority now expects £7.268m overall with a revenue contribution of £1.817m in 2009/10 rather than the budgeted £2.0m giving a shortfall of £183k. However slippage from a number of schemes within the programme mean that we are now expecting an underspend of £163k. There is therefore a net variation of £20k.

4.14 Local Authority Business Growth Incentives (LABGI)

The original LABGI scheme ran from 2005/06 to 2007/08 and provided an additional £1bn of funding from the Treasury. A revised scheme was introduced in 2009/10 with funding of £50m nationally. The Authority made no allowance in its 2009/10 budgets due to uncertainties about how the scheme would operate, however the Authority has received £383k of grant in 2009/10. A revised scheme for apportioning the funding of £50m will operate next year.

4.15 Area Based Grants (ABG)

The Authority was informed of additional monies in 2009/10 for Area Based Grants as part of the 2010/11 Local Government Settlement announced at the end of November.

General Fund Balances Carried Forward

4.17 The estimated position on balances carried forward is set out in Table 4.3 below.

Table 4.3 Estimated Balances Carried Forward 31st March 2010

	£'000	£'000
Budgeted balances at 31st March 2009	(8,013)	
Betterment in 2008/09 final outturn	(41)	
Balances at 31st March 2009		(8,054)
Forecast overspend on service area budgets	2,188	
Forecast under-spend on central items	(3,564)	
Budgeted contribution from balances	522	
Net contribution to balances		(854)
Estimated Balances C/Fwd		**(8,908)**

SECTION 5

5. THE 2010/11 REVENUE BUDGET REQUIREMENT

Introduction

5.1 This section details the proposals for the 2010/11 General Fund revenue budget.

5.2 The strategic context for the budget proposals for 2010/11 was set out in Section 3 on the budget process. The budget proposals in this section are intended to form the basis for delivering priorities of the council in the context of the Medium Term Financial Strategy. These are set out in the Corporate Strategy 2006-10, with the aim being to make Brent a Great Place, a Borough of Opportunity and One Community. Appendix J sets out priorities within the Corporate Strategy and the way in which resources are being used to help deliver these.

5.3 In his report to the First Reading Debate at Full Council on 23 November 2009, the Leader of the Council stated that the key priority of the Administration for 2010/11 will be to deliver on the Improvement and Efficiency Action Plan ensuring that savings are captured and, as importantly, that services to the public are improved.

5.4 This budget seeks to achieve these priorities, and maintain focus on the four main themes of this Administration - crime and community safety, young people, sustainability and regeneration - by:

a. sustaining investment in those areas allocated additional resources in earlier years, including an improved street cleansing service, increased recycling, additional Police Community Support Officers, and improved youth services;

b. putting additional mainstream council resources into helping ensure children at risk are protected;

c. targeting additional resources available through Area Based Grant, Performance Reward Grant, and specific grants at support for volunteering, sport and other activities for young people, prevention of domestic violence, support for individuals to ensure they maximise allowances and other benefits, and initiatives to promote sustainability;

d. providing the investment required to support the changes needed to deliver the Improvement and Efficiency Action Plan; and

e. ensuring budget reductions are primarily achieved through efficiency measures.

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

a. The balance between spending and council tax;

b. The purpose and impact of budget growth proposals;

c. The deliverability and impact of budget savings proposals;

d. The adequacy of budget provision for central items;

e. The sustainability of the overall budget in the current year, including consideration of risks and the appropriate level of balances; and

f. The sustainability of the overall budget in future years, taking account of future commitments, the delivery of Corporate Strategy priorities, and the likely availability of resources.

5.6 Under the Local Government Act 2003, the chief finance officer of the authority (in Brent's case, the Director of Finance and Corporate Resources) must report on the robustness of the estimates made in the annual budget calculation, together with the adequacy of financial reserves. The budget proposals in this section have been developed following guidance from the Director of Finance and Corporate Resources and have been through a robust process of development and challenge. The Director of Finance and Corporate Resources is therefore confident about the robustness of the estimates. In addition, the level of balances recommended for 2010/11 of £7.5m is, in the Director of Finance and Corporate Resources' view, sufficient to allow for the risks identified and to support effective medium term financial planning.

5.7 This section of the report sets out:

- Movements since the First Reading Debate;
- Service area budgets;
- Proposed use of Area Based Grant, Performance Reward Grant and specific grants to support growth;
- Provision for central items within the budget;
- Forecast performance and activity levels;
- The main risks within the budget;
- The level of balances Members are recommended to agree; and
- The statutory calculations required for gross expenditure, income, and overall budget requirement.

5.8 The budget requirement that results from the proposals in this section is £265.469m (see Appendix B). After allowing for Brent's share of the deficit in the Collection Fund of £1.162m, this would produce a Council Tax at Band D for Brent services of £1,058.94, which is the same as for 2009/10. Details of the council tax calculation, and the GLA precept, are given in Section 6 below.

Movements since the First Reading Debate

5.9 The First Reading Debate report of the Director of Finance and Corporate Resources to Full Council on 23 November 2009 set out progress on the budget. The projected budget requirement for 2010/11 at that stage was £274.347m which was above the affordable level. The projections assumed a 1.5% increase in Formula Grant which was subsequently confirmed in the local government finance settlement and built in provision for ‘inescapable growth’ of £3.849m. In line with the current medium term financial strategy service priority growth was to be linked to the Local Area Agreement and funded from growth in Area Based Grant and specific grants, together with one-off Performance Reward Grant.

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

a. Surplus carried forward from 2009/10

Balances at the end of 2009/10 are forecast to be £8.908m (see Section 4 above). On the basis of the assessment in this section that the minimum prudent level of balances in 2010/11 is £7.5m, this allows £1.408m to be released to support the budget. Use of balances is one-off and the effect in subsequent years is built into the Medium Term Financial Strategy in Section 7.

b. The provision for ‘inescapable growth’

Provision was made in the First Reading Debate report for £3.849m of ‘inescapable growth’ - growth arising from demand pressures, price increases above inflation, or loss of income. Of this amount £2.038m was for items previously identified in the Medium Term Financial Strategy (MTFS). These items have been reassessed based on updated information which has enabled reductions in the provision for temporary accommodation (by £187k), land charges (£50k) and HRA recharges (£360k).

There are a number of items that require additional funding, which are detailed below:

Children’s Social Care – Additional funding of £2.297m is required to deal with pressures on budgets for children with disabilities, social care placements and the impact of the “Southwark judgement” that care for homeless 16/17 year olds should be provided under the Children’s Act.

Adult Social Care – A total of £1.655m is required to meet additional costs of inflation on care purchasing contracts, growth in the number of learning disability clients and the cost of reprovision of residential and respite care services for people with learning disabilities.

Environment & Culture – An additional £1.016m is needed in total to cover the forecast loss of income on the parking account, the need for additional organic waste collections and increased business rates for Willesden Green Library Centre.

Housing Benefits – A further £500k is required to meet the increased level of overpayments arising from the overall increase in housing benefit payments.

Total ‘inescapable growth’ is now £6.909m which is £3.060m more than the £3.849m allowed for in the First Reading Debate. Details of all ‘inescapable growth’ are included in Appendix D(i)(a).

c. Priority growth

In accordance with the current MTFS priority growth expenditure funded from the LAA performance reward grant will total £1.245m. It is proposed that an additional £100k is added to the budget for the library book fund. The schedule of priority growth is set out in Appendix D(i)(b).

d. Identifying savings in 2010/11

No savings targets were set for individual service areas as part of the 2010/11 budget process. Within Environment & Culture and Children & Families actions were taken during 2009 to reduce emerging overspends in the current financial year – a number of which were permanent savings impacting on 2010/11 as well. The ongoing adult social care transformation programme will deliver further savings, as service provision moves to an emphasis on prevention or self directed support, and these have been included in the 2010/11 budget.

Total savings amounting to £2.718m have now been identified. This includes £139k of increases in fees and charges. Details of these are included in Appendix D (ii) and (iii).

e. Central items

There has been a reduction in the funding required for central items since the First Reading Debate of £1.065m. The main reasons for this are reduced estimates of capital financing charges, levies and South Kilburn expenditure. These were partly offset by the impact of the transfer of concessionary fares grant funding from London. Details of central items are included in Appendix F.

f. Other adjustments

There have been some other adjustments to the budget:

- Savings of £2.014m from the deletion of 50 management posts during 2009/10. This action reflected the high level findings of the PwC review of staffing and structure which showed that the council had low ratios of managers to staff compared with best practice. The majority of posts affected were vacant.

- Savings of £200k from the consolidation of the communications function across the Council. The proposed new structure will allow for communications to be more responsive and effective, stopping low-level reactive work, delivering focused internal communications, and remove duplication of publications and effort.
- Savings of £150k following the introduction of a new system of e-recruitment which is bringing savings in the cost of arranging and placing job adverts in the press.
- Additional area based grant (£376k) and technical transfers to service area budgets £258k.

g. *Improvement and Efficiency Action Plan*

It is anticipated that the projects within the action plan will deliver net reductions of at least £4.365m in 2010/11. Further details are set out in Section 13 and this has been included within the budget at Appendix B.

5.11 The projected budget included in the First Reading Debate was £274.347m. The result of the changes outlined in paragraph 5.11 is to reduce this by £8.878m to £265.469m. The changes are summarised in Table 5.1 below.

Table 5.1 Revised projected budget gap for 2010/11

	£m
Projected budget requirement in First Reading Debate	**274.347**
Surplus carried forward from 2009/10 (para 5.10(a))	(1.408)
Inescapable growth (para 5.10(b))	3.060
Additional priority growth (para 5.10(c))	0.100
Savings (para 5.10(d))	(2.718)
Central items (para 5.10(e))	(1.065)
Other Adjustments (para 5.10(f))	(2.482)
Improvement and Efficiency Strategy (para 5.11(g))	(4.365)
Budget recommended in this report	**265.469**

2010/11 Service Area Budgets

5.12 The process for developing service area budgets, including provision made for pay and price inflation, the development of growth and savings proposals, and the links to the Corporate Strategy and service planning, has been set out in Section 3 above.

5.13 The revised service area budgets are in Appendix C; the growth items are in Appendix D(i); the savings items are in Appendix D(ii); fees and charges are in Appendix D(iii); and other adjustments within the service area cash limits are in Appendix D(iv). They incorporate the additional growth items in paragraph 5.11 (b) and the additional savings items in paragraph 5.11 (c).

5.14 Table 5.2 below summarises the changes in budget at service area level between 2009/10 and 2010/11.

Table 5.2 Service Area Budgets

	2009/10 Revised Budget £'000	Agreed Growth £'000	Savings £'000	2010/11 Budget Before Ad'jts £'000	Change 2009/10-2010/11 %	Other Adj'ts £'000	2010/11 Budget £'000
Children and Families	59,261	2,368	(1,085)	60,544	2.2	(399)	60,145
Environment and Culture	48,362	1,336	(535)	49,163	1.7	(304)	48,859
Housing and Community Care:							
- Housing	14,136	788	(80)	14,844	5.0	12,821	27,665
- Adult Social Care	87,550	1,655	(1,018)	88,187	0.7	101	88,288
Finance & Corporate Resources / Central/ Business Transformation	25,774	762	0	26,536	3.0	(744)	25,792
Total Service Area Budgets	**235,083**	**6,909**	**(2,718)**	**239,274**	**1.8**	**11,475**	**250,749**

Member decisions on service area budgets

5.15 Members are asked to agree the service area budgets set out in Table 5.2 above and detailed in Appendix C.

Proposed use of grants to support growth

5.16 The budget strategy agreed by the Executive in July 2009 proposed use of Area Based Grant, Performance Reward Grant, and other specific grants to fund priority growth. Details of the Area Based Grant and specific grants are included in Appendix D (v). The introduction of ABG has provided councils flexibility to use grant funding to meet local priorities although the grant does include indicative allocations. As part of the council's current budget strategy it was agreed to freeze ABG allocated to services at its existing level (or reduced level where funding was being phased out) pending a review of use of the funds.

5.17 Area Based Grant (ABG) will increase from £16.405m in 2009/10 to £28.578m in 2010/11. Other specific grants will decrease from £60.928m in 2009/10 to

£52.694m in 2010/11. The biggest change has been the transfer of supporting people funding of £12.807m from a specific grant to ABG.

5.18 Areas of growth include:

- One to one tuition – an increase of £775k;
- Extension of the children's centre offer – an increase of £1.001m;
- Aim Higher funding – an increase of £607k;
- Funding to support schools achievement by children from ethnic minorities - an increase of £405k;
- Extended schools – an increase of £1.164m;
- Social care reform – an increase of £240k;

5.19 In addition, the council anticipates that it will receive £7.286m of Performance Reward Grant following achievement of stretch targets included within its first Local Area Agreement which ran from 2006/07 to 2008/09, half of which will be revenue and the remainder capital. The grant will be payable in two instalments in 2009/10 and 2010/11.

5.20 It was agreed that the capital element of the grant is used to fund 'invest to save' schemes as part of the council's Improvement and Efficiency Programme. Proposed use of the revenue funding is set out in Appendix D(i)(b). It includes support for delivery of Local Area Agreement priorities, funding for additional costs incurred by the council as a result of recession, and provision of support to Brent residents during the recession. The LAA priorities supported from the grant have been subject to consultation with the Local Strategic Partnership. Funding of projects after 2011/12 is taken into account in the Medium Term Financial Strategy in Section 7.

Central Items

5.21 Central items are items not included in individual service cash limits. The total of central items is £51.035m in 2010/11. Further details of the items are included in Appendix F.

Member decisions on Central Items

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

Forecast Performance and Activity Levels

5.23 The council has developed its performance and finance review process to bring together finance, activity and performance monitoring in one report which goes to both the Executive and Performance and Finance Review Committee once a quarter. Appendix J(ii) includes the activity indicators which will be used to assess levels of activity that can be afforded within allocated budgets. At this stage targets for 2010/11 for most of the indicators are being finalised through the service planning process.

Risks

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

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

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

b. risks from new legislation or other statutory changes, where there is some uncertainty about impact on council costs. This would include new government requirements arising from the current Personal Care at Home Bill, the ongoing impact of the Southwark judgement and changes to housing benefit subsidy for temporary accommodation following introduction of Local Housing Allowance;

c. risks from legal challenges;

d. partnership risks, which are less of a risk than in previous years now that the previous dispute with the PCT is largely resolved. However, negotiations around budget transfers and amounts agreed remain a risk;

e. treasury management risks. Last year, the budget report highlighted this as the biggest financial risk faced by the council. Although the council has started to receive payments in respect of the Icelandic deposits this remains a major risk. For example there is now a legal case as to the status of local authorities as preferential creditors for Giltnir deposits. Also the Council is still seeking a capitalisation direction from the DCLG to charge any losses as capital expenditure. There is also the risk of increased borrowing costs should long-term interest rates rise;

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

g. pay risks. The current employer offer is that there will be no pay increase in 2010. The budget currently contains allowance for 0.75% including increments - each 0.5% above the amount provided for would cost the council £0.6m;

h. 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. For 2010/11 this includes a specific risk relating to the possibility of an in-year change to the council's grant following the general election. 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;

i. 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. Savings of £4.365m have been included in the 2010/11 budget for the Improvement and Efficiency Programme and despite strong governance systems the programme is ambitious and will need to deliver on time to achieve the target;

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

k. risks from natural disasters or terrorist attacks.

Risks to the capital programme are addressed in Section 10 below.

5.26 The risks are quantified in Table 5.3 below.

Table 5.3 Major Risks

	Worst case £'000	Likeli-hood %	Net risk £'000
Demand risks			
Adult care packages	3,000	20%	600
Children's care packages	2,000	30%	600
Temporary accommodation – increase in homelessness	600	15%	90
Waste	500	20%	100
Other recession related risks	500	25%	125
New legislation and other statutory changes			
Personal Care at Home	600	50%	300
Local Housing Allowance	500	15%	75
Safeguarding children	1,000	30%	300
Legal challenge			
Legal challenges – e.g. employment tribunals, contractual disputes	1,000	30%	300
Partnerships			
PCT transfers	1,000	15%	150
Interest rate risks			
Combined potential effect of reduced short term rates, additional borrowing requirement, and bank failure	8,000	30%	2,400
Procurement risks			
Risk that cost of social care placements may	700	20%	140

	Worst case £'000	Likeli-hood %	Net risk £'000
increase by more than the 1% allowed in the budget			
Energy risk – risk of increases in energy prices which cannot be contained in budgets	200	10%	20
Other procurement risks	300	10%	30
Pay risks			
Risk that increases in the annual pay budget for 2010 above the 0.75% provided within 2010/11 budgets cannot be contained	300	30%	90
Grant risks			
Risk of exceeding the threshold on housing benefit overpayments in 2010/11	600	20%	120
Risk of amendments to housing benefit subsidy claim	1,500	20%	300
Risk of loss of income from other grant changes	500	15%	75
Savings/income risks			
Risk of not achieving other savings in the budget	2,718	15%	407
Risk of not achieving savings from the Improvement and Efficiency Programme	4,365	20%	873
Risk of loss of income from ongoing impact of recession - parking charges	700	15%	105
Risk of loss of income from ongoing impact of recession - other items	600	15%	90
Asset management risks			
Closure of council buildings and need to find alternative accommodation	500	10%	50
Major disaster			
The government has a scheme (the Bellwin scheme) that covers authorities for 85% of 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.	500	30%	150
Total General Fund revenue risks			**7,490**

Balances

5.27 As set out in Section 4, the council's General Fund usable balances are forecast to be £8.908m at the end of 2009/10.

5.28 Councils need balances so that they can deal with unforeseen calls on resources 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.

5.29 Balances can also contribute to effective medium term financial planning for councils. They allow councils to adjust to changes in resources and spending requirements over a period of time (see section 7 below for the Medium Term Financial Strategy for Brent), to plan council tax rises to avoid excessive increases in any one year, and to take a more flexible approach to the annual budget cycle, for example through *invest to save* schemes. They also allow councils to respond to new demands/priorities for spending which arise during the year. This flexibility needs to be considered each year depending on the particular pressures facing the council and the outlook in the medium term.

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

5.31 Under the 2003 Local Government Act, the Director of Finance and Corporate Resources, as chief finance officer, has to be satisfied that the level of available General Fund balances is adequate. The Director of Finance and Corporate Resources advises that:

a. The minimum prudent level of balances in 2010/11 should be £7.5m, which is sufficient to meet the revenue budget risks identified in the report;

b. The optimal level of balances, to enable effective medium term financial planning in the authority, remains at £7.5m to £8m, with use of balances in any year being replenished in subsequent years;

c. As a general rule, Members should only plan to use balances to fund one-off spending;

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

5.32 Table 5.4 below presents the proposals from the Administration on balances in 2010/11.

Table 5.4 Proposed General Fund Balances in 2010/11

	£'000
Total Estimated Balances at 31st March 2010	8,908
Proposed use of balances to fund 2009/10 budget	(1,408)
Estimated Balances at 31st March 2011	7,500

Member decisions on balances

5.33 Members have to decide the contribution they wish to make to or take from balances in 2010/11 to support the General Fund revenue budget. In doing so they need to consider the advice on the factors to take into account in paragraph 5.35.

Overall Budget Requirement

5.34 The overall budget requirement in 2010/11 resulting from the proposals in this section is £265.469. The make up of this budget requirement is summarised in Table 5.5 (details in Appendix B).

Table 5.5 General Fund Budget Requirement in 2010/11

	£'000
Service area budgets	250,749
Area Based Grants	(28,578)
Central items	51,035
Inflation provision, growth and savings held centrally	(6,329)
Use of balances	(1,408)
Proposed budget requirement for 2010/11	**265,469**

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

5.35 Under Section 25 of the 2003 Local Government Act, the chief finance officer is required to comment on the adequacy of the budget calculation and the level of balances proposed within a budget. The two issues are related. The less prudent the revenue provision, the less accurate forecasts of demand and risk, the higher the level of balances required to justify the budget calculations. This budget however has been carefully prepared, and while excessive provision has not been made in the budget a prudent and cautious approach has been taken. Risks have been identified and quantified. The council also has rigorous budget monitoring arrangements during the year and a policy of restoring balances once used. The combined approach means that a minimum prudent level of balances is £7.5m, which will cover the General Fund revenue budget risks identified. The Director of Finance and Corporate Resources' view is that the optimal level of balances to cover risks and allow effective financial planning, which will contribute to longer term financial stability, remains at £7.5m to £8m. The Director of Finance and Corporate Resources also advises that as a general rule use of balances should only be to cover one-off expenditure. However, given that balances overall remain above the target level set for them and that the council has in place a number of projects that will deliver savings in future years, it is proposed to use £1.408m of balances, with the impact of this one-off use of balances taken into account in budget projections for future years in Section 7 below.

Member decisions on the overall budget

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

		£m
(a)	Aggregate of the amounts which the Council estimates for items set out in Section 32(2)(a) to (e) of the Local Government Finance Act 1992.	1,019.255
(b)	Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) to (c) of the Local Government Finance Act 1992.	753.786
(c)	Calculation of the budget requirement under Section 32(4), being the amount by which the sum aggregated at (a) above exceeds the aggregate of (b) above.	265.469

5.37 The council is not constrained by a pre-set capping limit, but the government have indicated that excessive increases will be capped. Further details are provided in Section 6.

5.38 The context in which Members are setting the budget for 2010/11 has been made difficult by the various budget pressures faced and the floor increase in government grant. Moreover the prospects for future years, set out in detail in Section 7, are challenging both because of continuing budget pressures and the lower grant increases expected in future years. The council's current financial standing is strong but the challenge will be to maintain this given the financial pressures faced in 2010/11 and future years. The council will therefore need to ensure the continuing effectiveness of its financial controls and a continuing commitment to delivering improvements in the cost effectiveness of services.

5.39 Members have a range of options available to them:

a. they could increase the budget and council tax to invest in service priorities or remove savings items (whilst bearing in mind the potential for capping);
b. they could agree the budget as set out in the report;
c. they could agree further savings (provided they are satisfied that they can be achieved) in order to reduce council tax.

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

5.40 Table 5.6 below sets out the implications for council tax of an increase (up to 3%, above which the risk of capping would greatly increase) or reduction in Brent's expenditure compared with the current budget proposal. This incorporates a GLA precept of £309.82 for 2010/11 which was approved at the Assembly meeting on 10th February 2010.

Table 5.6 Impact of Changes to Budget Requirement on Council Tax

		2009/10 Budget	2010/11 Proposed Budget	Expenditure - £1m	Expenditure + £3.064m – up to 3% increase in CT
Brent's budget requirement (£m)		261.836	265.469	264.469	264.296
Council Tax Band D	£	1,058.94	1,058.94	1,048.57	1,090.71
GLA precept	£	309.82	309.82	309.82	309.82
Total Council Tax Band D	£	1,368.76	1,368.76	1,358.39	1,400.53

5.41 The table illustrates that each £1m fall in expenditure decreases the council tax by £10.37 (1.0%) at Band D for the Brent element of the tax. The safe assumption around the permitted maximum increase in spending is £3.064m. This would represent a council tax increase of 3%, or £31.77 at Band D.

SECTION 6

6. RESOURCES

Introduction

6.1 This section sets out the extent of external support available to finance the council's expenditure, the requirements of the Greater London Authority, items in the Collection Fund and finally the calculation of council tax for 2010/11.

External Support

6.2 The Local Government Finance Settlement was published on 20th January 2010 and there was a statement in Parliament on the same day. The Parliamentary debate was on 3rd February.

The grant system

6.3 From 2006/07 the government introduced a new system to distribute Formula Grant known as the Four Block Model (see below) with a two year settlement – which applied to 2006/07 and 2007/08. From 2008/09 there was a fundamental change with the removal of both children's and adult's social care damping. The removal of the damping protection in 2008/09 was particularly pronounced in London. The effect continues into 2010/11 where 24 out of 33 London boroughs were on the grant floor. 2010/2011 is the final year of a three year settlement linked to the Comprehensive Spending Review (CSR).

6.4 The Four Block Model consists of the following elements:

- A Relative Needs Block (RNB) calculated using Relative Needs Formulae (RNF) – unlike Formula Spending Shares which were used under the previous system, this does not provide an assessment of total need to spend. It is simply a way of equalising for differences in need;
- A Relative Resource Amount (RRA) - again, unlike the former system in which the resource adjustment was based on an Assumed National Council Tax (ANCT), this adjustment is based on relative resource need and not the amount a council might be expected to raise in council tax if it set its council tax at the ANCT;
- A Central Allocation (CA) – this is an amount that is distributed per head of population and is used to distribute the balance of Revenue Support Grant and National Non-Domestic Rate income left after the calculations of the RNB and RRA allocations;
- A Floor Damping Block (FDB) – this is a self-financing block which is used to provide a minimum level of increase in grant for all authorities (although this varies between types of authority) by scaling back gains by authorities that have grant increases above the floor.

6.5 The introduction of the Four Block Model did not by itself lead to authorities gaining or losing from the grant system. But it did mean that it was no longer possible to assess total need to spend by an authority or the increase in council tax that the government had assumed in the grant settlement.

6.6 A guide produced by the Department of Communities and Local Government to the Local Government Finance Settlement, which explains the system in more detail, is attached as Appendix G.

The national position

6.7 Total external funding for local government is £76.3bn in 2010/11. Total Formula Grant is just over one third of total local government funding – i.e. £29.0bn (excluding PFI). The remainder is made up of Area Based Grant, Dedicated Schools Grant, and other special grants.

6.8 The £29.0bn of Formula Grant in 2010/11 is made up of National Non-Domestic Rates - £21.5bn (£19.5bn for 2009/10) - The Revenue Support Grant (RSG) - £3.1bn (£4.5bn for 2009/10) – and Police Grant - £4.4 bn. RSG used to form a much greater proportion of local council funding before the introduction of Dedicated Schools Grant in 2006/07. Most Formula Grant now comes through redistributed National Non-Domestic Rates.

6.9 The overall national increase in funding for local government is 4.2% in 2009/10 and 4.0% in 2010/11. This consists of increases in specific grants (included Dedicated Schools Grant) of 4.6% in 2009/10 and 4.3% in 2010/11. The national increase in Formula Grant is 2.8% in 2009/10 and 2.6% in 2010/11.

6.10 The grant 'floor' system means all authorities receive a minimum percentage increase. For London authorities, the 'floor' increase was set at 1.75% in 2009/10 and 1.5% in 2010/11.

Brent's external funding

6.11 Brent's Formula Grant increase for 2010/11 is at the 'floor', as it has been over the whole period of this CSR. The main reasons include:

- <u>Introduction of the Dedicated Schools Grant</u>. In 2005/06, Brent spent £8.2m less on schools than its Formula Spending Share (FSS). Although FSS was abolished in 2006/07, the transfer from Formula Grant to DSG in 2006/07 was based on Formula Spending Share. As a result the council's underlying grant fell by £8.2m (although Members should note that there has been a compensatory increase in the Dedicated Schools Grant. For 2010/11, Brent schools will again have a favourable per pupil increase).
- <u>Population projections</u>. Population projections form a very significant element of the relative needs block and central allocation block. For the grant calculations in 2006/07 and 2007/08, ONS projections for 2006 and 2007, based on the 2003 population estimates, were used. These

projections purported to show Brent's population to be falling with the 2007/08 grant settlement based on a population of 257,500, 6,000 less that the 2001 Census figure of 263,500. The 2010/11 settlement is based upon revised 2004 based population projections which to some extent have corrected the problems with the previous projections. The population projection for 2010, used in the 2010/11 grant settlement, is 271,639 which suggest a stable as opposed to declining population. However, a study of Brent's population by Professor Les Mayhew calculated that Brent's population was 289,000 in 2007. The Greater London Authority calculation of the population is slightly lower than Professor Mayhew's – 281,800 at mid-2007 – but still significantly higher than the ONS. The ONS are currently consulting on the 2008 based population projections and the revised population estimates 2002 – 2008 which if agreed would see Brent's population fall significantly and would effect the 2011/12 to 2013/14 finance settlements. In practice, Brent's population is growing significantly faster than the ONS's current estimates and if the figures for population used by the government were revised to properly reflect levels of population in Brent, it is likely that the Council's grant would climb above the 'grant floor'. However, the adoption of the ONS's 2008 based population projection would see Brent fall further below the 'grant floor'.

- Removal of the Social Care Sub Block Damping. Changes to the way Relative Needs Formulae for children's and adults' social care were calculated for 2006/07 and 2007/08 saw Brent along with most other London boroughs lose out. Protection was provided in the form of RNF damping which mitigated against these losses. However the 2008/09 settlement saw the removal of this damping. In 2007/08 Brent received protection of £7.0m from this damping mechanism which was removed from the 2008/09 and future settlements.

6.12 Details of the make-up of Brent's Formula Grant are in Table 6.1 below.

Table 6.1 Make-up of Brent's Formula Grant

	2009/10 £m	**2010/11 £m**
Relative Needs Amount	131.272	134.396
Relative Resources Amount	(30.273)	(30.749)
Central Allocation	51.915	53.305
Floor Damping	9.181	7.537
Total Formula Grant[1]	**162.095**	**164.489**

[1] In 2010/11, NNDR accounts for £143.632m (£131.697m for 2009/10) of Formula Grant and RSG accounts for £20.857m (£30.398m for 2009/10).

The Capping Rules

6.13 The Local Government Act 1999 allows the government to limit the budget requirement of authorities if it considers increases in council tax excessive. A number of options are open to it to limit the amount councils increase their budgets by including requiring them to re-set their budgets in the current year – with resulting re-billing costs, disruption to council tax collection, and uncertainty for service delivery – or limiting the budget requirement in the following year. The government has taken capping action against 34 authorities since 2004/05 and Ministers have made it clear that they will use their capping powers again in 2010/11 if they need to. The Minister for Local Government, when introducing the 2010/11 provisional settlement, said:

"I am pleased that the average band D council tax increase this year (2009/10) was 3.0% - the government expects to see it fall further next year while authorities protect and improve front line services. We expect the average band D council tax in England to fall to a 16 year low in 2010/11.We remain prepared to take capping actions against excessive increases set by individual authorities and requiring them to rebill for a lower council tax if necessary."

6.14 It is the Director of Finance and Corporate Resources' view that the government will not cap Brent if the council sets a revenue budget at the level of spending set out in this report.

6.15 However, the risk of capping would increase if the council tax rise was over 3% and more so the closer to 5% it reached.

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

The Collection Fund

6.17 The Collection Fund accounts for all monies relating to the council tax for Brent in 2010/11, the Greater London Authority (GLA) precept in 2010/11, and arrears of both council tax and community charge.

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

6.19 The Executive meeting on 14th December 2009 approved an estimated council tax deficit of £1.5m in 2009/10. The council needs to budget to collect £1.162m of this through the council tax in 2010/11, with the balance being met through the GLA precept. The community charge account is estimated to be in balance, so no adjustments need to be made for this.

The Council Tax Base

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

6.21 A tax base of 96,457 equivalent Band D properties in 2010/11 (compared to 95,279 in 2009/10) was agreed by the General Purposes Committee on 26th January 2010. This assumes a collection rate of 97.5% will be achieved in respect of charges raised for 2010/11 (unchanged from 2009/10).

Calculating the Council Tax Level

6.22 The calculation of the council tax for Brent services is set out in Table 6.2 below. The calculation involves deducting Formula Grant from Brent's budget, adding the deficit on the Collection Fund, and dividing by the tax base.

Table 6.2 Calculation of Brent's Council Tax for 2010/11

	£'000
Proposed Brent budget	265,469
Less: Formula Grant	(164,489)
Plus: Net Deficit on Collection Fund	1,162
Total to be met from Council Tax for Brent Budget	**102,142**
Taxbase (Band D equivalents)	**96,457**
Band D Council Tax (£)	**£1,058.94**

Greater London Authority (GLA)

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

6.24 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.

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

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

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

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

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

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

6.26 The Mayor published his initial proposed budget for 2010/11 on 10th December 2009. A revised budget was presented to the Assembly on 28th January 2010. His final proposals were agreed by the Assembly on 10th February 2010.

6.27 Table 6.3 below shows the budget for the GLA itself and each of its functional bodies in 2010/11. The budget includes a £20 per Band D council tax payer Olympic levy in line with the agreement on funding of the Olympics between the Mayor and the Secretary of State for Culture, Media, and Sport.

Table 6.3 Breakdown of Proposed 2009/10 Budget for GLA

	2009/10 £m	**2009/10 £m**	**Proportion of GLA Budget Requirement %**
Mayor of London	126.6	126.1	-0.4
London Assembly	8.7	8.6	-1.2
Transport for London	12.0	12.0	0
Met. Police	2,640.3	2,673.3	1.3
LFEPA	416.2	437.3	5.1
TOTAL	**3,203.8**	**3,257.3**	**1.7**

LFEPA = London Fire and Emergency Planning Authority

6.28 The precept at Band D is £309.82 for 2010/11. This represents a 0% increase (the Olympic levy also remains at £20 at Band D). This precept was agreed at the Assembly meeting on 10th February 2010.

Setting the Tax

6.29 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.

6.30 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations. The effect of a 0% increase in Brent Council's Band D council tax, which leaves council tax at 2009/10 level of £1058.94, combined with the GLA precept remaining at £309.82, would be an overall increase of 0%. The full calculation for each Band is included within the recommendations.

6.31 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

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

6.33 The council has continued to promote payment by direct debit to improve overall collection. The instalment date for non-direct debit payers will be : at the 1st of the each month starting in April(in 2009/10 started 7th of April) until the 1st January 2011, whilst direct debit payers can pay on the 1st, 12th, 17th, or 28th of the month. Both direct debit payers and non-direct debit payers will have to make payments over a maximum of 10 instalments.

6.35 Council tax collection rates have been improving and are now favourably comparable to other similar London Boroughs. At the end of December 2009, 83.6% of council tax due in 2009/10 was collected, up slightly from 83.3% in December 2008 despite the current economic recession. The council is set to achieve its target in-year collection of 95% of council tax due for 2009/10 by 31st March 2010, although it will have to collect arrears in future years to achieve the overall target set of 97.5%.

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SECTION 7

7. THE FUTURE - MEDIUM TERM FINANCIAL STRATEGY

Introduction

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

7.2 Longer term financial planning has been made more certain in recent years. There has been a 3 year local authority funding settlement (2008/09 to 2010/11). The requirements in CIPFA's Prudential Code to set indicators for capital financing charges over at least a 3 year period has also helped this. Notwithstanding the recession, there has been a relatively stable macro economic environment with pay and price inflation within a reasonably narrow band. However the future is much less certain.

7.3 The country has only just emerged from recession which began in the last quarter of 2008. The downturn has been longer and deeper than initially expected and the cost to the public purse of managing the banking collapse and instigating stimulus packages has seen unsustainable levels of public debt. All the major political parties, prior to the forthcoming general election, have acknowledged public sector spending reductions are unavoidable. There is a need to estimate both the timing and extent for the Medium Term Financial Strategy (MTFS) to allow the Council to effectively plan its response.

7.4 Local Government has a good record of delivering efficiency savings but the government is looking to local authorities to produce at least a further £550million of savings by 2012-13[1]. This is certain to be factored in to resource allowances for councils, and this target could well increase as part of the next Spending Review.

7.5 Local Government has therefore been planning for this new harsher environment. A recent CIPFA SOLACE report produced two main funding options either a freeze on public spending levels over the 2011-14 spending period (equating to a 7.5% decrease in real terms), or a 2.5% reduction per annum (equating to a 15% decrease in real terms)[2]. Officers feel this is a suitable model to be used in Brent's MTFS. However, there will be a need to review this regularly particularly in the post election period.

[1] Pre Budget Report chapter 6

[2] CIPFA SOLACE, After the downturn – Managing a significant and sustained adjustment in public sector funding, December 2009

7.6 Local authorities have delivered the majority of the ‘quick win’ efficiency savings open to them in recent years. A more radical programme is needed to help maintain and improve priority services. This will include re-engineering services, increased collaboration with other agencies and changes to charging policies. Brent’s response to this significant challenge has been the Improvement and Efficiency Strategy. This is a planned approach to meet the challenges of the new environment, which seeks to reduce costs in a strategic way to protect frontline services. Further details are set out in Section 13.

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

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

Medium Term Financial Strategy

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

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

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

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

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

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

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

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

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

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

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

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

Resource envelope

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

7.13 The fact that 2010/11 is the last year of a funding settlement period and that there is a general election before the next Comprehensive Spending Review, combined with the need to address the national budget deficit means that there is a high level of uncertainty about both future funding levels and whether 3 year settlements will continue. However, we intend to assume this will be the case.

7.14 The formula used to determine local authority funding is also currently under review and virtually all the options being considered would result in reduced resources for London. Such changes are being resisted but any reform is likely to be harmful to Brent.

7.15 Brent, with 24 of the 33 other London Boroughs, is a floor authority. This gives the lowest percentage increase in resources for this class of authority. It also means that whatever the average settlement figure is for local government Brent will get less. The overall financial position would be even worse if the protection of the floor were removed entirely.

7.16 Using the CIPFA SOLACE scenarios, we have assumed two assumptions about government funding

- the level of the formula grant is frozen
- the level of the formula grant is decreased by 2.5% per annum

7.17 The council recognises the large number of variable factors by planning its spending within a resource envelope which sets a relatively wide range within which council tax increases in future years are expected to fall. The proposed range for the period of this MTFS is 0% and 3%.

Managing the budget within the resource envelope

7.18 Appendix I contains the financial forecast for the council. It is built up using the 4 year budgets for service areas, projections over four years of currently identified growth and central items, and savings for 2010/11 from the Improvement and Efficiency Plan. It also includes resource projections, including grant levels, movements in the council tax base, and collection rate assumptions.

7.19 The result of the process is that a level of net savings required is identified for each year of the plan depending on whether formal grant funding is frozen or reduced and whether council tax increases are at 0% per annum or 3% per annum. Details of projected net savings required are provided in Table 7.1.

Table 7.1 Initial Forecast of Net Savings Required in Future Years

	2011/12 £m	2012/13 £m	2013/14 £m
Scenario A – Freeze in Formula Grant:			
Net savings required where council tax rise is:			
- **0% per annum**	**21.6**	**14.7**	**14.8**
Cumulative	**21.6**	**36.3**	**51.1**
- **3% per annum**	**18.5**	**11.6**	**11.4**
Cumulative	**18.5**	**30.1**	**41.5**
Scenario B – Reduction in Formula Grant:			
Net savings required where council tax rise is:			
- **0% per annum**	**25.7**	**18.8**	**18.6**
Cumulative	**25.7**	**44.5**	**63.1**
- **3% per annum**	**22.6**	**15.6**	**15.4**
Cumulative	**22.6**	**38.2**	**53.6**

7.20 The figures shown in Table 7.1 are the level of savings in each year, and assume that the savings the previous year have been made. The figures are also shown cumulatively to show the total level of reductions that would be needed in the period 2011/12 to 2013/14 with the various scenarios.

7.21 The projections also assume that the council will not use any one-off funding such as balances to fund the annual budget or to keep down council tax rises. If balances or other one-off resources are used in this way, an equivalent saving or increase in council tax is required in the following year to make up for the fact that balances are a one-off resource.

7.22 Factors that are built into the projections include:

Spending assumptions

- The impact of one-off use of £1.4m of balances in 2010/11;
- 1% per annum for pay inflation for 2010/11 2.5% for 2011/12 to 2013/14 which also allows for national insurance increase and any pension fund rises, all to be held centrally until pay awards are confirmed;
- Inflation of 0% for prices in 2010/11, and 2% per annum for prices in future years held centrally as the economic forecast is still uncertain;
- No savings assumptions are built into service area budgets for 2011/12 onwards;
- Provision for 'inescapable growth' in service area budgets in future years. This includes identified growth for future years of £1,086k in 2011/12, £296k in 2012/13 and £25k in 2013/14. Details of this are provided in Appendix D(i)(a). An additional contingency for 'inescapable growth' of £6m in 2011/12 and £6m in each of the subsequent years has been included. This would have to meet additional demand pressures, legislative or other regulatory changes which lead directly to additional costs to the council, and any on-going loss of income due to recession or other factors. This replicates the level of growth required in 2010/11. It would also have to meet the cost from 2012/13 of continuing to fund priority growth items which are currently funded from Performance Reward Grant over the next three years.
- The movement in central items detailed in Appendix F. These include:
  - *Debt charges (capital financing charges net of interest receipts)*: These are forecast to grow from £22.989m in 2010/11, £24.085m in 2011/12 and £24.201m in 2012/13 and £24.344m in 2013/14;
  - *Levies:* These are forecast to grow from £10.576m in 2010/11, £12.295m in 2011/12 and £13.336m in 2012/13 and £14.441m in 2013/14. The main reason for this is the West London Waste Authority levy which is expected to increase as a result of the increased real cost of waste disposal and Landfill Tax increases of £8 per tonne per year. The impact of the Landfill Allowance Trading Scheme could also have a significant impact after 2010/11;
  - *South Kilburn Development:* Funding from central items for the South Kilburn Development is set at £600k in 2010/11, rising to £1.5m in subsequent years as the level of development increases;
  - *Freedom Pass/concessionary fares.* The government has recently amended the basis on which the concessionary fares grant is allocated with the result that London has lost £30.2m of funding and Brent's contribution will rise by more than £1m in 2010/11 due to this change alone, doubts must remain about the quantum of funding in future years and whether further loss of grant will result. Furthermore the phased move to apportioning costs to London boroughs on the basis of usage rather than passes issued has increased costs for Brent and will

continue to add further costs into 2011/12. In addition negotiations continue to take place around increased fare charges by TfL and these may well outstrip the assumptions included in London Council's indicative figures. All these factors taken together mean that resources will need to be provided in future years and Brent has budgeted for an additional £1.532m (2010/11), £2.608m (2011/12), £1.140m (2012/13) and £1.175m (2013/14).

Resource assumptions

- Area Based Grant decreases 2.5% per annum from 2011/12;
- Council tax base increase of 0.25% per annum in line with recent trends;
- Council tax collection of 97.5% in each year;
- Council tax increases ranging from 0% to 3%.

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

- *Reviewing projections of budget pressures resulting from demand pressures, cost increases, and loss of income and identifying means by which they can be reduced/eliminated*. A key success of the transformation programmes in adult and children's services is that they have provided a means by which demand pressures can be contained or reduced whilst improving outcomes for users and the Improvement and Efficiency Programme provides an opportunity to apply these models to other services.
- *Identifying the impact of corporate and service priority growth.* No allowance has been made for additional or service priority growth in future years. With likely reductions in external funding streams, any new growth for service priorities would impact on the net additional savings that would be required to keep council tax increases in the 0% to 3% range.
- *Reviewing provisions within central items:* This will be a key area for the council to look at in order to try to limit growth. Appendix I includes £51.035m in 2010/11, £58.384m in 2011/12, £61.135m in 2012/13 and £64.018m in 2013/14.

The 30 Year Plan

7.24 The council has a thirty year financial plan which was updated two years ago following the results of the Comprehensive Spending Review. The plan builds on the forecasts in the MTFS and looks at various scenarios which will impact on the council's future financial prospects. Its key use is in determining the level of borrowing which the council will be able to afford to deliver improvements to its capital assets. It is proposed to next update the plan after the publication of the next spending review expected in 2010.

Summary

7.25 The year on year budget gap shown in Table 7.1 is substantial. However, the Improvement and Efficiency Strategy provides a planned means of addressing this over the period of the MTFS rather than adopting a short term approach which has been the main practice in previous years.

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SECTION 8

8. THE SCHOOLS BUDGET

Introduction

8.1 This section provides details of the School Budget's probable outturn for 2009/10 and also sets out estimates for the Schools Budget (SB) for 2010/11. Reports on the budget and related matters were provided to the Schools Forum on 9th December 2009 and 10th February 2010. A summary of the views of the Schools Budget at the Schools Forum on 8th February 2010 is attached at Appendix K(ii). The Schools Budget was approved by the Executive on 15th February 2010 but the budget has subsequently been amended following the decisions of the Schools Forum.

The Probable Outturn 2009/10

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

8.3 Budget shares were allocated to schools at the start of the 2009/10 financial year and schools were expected to spend this money on revenue expenditure. Schools are allowed to carry forward surpluses, as long they do not exceed 5% of their budget amount in secondary schools and 8% in primary and special schools. Where surpluses are earmarked for specific purposes schools can carry forward amounts greater than these percentages.

8.4 Centrally held budgets within the Schools Budget are experiencing pressures in certain areas such as in-year SEN statements and pupils placed in out of borough special schools, due to price increase and demand pressures. This is expected to result in an overspend of just over £1m. The council reserve for the schools budget currently stands at £700k and would be taken into a £300k deficit if the current forecasts prove accurate. As a consequence the Dedicated Schools Grant would need to be top sliced by £300k in 2011/12 to recover the deficit.

Schools Budget Funding in Brent

8.5 The 2010/11 financial year is the final year of the three multi-year cycle of the 2008/09 to 2010/11 schools budgets. Schools were given three-year budgets last year to correspond with the Comprehensive Spending Review (CSR). The data from the January 2010 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive. The Department for Children, Schools and Families (DCSF) have estimated the pupil numbers to be much higher for 2010/11, which would then result in a higher grant allocation.

However, DCSF estimates have not proved to be reliable in the past, often overstating pupil numbers and thus overstating their provisional DSG figures.

8.6 Brent's Dedicated Schools Grant (DSG) increase of 4.7% for 2010/11 compares favourably with the national average increase of 4.3% per pupil. The size of the increase is principally due to the government allocating additional money in all three years of the multi year cycle to authorities, such as Brent, which had historically spent below the Schools' Formula Spending Share.

8.7 Local authorities are faced with a difficulty in setting the level of the Schools Budget because it has to be set prior to 1st April and has to be set in line with DCSF announced levels even though they are based on estimated pupil numbers. Once the schools census (PLASC) for January 2010 is finalised the DCSF announces a final DSG for 2010/11 which can be significantly different to the earlier announced provisional level. This revised final DSG is usually announced in June.

8.8 The final DSG settlement for 2009/10 resulted in the DCSF not accepting approximately 200 pupils on the schools count census and this led to a shortfall of £695k over the amount of anticipated DSG. However, this was largely offset by the brought forward surplus figure of £672k from 2008/09.

8.9 Details of the estimated Schools Budget for 2010/11 are given in Appendix K(i). There is one main formula factor change which is necessary for next year and this relates to the introduction of the single funding formula in early years. Any loss of funding will be met by existing budgets and specific Standard Fund grant income. This means that the £1m earmarked for Early Years changes will no longer be required for 2010/11 and this money will be available to be used for changing the statementing process (£600k) and increasing the budget for statementing contingency by £400k. The basis of this funding will be reviewed in the light of the next funding settlement multi-year budgets (2011-2014).

8.10 A central expenditure limit (CEL) is statutorily in place limiting any increases in the centrally held items of the Schools Budget to be no more than the Individual School Budget (ISB). In the case of the CEL most items have been increased in line with inflation. However, the Schools Forum meeting on the 8th February agreed the following growth items:

- 0.2 FTE teacher for the Brent Deaf and Hearing Impaired Service to provide additional support at a cost of £12k.
- £900k increase in the Statementing Contingency is required following a proposal to discontinue the formal statementing process for pupils in mainstream schools, except where parents request it. This would mean that schools would receive funding six months earlier and for the first year this would increase the central provision, thereafter the provision would transfer to the ISB.
- £600k for out borough/ independent special school provision which is currently experiencing pressures due pupils having more complex needs

than previous cohorts. These additional costs are expected to continue into next year.

- £55k contribution for an education officer post in the Youth Offending Team
- The June 2009 Forum agreed one off funding of £45k for an energy advisor who will work with schools in order to reduce their energy bills.
- The Schools Forum, in setting the 2009/10 Schools Budget, had also provisionally agreed £250k for Lead Professionals in schools for 2010/11.

The requirement for growth within the Central Expenditure items would technically breach the CEL for 2010/11 and the Schools Forum has been made aware of this and is in agreement with this.

8.11 In addition two items of growth within the ISB were agreed by the 8th February Schools Forum. Four additional places at Vernon House to create a new KS1 class at a cost of £85k and £48k for a 0.8 FTE visual impairment teaching post.

Schools Budget Risks

8.12 Some of the pressures impacting on the central expenditure items in 2009/10 have already been examined in paragraph 8.4. It is anticipated that some of these pressures will continue to persist in 2010/11 and additional growth has been provided (see paragraph 8.10).

Schools Budget Medium Term Financial Plan

8.13 The DCSF have not published any spending plans beyond 2010/11. The next CSR will provide information on DSG for the periods between 2011/12 and 2013/14. Any emerging pressures, in the meantime, will be identified and reported to the Schools Forum to enable the situation to be rectified. The DCSF are currently undertaking a major review of school funding which could result in significant changes to the method of calculating each Local Authority's DSG settlement as well as the structure and makeup of the Schools Budget. Any changes arising from this review will feed into the 2011/12 to 2013/14 settlement.

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SECTION 9

9. HOUSING REVENUE ACCOUNT

Introduction

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

9.2 Expenditure charged to the HRA in 2010/11 includes:
- Repairs and maintenance;
- Supervision and management;
- Rent and rates; and
- Capital charges.

9.3 Income credited to the account in 2010/11 includes:
- Dwelling rents;
- Non dwelling rents;
- Charges for services and facilities;
- Interest receivable; and
- HRA subsidy paid by the government.

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

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

9.6 The dwellings that the council owns at Stonebridge (transferred from the Stonebridge Housing Action Trust following the ballot in 2007) are held outside the HRA, and are not therefore included in the HRA budget. For these Stonebridge dwellings in 2010/11, the Executive on the 15th February agreed to decrease the average rents by 0.5% and to decrease the service charges by an average of 37.8%.

9.7 The Executive on 15th February 2010 also agreed an overall rent increase of 1.09% 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 1st March 2010.

The Probable Outturn 2009/10

9.8 The HRA budget report shows that the estimated balance on the account at 31st March 2010 will be £1.966m in surplus, which when compared to the original budgeted balance of £400k, represents an increase in HRA balances of £1.566m. This increase in balances comprises an underspend on the HRA in 2008/09 of £1.784m (favourable variances on repairs and maintenance, provision for bad debts, interest, HRA communal service costs rechargeable to the General Fund, income from commercial rents and management costs) and a forecast overspend of £218k on the HRA in 2009/10.

The 2010/11 Budget

9.9 The 2010/11 HRA budget includes the following:

- The government's implementation of its rent restructuring policy continues into 2010/11 and, under the national formula, individual rents should increase by -0.9% + 1/3rd towards their target rent. However, the impact on tenants will be cushioned by "caps and limits", which generally means that in 2010-11 no rent will increase by more than -0.9% + £2.
- A decrease in housing subsidy of £1.498m (excluding stock loss and MRA Brought Forward), which takes account of a small increase in management and maintenance allowances, and an increase of £1.546m in notional income (withdrawal of subsidy).
- An inflation allowance of 0.75% for pay, 1.23% for repairs, and 0% for other prices.
- An increase in service charges of 1.23%;
- An overall average rent increase of 1.09% (average £0.87 per dwelling per week) for the main properties within the stock. This increase is to be applied taking full account of the government's rent restructuring guidance. The following table sets out the impact:

Analysis of change in weekly rent from 2009/10 to 2010/11	
Band – decrease/ increase in rent	**No. of properties**
Between £-0.50 and £0	2,521
Between £0 and £0.50	305
Between £0.50 and £1	324
Between £1 and £1.50	6,071
Between £1.50 and £2	18

- Net savings of £1.271m comprising stock loss, efficiency and other savings;

- Proposals to spend £1.500m of useable one-off HRA balances, comprising:
  - £500k in respect of caps and limits in arrears subsidy (this will be re-instated in 2011/12);
  - An earmarked reserve for ALMO Round 2 Interest Adjustment £1m.
- Proposals to fund a HRA capital programme capital programme of £6m in 2010/11
- An estimated dwelling stock level (excluding Brent's Stonebridge dwellings) at 1st April 2010 of 9,220 dwellings (actual 9,344 dwellings at 1st April 2009);
- Rent collection assumed at approximately 99.6% of the rental income due; and
- A nil voluntary HRA debt repayment. Up to 2003/04 there was a statutory requirement for the repayment of HRA debt. This requirement was removed in April 2004, along with the subsidy to pay for it. There is a provision to make a voluntary repayment, but this is not subsidised. The report to the Executive on 15th February 2010 agreed a budget of £150k in 2010/11 and a further £150k in 2011/12 for debt charges to fund a £6m HRA capital programme for Health and Safety Works, and window replacement and decorations works, and if agreed, this will represent un-supported borrowing under the prudential regime in the HRA. A further £600k of HRA unsupported borrowing for Disabled Facilities Grants for council tenants is also included, and the debt management costs associated with this are met by Brent Housing Partnership. All other HRA debt charges are met in full through housing subsidy. No voluntary repayment of debt has been included in the budget for 2010/11. The current level of debt relating to the Housing Revenue Account was £333m at 31st March 2009 and is estimated to be £331m at 31st March 2010.

9.10 Taking into account the above, the HRA is estimated to show a surplus of £466k at 31st March 2011.

9.11 Details of the HRA budget are shown in Appendix L.

HRA Risks

9.12 The main risk associated with the HRA budget for 2010/11 are:

- The HRA's medium and long term viability. The updated HRA Business Plan 2009 shows that there are insufficient capital resources to maintain the dwelling stock post decent homes, and also that the operational HRA is likely to be in deficit in 5 years time. This comes at time when the Government are about to report on their response to the consultation on Council Housing Finance Reform.
- Recovery of Leaseholder Service Charges (Major Work); and
- Rent Collection – maintaining high collection performance.

Council Housing Finance Reform

9.13 The review of Council Housing Finance was launched in March 2008, and in July 2009 the Government published its consultation for a fundamental reform of the system, and this included proposals for a devolved system (self financing) in which rents are retained by councils to spend of their own services, in exchange for a one off reallocation of debt. The Government is due to issue its response to the outcome of the consultation in February 2010.

SECTION 10

THE CAPITAL PROGRAMME 2009/10 to 2013/14

Introduction

10.1 This section up-dates the capital programme position for 2009/10 and sets out proposals for the programme from 2010/11 onwards. The programme includes for the first time projected figures for 2013/14.

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

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

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

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

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

d. Limited capacity to fund borrowing: There is no direct constraint on borrowing (since the Local Government Act 2003 introduced the prudential borrowing framework) but councils have to take into account the impact on future revenue spending. The level of prudential borrowing has to be considered in the context of the council's overall revenue budget commitments in the medium term.

10.4 The Local Government Act 2003 gives the council freedom to fund capital spending, but only if the capital charges that result are affordable, prudent and sustainable. The council has been careful to restrict its use of prudential borrowing because of pressures within the Medium Term Financial Strategy.

10.5 The current Administration has adopted the following approach in setting the capital programme in previous years:

a. The level of prudential borrowing has been contained within previously agreed levels;

b. Additional funding has been redirected into priority areas including roads and pavements and CCTV;

c. The allocation to schools is in line with government funding, including both grant and supported borrowing;

d. Support for private sector housing and disabled facilities grant has remained at levels necessary to deliver the private sector housing strategy;

e. There is a central allocation for planned repairs and maintenance to non-schools properties which has been used to address urgent back-log repairs to existing buildings;

f. The council has rationalised its office building portfolio in advance of the development of the Civic Centre, including coming out of leased buildings where possible and purchasing the freehold of Brent House;

g. External funding sources have been used where possible to deliver other priorities including Section 106, the Big Lottery Fund, the Academy programme, and PFI.

10.6 The recession has required that the council reviews its approach. On the one hand, in the short term at least, capital receipts and section 106 receipts will reduce, which limits resources to fund the capital programme. But capital spend by the council also contributes to jobs in the borough both directly through local people employed on capital schemes and indirectly by the spending of those working on schemes – so reducing spending would worsen the recessionary impact. The council also has to consider the longer term impact of recession. The requirement to pay back additional government borrowing in the years following recession will reduce local government funding and require the council to manage within a much tighter resource envelope in future years, as set out in the Medium Term Financial Strategy. It is important therefore that there are not additional long term commitments which cannot be afforded in future years.

10.7 The following short term strategy implemented from 2009/10 onwards is aimed at ensuring continuing delivery of capital schemes and combating the effects of the recession in Brent:

a. The council will continue to fund existing programmes at their current level despite the expected reduction in the short term in capital receipts. Funded schemes within the capital programme often are delayed for a variety of reasons including the need for consultation and problems with obtaining planning permission. In practice therefore our borrowing in any one year is less than the council budgeted for which contributes to underspends on capital financing charges. The intention therefore is to address the shortfall in receipts and available S106 monies by assuming some unavoidable slippage in the capital programme.

b. Where schemes can be delivered, the intention will be to ensure that schemes progress as quickly as they can to ensure money is being spent in the local Brent economy. This will apply to schemes funded from the council's own resources but we will also work with schools to see if school schemes funded from their own devolved resources can be progressed quickly.

c. Funding in areas such as schools asset management works, highways and parks schemes have previously been brought forward from later years of the programme to earlier years in line with requests from central government departments.

d. A combination of prudential borrowing within the HRA and use of HRA revenue reserves was added to the 2009/10 capital programme to allow £3m to be spent on health and safety and other works at South Kilburn.

e. Capacity to spend Disabled Facilities Grant (DFG) is being addressed by growth within the revenue budget for additional surveyor posts. This will allow the programme to proceed faster than it is at the moment, addressing current delays in the programme. There has also been additional government funding for Disabled Facilities Grants which will increase the overall amount spent.

This strategy will have to be reviewed as the impact of spending cuts in central government departments becomes clearer and the next Comprehensive Spending Review is announced.

10.8 The council will also be required to continue consideration of longer term issues that need to be addressed as a result of the economic downturn. These include:

a. The *schools capital programme* where the Children and Families department are continuing to develop a 10 year programme aimed at combining a variety of funding sources, including Building Schools for the Future, Primary Capital programme resources and schools' own resources, to meet longer term school capital needs and address the requirements for additional pupil places.

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

c. *Sports facilities* the top priority has been identified as the need for a third pool in the north of the borough. There is also a requirement to develop a procurement strategy for Multi Use Games Areas (MUGAs) in the borough.

d. *Libraries* where there has been spending on Harlesden Library and the installation of automated systems across the borough, and there are plans for a new library in the Civic Centre. However, there is no funding identified for improvements to the remainder of the library portfolio.

e. *Parks* where there is a backlog of repairs which is currently being assessed. The proposal is that infrastructure assets such as footpaths, fencing, lighting etc are considered as part of the wider prioritisation of use of mainstream and section 106 funds allocated to other infrastructure assets such as roads and pavements. Relative priorities are currently being assessed. Work required to structures and buildings in parks is being considered as part of the overall asset management plan for the council's property portfolio and urgent works will be funded from resources allocated to the corporate property programme.

10.9 The programme also includes expenditure forecasts for the design and build of the new Civic Centre, including the purchase of the site. These costings remain as initial forecasts and will be subject to amendment as there is more certainty about the nature of the contract. The Resources section of the capital programme does not currently include forecasts for associated capital receipts on buildings such as the Town Hall and 249, Willesden Lane. Resourcing of the scheme is contained within the self funded prudential borrowing calculation.

10.10 This section of the report sets out:

- Forecast outturn spending on the 2009/10 programme, including progress against target outcomes for the programme in 2009/10;
- The proposed 2010/11 to 2013/14 programme, including target outcomes over that period;
- The main risks in the capital programme;
- The policy to be applied to Minimum Revenue Provision.

The 2009/10 Capital Programme

10.11 The revised capital programme for 2009/10 is summarised in Appendix M(i), with details of the programme and changes to it in M(ii). A summary of the revised 2009/10 programme is included in Table 10.1 below.

Table 10.1 Revisions to 2009/2010 Capital Programme since Second Quarter Monitoring

Service Area	2009/10 position (second quarter) £'000	Amended 2009/10 position (third quarter) £'000	Variations to 2009/10 position £'000
Resources			
Grant and External Contributions	(92,210)	(75,620)	16,590
Capital Receipts	(2,276)	(1,400)	876
S106 Funding	(20,289)	(9,078)	11,211
Supported Borrowing	(5,917)	(5,917)	0
Unsupported Borrowing	(17,796)	(8,114)	9,682
Self-funded borrowing	(7,602)	(6,092)	1,510
Total GF Resources	**(146,090)**	**(106,221)**	**39,869**
Housing HRA	(28,352)	(28,352)	0
Total Resources	**(174,442)**	**(134,573)**	**39,869**
Expenditure			
Business Transformation	6,552	4,859	(1,693)
Children and Families	67,327	58,749	(8,578)
Environment and Culture	32,009	23,292	(8,717)
Housing and Community Care – Adults	632	632	0
Housing and Community Care –	8,161	7,663	(498)

Service Area	2009/10 position (second quarter) £'000	Amended 2009/10 position (third quarter) £'000	Variations to 2009/10 position £'000
Housing			
Corporate	17,301	16,078	(1,223)
Allowance for slippage	(4,176)	(5,052)	(876)
Total GF expenditure	**127,806**	**106,221**	**(21,585)**
Housing HRA	28,352	28,352	0
Total Expenditure	**156,158**	**134,573**	**(21,585)**
Net Position	**(18,284)**	**0**	**18,284**

10.12 High level outcomes are set for each of the main elements of the programme each year. Details of the outcomes set for 2009/10 and forecast outturn against these outcomes are included in Appendix M(v).

2010/11 to 2013/14 Capital Programme

Overall programme

10.13 A summary of the proposed capital programme for 2010/11 to 2013/14 is attached as Appendix M(iii), with details of the breakdown of the programme in Appendix M(iv). Table 10.2 provides a high level summary.

Table 10.2 Proposed 2010/11 to 2013/14 Capital Programme

Service Area	Amended 2009/10 position (third quarter) £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Resources					
Grant and External Contributions	(75,620)	(57,389)	(65,116)	(48,715)	(32,731)
Capital Receipts	(1,400)	(2,400)	(4,285)	(4,430)	(4,430)
S106 Funding	(9,078)	(3,025)	(8,262)	(11,523)	(16,364)
Supported Borrowing	(5,917)	(4,581)	(4,600)	(4,600)	(4,600)
Unsupported Borrowing	(8,114)	(18,042)	(6,467)	(6,714)	(6,699)
Self-funded borrowing	(6,092)	(20,808)	(48,301)	(36,452)	(17,416)
Total GF Resources	**(106,221)**	**(106,245)**	**(137,031)**	**(112,434)**	**(82,240)**
Housing HRA	(28,352)	(15,714)	(9,284)	(9,284)	(9,284)
Total Resources	**(134,573)**	**(121,959)**	**(146,315)**	**(121,718)**	**(91,524)**
Expenditure					
Business Transformation	4,859	19,713	47,456	36,452	17,416
Children and Families	58,749	59,352	64,089	50,229	37,090
Environment and Culture	23,292	12,271	11,952	13,805	16,378

Service Area	Amended 2009/10 position (third quarter) £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Housing and Community Care – Adults	632	405	0	0	0
Housing and Community Care – Housing	7,663	8,419	7,294	5,548	5,671
Corporate	16,078	10,758	3,859	3,874	3,889
Allowance for slippage	(5,052)	(4,673)	2,381	2,526	1,796
Total GF expenditure	**106,221**	**106,245**	**137,031**	**112,434**	**82,240**
Housing HRA	28,352	15,714	9,284	9,284	9,284
Total Expenditure	**134,573**	**121,959**	**146,315**	**121,718**	**91,524**
Net Position	**0**	**0**	**0**	**0**	**0**

Spending proposals

10.14 The capital programme is based on the previous year's four year capital programme, rolled forward by a year.

10.15 Amendments to the programme against that previously reported reflect:

a. Slippage of funding for schemes from 2009/10.

b. New grant funded schemes added to the programme, including:

(i) Basic Need Grant – Additional Primary Places of £1.938m in 2010/11 and £12.828m in 2011/12, which will be targeted in conjunction with the Primary Capital Programme allocation.

(ii) Building Schools for the Future (BSF) allocation of £150k in 2010/11, £33.857m in 2011/12, £33.857m in 2012/13 and £17.873m in 2013/14 which will be targeted to meet longer term capital needs and address the requirements for additional pupil places in the secondary school sector. A report to the Executive on 15th February highlighted that the total programme in this phase would cost around £100m. This leaves a potential shortfall of £15m. The report however highlighted proposals to bridge this deficit without a requirement to undertake additional prudential borrowing. Full Council are however asked to recognise that as part of the acceptance process for BSF that any expenditure above the funding allocation will have to be met by the Council.

(iii) Increased Surestart Grant funding of £1.667m in 2010/11.

(iv) Increased Extended Schools Grant funding of £230k in 2010/11.

(v) Environmental Improvement Grant capital allocation of £320k in both 2010/11, which is ring-fenced to works at the Crest Academies.

(vi) Homes and Communities Grant contributing to the provision of affordable housing at St Raphael's Estate of £1.023m in 2010/11 and £1.024m in 2011/12.

c. Up-dated and re-profiled figures on section 106 funding;

d. Additional self-funded expenditure on associated costs of the new civic centre and purchase of the site totalling £2.200m in 2010/11, £47.456m in 2011/12, £36.452m in 2012/13 and £17.416m in 2013/14.

e. The addition of a fourth year – 2013/14 – to the four year programme which includes rolling programmes, such as highways maintenance, the private sector housing renewal programme, the corporate buildings repairs and maintenance programme and ongoing individual schemes, but does not at this stage include any new major schemes.

Resources

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

a. *Grant funded schemes*

New grant funded schemes have been detailed in paragraph 10.15 above.

b. *Capital receipts*

Usable Right to Buy capital receipts have not been changed between 2009/10 and 2013/14. Receipts from non-housing disposals have been reduced by £876k in 2009/10 and £500k in 2010/11. It is not proposed to reduce spending at this stage. Levels of slippage within the programme reflect this and allow the reductions to be managed in the short to medium term but the position will need to be kept under review. Details of the properties included in the disposal programme are included at Appendix M (vi). The disposal timetable is indicative and decisions will be taken on the basis of market conditions at the time and the need for the council to ensure best value from the disposals.

c. *S106 Funding Agreements*

Table 10.3 below provides the details of estimated Section 106 agreement funds that have been allocated within the planned capital programme. Members should note however that Section 106 funds are only triggered once schemes start on site and therefore timing of receipt of funds is not guaranteed, there has been a reduction in the number of agreements being triggered as a result of the economic downturn and a slowing in development. In addition, the council needs to ensure that all Section 106 agreements are within the legislative framework and that the money is spent in accordance with the provisions of each agreement. The impact of the recession is still likely to mean that some schemes where receipts have not been triggered do not go ahead. It is also likely to mean fewer s106 agreements are reached.

Table 10.3 S106 Agreement Monies - 2008/09 to 2012/13 Capital Programme

S106 Agreement Monies	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Triggered					
Education	283	233	524	314	210
Environmental Health	71	51	38	25	13
Landscape & Design	480	1	1	1	0
Public art	260	4	3	2	1
Parks	249	228	171	114	57
Planning	865	1	1	0	0
Streetcare	4	128	96	64	32
Sports	812	7	5	4	2
Sustainability Strategy	9	4	3	2	1
Transportation	4,504	25	18	12	6
Environment General	55	0	0	0	0
Housing	1,000	13	10	7	3
Brent into Work	486	175	132	88	44
Total Triggered Agreements	**9,078**	**870**	**1,002**	**633**	**369**
Not Triggered					
Education	0	0	2,949	4,424	7,373
Environmental Health	0	32	64	95	127
Landscape & Design	0	138	276	414	552
Public art	0	35	70	105	140
Parks	0	156	312	469	625
Planning	0	135	271	406	541
Streetcare	0	0	0	0	0
Sports	0	113	225	338	451
Sustainability Strategy	0	4	7	10	14
Transportation	0	1,340	2,681	4,021	5,361
Environment General	0	17	34	52	69
Housing	0	126	253	379	506
Brent into Work	0	59	118	177	236
Total Not Triggered Agreements	**0**	**2,155**	**7,260**	**10,890**	**15,995**
Cumulative S106 Monies	**9,078**	**3,025**	**8,262**	**11,523**	**16,364**

d. *Self-funded borrowing*

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

e. *Other borrowing*

Overall supported and unsupported borrowing levels within the capital programme between 2009/10 and 2013/14 are in line with previously reported and agreed levels. However, the capital programme continues to include a line for forecast slippage in year which totals £3.022m over the period of the programme and eases the pressure on the programme to undertake additional borrowing arising from the reduction in available usable capital receipts and S106 Agreement monies as detailed above.

Consideration of affordability is one of the critical tests in determining the limit on capital spending under the prudential regime for borrowing set up under the Local Government Act 2003. The fact that Brent is at the grant floor means there is very little difference in the impact of 'supported' and 'unsupported' borrowing on the council's overall financial prospects. Nevertheless it is a requirement of the prudential regime that authorities monitor the impact of 'unsupported' borrowing on levels of council tax. Table 10.4 shows the impact on council tax bills of the unsupported borrowing (excluding self-funded borrowing) contained within the proposed capital programme for 2010/11 onwards. Members should note that the high level of unsupported borrowing in 2010/11 results from re-phasing schemes and other resources within the programme.

Table 10.4 Impact of Unsupported Borrowing on Revenue Costs/Council Tax

	2010/11 £'000	**2011/12 £'000**	**2012/13 £'000**	**2013/14 £'000**
2010/11 Unsupported borrowing £18.042m (excluding all self funded expenditure)	451	1,280	1,280	1,280
2011/12 Unsupported borrowing £6.467m (excluding all self funded expenditure)	0	162	459	459
2012/13 Unsupported borrowing £6.714m (excluding all self funded expenditure)	0	0	168	476
2013/14 Unsupported borrowing £6.699m (excluding all self funded expenditure)	0	0	0	167
Cumulative unsupported borrowing costs	**451**	**1,442**	**1,907**	**2,382**
Impact on Band D Council Tax – using 2010/11 council tax base of 96,457 of unsupported borrowing	£4.68	£14.95	£19.77	£24.69

<u>Outcomes</u>

10.17 Details of the target outcomes for the programme over the next four years are included in Appendix M(v).

Capital Programme Risks

10.18 Capital expenditure is on the whole easier to control than revenue spending as it is not generally demand led and commitments are only entered into once contracts are let. If it is necessary to reduce spending, it is possible to do so by not letting contracts. In addition, re-phasing of schemes within the capital programme, which is inevitable because spending for one reason or another will not always fall in the year for which it has been allowed, means that there is usually the ability to meet additional spending within year without increasing the call on resources in that year – although commitments are built up for subsequent years. In the last resort, it is possible under the Local Government Act 2003 to increase borrowing above planned levels to fund spending without a significant short term impact although longer term impacts need to be taken into account in considering the affordability of the decisions.

10.19 The immediate risks to the capital programme arising from recession – in particular, the impact of reduced levels of capital receipts, triggered S106 Agreements and the bringing forward of capital spending - were set out in the introduction to the chapter. The Capital Board, which is chaired by the Director of Finance and Corporate Resources, will have responsibility for monitoring and managing the overall position and this will be reported to Members as part of the Performance and Finance Review process.

10.20 The underlying capital programme risks are as follows:

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

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

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

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

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

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

10.21 Table 10.5 below sets out these risks in more detail and the measures taken to manage them.

Table 10.5 Capital Programme Risks

Risk	More detailed description	Measures taken to manage the risk
a. The effect of spending more on some schemes on the ability of the council to deliver other priority schemes.	Additional spending on schemes above that allowed for in the programme reduces funding available for other schemes. For most spending programmes, spend is within the council's control and therefore overspends only occur if controls fail. In other cases, mainly ones that involve land purchase or compensation, such as the Academies schemes or the Estate Access and Stadium Access Corridors, there is less direct control.	The council's capital spending controls and project management procedures are aimed at limiting additional costs to schemes in the programme. Schemes which it is proposed to add to the capital programme are subject to officer scrutiny and Member approval. Large schemes have to be approved by the Executive prior to going out to tender and when tenders come back. Smaller schemes are subject to the council's financial regulations and internal control procedures. Schemes involving land purchase or land compensation are subject to close monitoring by the Capital Board, which is an officer group chaired by the Director of Finance and Corporate Resources. Professional advice on these schemes is provided by the council's Head of Property and Asset Management and additional external expertise is brought in where required. If costs are greater than provided for, then decisions need to be taken on re-prioritisation within the programme.
b. The ability of the council to ensure that it is getting value for money from the spending it carries out on capital schemes	The council spends between £80m and £140m each year on capital schemes. Achieving value for money is necessary to ensure that the council maximises outcomes from the spending.	Measures taken to manage this risk include: o Prioritisation of schemes as part of the process for putting together the capital programme; o Planned outcomes set for individual programmes are monitored through the quarterly Performance and Finance Review reports and in the annual budget report; o Council procurement procedures

Risk	More detailed description	Measures taken to manage the risk
		ensuring value for money is achieved through procurement; o Project management arrangements for individual schemes.
c. The consequence of unmet needs on services provided in Brent.	There is a limit on the resources the council can use to fund the capital programme. That means that not all needs can be met.	The council takes a strategic approach to prioritising resources through the development of the Capital Strategy and the four year capital programme. In addition, asset management plans are used to measure unmet need. The council continues to secure resources from other sources including: o Section 106 funding – although levels of triggered Section 106 have reduced as a result of the recession; o Lottery funding, for example for the new Harlesden Library; o PFI funding, for example the Affordable Housing PFI; o Additional government funding.
d. Meeting capital funding needs for services funded under separate funding regimes, in particular schools and council housing.	In the case of schools, the main pressures are the provision of additional pupil places and the need to maintain the conditions of schools. Government funding through grant and supported borrowing is insufficient to meet this.	The council has allocated the full amount of government grant, supported borrowing allocation, and section 106 funding to the schools programme. In addition, schools are able to borrow to fund works on the schools loan scheme. The council is looking at other opportunities to get improvements and expansion of schools as part of wider developments. In addition, the council continues to make use of other funding regimes, such as the Academy programme, to secure government funding. Representations are also made to government for further additional funding to meet unmet needs, such as the recent successful bid for Basic Need Grant securing an additional £14.766m towards primary school places.

Risk	More detailed description	Measures taken to manage the risk
		Officers from the Children and Families and Finance and Corporate Resources departments are currently developing a 10 year Capital Programme for Schools in Brent analysing need and available resource. This programme is being developed in consultation with the Schools Forum and the head teacher group that works with the council on capital matters to ensure most effective use of both council and school capital resources.
e. Funding for major development programmes	The council's major programmes/projects include the South Kilburn development, the Primary Capital Programme, Building Schools for the Future, new Academies and the Civic Centre project. These programmes/projects each individually present major risks and challenges to the council.	Programme/project boards have been set up to manage each of these projects. There is also a major projects group consisting of senior managers across the council who oversee the development of these projects and ensure that issues that cut across the projects are picked up. The Capital Board also monitors the projects carefully to assess potential impact on the overall capital programme. There is reporting to Members at key stages of these programmes/projects.

Minimum Revenue Provision

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

10.23 Revised regulations which amend this requirement were issued in 2008.[1] Under the new regulations councils are required to set an amount of Minimum Revenue Provision (MRP) which is 'prudent'. The definition of what counts as 'prudent' is set out in statutory guidance which has been issued by the Secretary of State for Communities and Local Government and which authorities are required to 'have regard' to.

10.24 Under the guidance councils are required to prepare an annual statement of their policy on making MRP to Full Council. The purpose of this is to give

[1] Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2008 – SI 2008/404

Members the opportunity to scrutinise use of the additional freedoms and flexibilities under the new arrangements.

10.25 The guidance distinguishes between borrowing which is supported by the government through the Revenue Support Grant system and other borrowing where councils use their prudential borrowing powers to borrow above the supported borrowing level.

10.26 For borrowing which is supported by the government through the Revenue Support Grant system, authorities are allowed to continue to apply the 4% MRP based on the level of borrowing.[2] The guidance provides councils two options for carrying out this calculation. Option 1, 'the regulatory method', is to continue to use the calculations that were used under the system that existed from 2004/05 when the previous regulations came into effect. This means that the amount of non-housing Capital Financing Requirement (CFR), adjusted as set out in the original regulations (Adjustment A'), is used as the starting position for the MRP calculation in 2008/09 and adjusted thereafter for supported borrowing in each year. Option 2, the CFR method, is similar to Option 1 but does not include any adjustments to the CFR.

10.27 For new borrowing under the Prudential system, councils were required to adopt from 2008/09 one of two further options for determining a prudent amount of MRP.[3] Option 3, which is 'the asset life method', allows councils to make provision for repayment of principal over the estimated life of the asset. This can be done using the 'equal instalment' method, where equal amounts of principal are paid each year, with reducing interest payments as debt is repaid, or the 'annuity' method, which is akin to a mortgage where the combined sum of principal and interest are equalised over the life of the asset. Option 4, which is the 'depreciation method', involves making Minimum Revenue Provision in accordance with the standard rules of depreciation accounting. This means setting aside an amount each year in line with estimated annual depreciation until the total initial debt is provided for.

10.28 The policy previously approved and now proposed for continuation in 2010/11 for non-HRA assets is as follows:

a. For supported borrowing, it is proposed that the council continues with the existing method (Option 1). This is in line with assumptions made within the 2008/09 budget and the council's Medium Term Financial Strategy. It also ties in with the basis on which grant is calculated, albeit that so long as the council is on the grant floor, it does not receive the benefit of the additional grant funding. Option 1 leads to a lower level of MRP than Option 2, and avoids the council having to make complex calculations for

[2] Members will note that in practice, as a grant floor authority, Brent does not receive the benefit of this supported borrowing. Nevertheless a figure for supported borrowing is provided each year to the council and it is this figure which will be used in the calculation of the 4% MRP.
[3] The amendment regulations applied to the 2007/08 financial year as well as subsequent years. However, the statutory guidance allowed authorities to apply Option 1 or 2 to prudential borrowing carried out in 2007/08. In practice, the option adopted in the council's 2007/08 accounts for prudential borrowing was Option 1.

all its assets which it would have to do if Options 3 or 4 were adopted for supported borrowing.

b. For prudential borrowing, it is proposed that the council adopts Option 3, 'the asset life method', and that an 'annuity' approach is used for calculating repayments. This ensures payments are spread equally over the life of the asset, which matches more closely the value the council gets out of the asset than loading payments at the beginning as would happen under the equal instalment method. It is also considerably easier to understand and more transparent than the depreciation method (Option 4). The proposed asset lives which will be applied to different classes of assets are as follows:

    - Vehicles and equipment – 5 to 15 years;
    - Capital repairs to roads and buildings – 15 to 25 years;
    - Purchase of buildings – 30 to 40 years;
    - New construction[4] – 40 to 60 years;
    - Purchase of land – 50 years (unless there is a structure on the land with an asset life of more than 50 years, in which case the land would have the same asset life as the structure).

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

    The guidance also sets out the approach to be taken to specific expenditure types which do not fall within these general categories, including spending capitalised under directions issued by the Secretary of State, capital grants to other organisations and individuals and so on. Details of the maximum asset life that can be applied in these cases are set out in Table 10.6.

[4] Purchase of buildings, new construction and purchase of land includes spending related to the provision of additional residential units for rent outside the HRA using prudential borrowing powers.

Table 10.6 Asset Life for Specific Assets Set Out in Guidance

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

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

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

SECTION 11

11. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY 2010/11

Introduction

11.1 This section of the report presents:

a. The 2010/11 Treasury Management Strategy setting out the proposed borrowing and lending policy and the factors influencing this over the coming year.

b. The 2010/11 Annual Investment Strategy setting out the security of the investments made by the authority.

11.2 Under the Local Government Act 2003, local authority borrowing is regulated by the Prudential Code, details of which are set out in Section 12 of the Budget Report, and the requirement for an Annual Investment Strategy.

11.3 Members are asked to agree

a) The Treasury Management Strategy for 2010/11 as part of the main recommendations to the report, and to note the changes outlined in para. 11.18.
b) The amendments to the Annual Investment Strategy to cover new requirements on duration (para.4.3), other sources of market information (para. 5.2), use of Advisers (paras 10.1 and 10.2), borrowing money in advance (paras 11.2 and 11.3) and staff training (paras 12.1, 12.2 and 12.3).

Regulatory Requirements

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

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

11.6 The Department for Communities and Local Government (DCLG) has recently issued revised draft Guidance following the collapse of Lehman Brothers and various Icelandic banks, and the House of Commons Select Committee report on local authority investments in Icelandic banks. Although the Guidance remains 'draft', it is proposed to include the main issues raised within the AIS. These are:-

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

11.7 The proposed AIS for 2010/11 is attached as Appendix N. Given the issues that have arisen recently as a result of turmoil in financial markets, details of the actions the council plans to take in both the short and longer term with regard to investments and use of credit ratings are set out in this section of the main report.

Economic Background

11.8 The international economic background in 2008 was extremely volatile, with rising oil and commodity prices, and a credit crisis that led to the collapse / takeover / rescue of various banks as inter bank lending and the wider provision of credit reduced. In 2009, recession, low interest rates and market recovery have been the main features, as follows:-

a) Economic growth has been negative. The UK economy shrunk by around 4.5%, the European economy by 4%, and the USA by 2.5%. However, most developed economies have emerged from recession in Q3 2009, and UK GDP grew by 0.1% in Q4 2009.

b) Stock markets fell in anticipation of a recession, but have risen by around 50% since the trough in March.

c) House and property prices fell during the first half of the year, but have risen since.

d) Inflation initially fell sharply on the back of the cut in VAT and falling fuel costs, but has risen by 2.9% for 2009 as a whole.

e) Short term interest rates have remained very low (UK 0.5%, USA 0% - 0.25%, ECB 1%) as Central Banks have sought to support economic activity and recapitalise the banks. The interest rates used for lending and borrowing between banks, LIBOR and LIBID, have reduced towards base rate as expected. Longer term rates have been held down by quantitative easing in UK and USA, but are rising on hopes of economic recovery and the weight of government gilt issuance required to support expenditure.

11.9 Looking ahead to the next financial year, it is expected that world economic growth will accelerate to around 3% / 3.5% in 2010, led by growth in emerging economies such as China. Although the USA economy should grow by around 3% in 2010, it is anticipated that UK and Europe will only grow by around 1% / 1.5%. It is also forecast that UK GDP will only increase by 1.5% in 2011. Interest rates should continue to be very low – UK Bank Rate may remain at 0.5% throughout 2010, possibly rising to 1% towards the end of the financial year. Despite quantitative easing, it is expected that the authorities will have few worries about inflation – although RPI and CPI will rise early in 2010 as a result of VAT rising back to 17.5% and increased oil costs, inflation is expected to fall in the second half of 2010. Long-term rates are expected to rise as governments borrow money to fund recovery programmes and the costs of nationalising / recapitalising banking sectors. However, there remains a risk that deflation will pose a greater threat than inflation, leading to lower rates.

Financial Market Background

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

11.11 Although the financial institutions on the Brent Lending List were sound and most were given support by their national banks, three Icelandic banks were put into administration when their credit ratings were reduced and they were unable to meet short term obligations. Brent had two deposits outstanding, as follows:-

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

To date, the council has had £2.9m returned by the administrators of Heritable Bank, who suggest that depositors will recover about 80% of their original sum. It is anticipated that the £5m deposited with Glitnir will be returned as legal advice is that the deposit will be treated as a preferential creditor

However, progress is likely to be slow in the light of legal challenges, especially from the Winding up Board for the Bank. If the deposits are not returned in 2010/11, the lost interest will be around £60,000 (assuming an interest rate of 0.5%).

11.12 In the light of the turmoil on the financial markets, the Lending List agreed by the Director of Finance & Corporate Resources was reconstructed to reduce risk – initially foreign and lower rated British banks were removed and lending limited to a duration of one month, then in April 2009 building societies were also removed from the List following concerns about the Dunfermline Building Society. In March 2009 the council repaid early loans from the PWLB valued at £64.75m, thus generating substantial savings (£1.5m per annum) and reducing balances available to deposit with other banks (currently at very low interest rates). The repayment reduced council long term borrowing to £597.5m, £29.5m below the level of the Capital Financing Requirement at the end of the 2008/09 financial year

Lending Policy

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

11.14 Table 11.1 indicates the projected summary cash flow for the authority. It is anticipated that cash balances will be approximately £56m by 31st March 2011 if the council resumes long-term borrowing at the Capital Financing Requirement.

Table 11.1 - Cash Flow Summary 2010/11

	£m	£m
Cash Balances as at 1 April 2010		**50**
Capital programme	(116)	
Debt repayment	(-)	
		(116)
		(66)
Repayment by Heritable	2	
Capital receipts/grants	68	
Payment of debt premia	4	
Long-term borrowing	38	
Minimum Revenue Provision	10	
		122
Cash Balances as at 31 March 2011		**56**
Total long-term borrowing as at 31.03.10		**635**

11.15 It was agreed that the revised list should remain in effect until the problems in the inter-bank market – as represented in the wide spreads between LIBOR / LIBID and bank rate – were reduced, and to continue to lend for periods of less than one month. Although these measures marginally reduced interest receipts, income has been protected by a number of longer term deposits that run into 2009/10 and beyond. Furthermore, the March 2009 repayment has meant that the Council has had minimal balances to lend.

11.16 In January 2010 it was felt that the market had recovered significantly and that debt defaults would reduce in 2010. Following consultation with the adviser, Butlers, and a report to the Audit Committee, the Director of Finance and Corporate Resources increased loan duration to one year, reinstated a suitably rated building society to the lending list and increased the size of loans to local authority and government institutions, as shown in Table 11.2 below.

Table 11.2 – Current Brent Lending List – February 2010

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

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

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

Barclays Bank PLC
HSBC Bank

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

Nationwide building society

B. MONEY MARKET FUNDS –UP TO £12M

Rated AAA

Royal Bank of Scotland
Morgan Stanley Cash Fund
Northern Trust

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

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

11.17 The 2009 CIPFA Code of Practice in Treasury Management recommends that authorities should have regard to the credit ratings issued by all three main rating agencies, and make their decisions on the basis of the lowest rating.

Two of the British banks, Royal Bank of Scotland and Lloyds, are rated lower (A+) by one of the rating agencies, but they have not been removed from the lending list on the grounds that they are part owned by the government as well as supported by an implicit government guarantee that allows them to issue certificates of deposit.

11.18 Over the longer term there are operational difficulties in running a reduced Lending List and a cost in foregone interest receipts. It is proposed that, if market conditions remain calm, the Council returns to using a longer Lending List in April. The Lending List will incorporate the features outlined in the 2009 Treasury Strategy report, as follows:-

a) Sovereign ratings, linked to the country of ownership, to the level of AA (a strong capacity to meet its financial obligations) and above in developed economies. There will be a limit of 20% on individual country exposure, with the exception of UK.

b) An institution will only qualify for the list if its lowest ratings (from one of the three agencies) meet the criteria.

c) Institutions that are part of a financial group (for example, Lloyds TSB includes Lloyds TSB, HBOS, Halifax and Cheltenham and Gloucester) will be subject to a group limit of £10m.

d) The use of independent credit information produced by asset managers, as a check on the Brent List.

e) Following the collapse of Dunfermline Building Society and evidence that regulators were not closely overseeing building societies, these were removed from the Brent List. As the regulatory regime has been strengthened, and there is clear evidence that the sector continues to weed out weaker societies, concerns have faded. Options for building societies to return to the Lending List will be reviewed with our treasury adviser, Butlers. However, to ensure that risk is spread, no more than 50% of in-house deposits will be lent to the building society sector, and amounts lent will be limited to £5m.

f) A minimum rating of A+ long-term (A is high credit quality), F1 short term (up to 13 months – highest credit quality), B Individual (B is a strong bank, with no major concerns about its functions), and 1 Support (extremely high probability of external support) will be applied. These are high quality ratings, but would allow the return of some overseas banks that may be active borrowers whereas most large UK deposit banks will only take very large deposits.

g) No deposits will be made to companies or countries that are on a negative rating watch, unless there is an implicit government guarantee, enabling the bank / building society to issue certificates of deposit.

h) There will continue to be differential lending periods according to credit rating, but a common maximum deposit of £10m, apart from government related agencies and AAA rated money market funds. The maximum lending period will be reduced to three years (with senior management approval).

11.19 Details of the basis on which credit ratings are used are set out in Table 11.3 below.

Table 11.3 – Use of Credit Ratings

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

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

c) The Fitch ratings are as follows:

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

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

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

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

11.20 At present, the investment company, Aberdeen Asset Management, manages an external portfolio valued at £23m, whereas the in-house manager has around £30m. There is previous authorisation for a second external manager, but it is felt to be prudent to wait for more stable markets before making an appointment. The external manager follows the Brent lending list, and is allowed to use certificates of deposit (CDs), supranational bonds, government gilts and cash to enable them to improve performance, with a target of outperforming their benchmark by 0.5% per annum. The manager outperformed substantially in 2008/09, and has outperformed again in 2009/10 to date using longer dated (one year) CDs. It is felt prudent to retain external managers with different benchmarks, encouraging diversification.

11.21 As set out above, rates are at 0.5% and are expected to remain at that level or rise marginally (to 1%) during the year. In-house activity will continue to benefit from previous long-term deposits that will continue into 2010, and will seek to lend for longer periods when appropriate. However, reduced cash balances following the March 2009 restructuring ensures that most cash is used for day to day cash flow purposes. The 2010/11 budget assumes that Brent will receive a further payment from Heritable bank (20% in July 2011), but no payments from Glitnir, and that there will be no interest paid on deposits that are outstanding.

Borrowing Policy

11.22 Long-term interest rates initially fell in 2008/09 as quantitative easing reduced the cost of borrowing. However, rates have recovered to their initial levels (50 year 4.5%) as markets looked through the end of quantitative easing and toward the sharp increase in gilt issuance. It is anticipated that long-term rates may rise further in 2010/11, but there are conflicting pressures. Rates may be reduced as a result of deflationary fears, or increases in taxation / reductions in government expenditure. The budget uses a prudent assumption of an average interest rate of 5%.

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

a) The Capital Financing Requirement (CFR). This is the difference between the authority's total liabilities in respect of capital expenditure financed by borrowing and the provision that has been made to meet those liabilities in the revenue accounts. Research by the council's treasury advisers has previously indicated that CFR has been the most economical level for the authority's long-term debt. In 2010/11 a further £30m (assuming that borrowing was at CFR at the beginning of the year) new debt would be required in line with the CFR. However, whereas before 2008 the interest rate curve had been 'inverted', with long term rates lower than short term rates, the curve has now normalised so that it may be advantageous not to borrow up to CFR but use relatively cheaper, short term debt and reduce lending. However, if long term rates are expected to rise to allow the government to fund its deficit through gilt issuance, it may be advantageous to take long term debt despite the short term cost. Alternatively, if short-term interest rates remain low, some debt may be taken at variable rates that follow short-term rates. This approach has the advantage of reducing borrowing costs if rates remain low, matching reduced receipts from lending.

b) The need to borrow. The cash flow summary indicates a need to borrow in 2010/11 if the target is CFR.

c) Movements in interest rates during the year. The current 50 year gilt rate of 4.5% is, theoretically, composed of elements to cover expected inflation (2.5% - 3% for RPIX), a real yield (usually about 2.5% - 3%) and a risk premium (around 0.5%). This implies either that current long-term rates are low and may rise marginally, or that inflation will remain very low and that the risk premium is lower. Market commentators expect inflation to remain low, at least in the short term (after an initial 'blip'), but are less optimistic over the medium term.

d) The prudential limits to borrowing as agreed by Full Council (see Prudential Code section of the Budget Report, Section 12).

11.24 It is proposed to borrow a further £38m in 2010/11 for the main capital programme. Officers will also look at market forecasts to confirm the advantages/disadvantages of borrowing early to fund major developments. Additional loans may also be taken if restructuring opportunities are evident or anticipated.

Prudential Indicators

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

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

b. Exposure *to changes in interest rates:*

    - *Upper limit on net borrowing at fixed interest rates.* This has been set at 100% on the basis that all net borrowing may be at fixed rates if it is anticipated that short-term rates are set to rise and long-term rates are perceived to be low. Variable interest borrowing would be retained up to the level of any variable interest investments;
    - *Upper limit on net borrowing at variable rates.* This has been set at 40%. Variable rate borrowing is held as a hedge against variable rate investments. It also may be held where variable interest rates are low compared to fixed rates and fixed rates are expected to fall. The upper limit has also been set with debt restructuring in mind.

c. *Maturity structure of borrowing.* Upper and lower limits on proportion of fixed interest loans that mature in:

    - Under 12 months;
    - Between 12 months and 24 months;
    - Between 24 months and 5 years;
    - Between 5 and 10 years;
    - Between 10 and 20 years
    - Between 20 and 30 years
    - Between 30 and 40 years
    - Between 40 and 50 years

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

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

Table 11.4 Prudential Indicators for Treasury Management

	2009/10	2010/11	2011/12	2012/13	2013/14
Treasury Management Code adopted	Yes	Yes	Yes	Yes	Yes
Exposure to interest rate changes: Upper limit on fixed rate interest (% of net borrowing)	100%	100%	100%	100%	100%
Upper limit on variable rate interest (% of net borrowing)	40%	40%	40%	40%	40%
Maturity of fixed interest loans:					
Under 12 months: o Upper limit o Lower limit	40% 0%	40% 0%	40% 0%	40% 0%	40% 0%
Between 12 and 24 months: o Upper limit o Lower limit	20% 0%	20% 0%	20% 0%	20% 0%	20% 0%
Between 24 months and 5 years: o Upper limit o Lower limit	20% 0%	20% 0%	20% 0%	20% 0%	20% 0%
5 to 10 years: o Upper limit o Lower limit	60% 0%	60% 0%	60% 0%	60% 0%	60% 0%
10 to 20 years: o Upper limit o Lower limit	100% 30%	100% 30%	100% 30%	100% 30%	100% 30%
Upper limit on Investments of more than one year:	£60m	£40m	£40m	£40m	£40m

Debt Restructuring

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

11.27 Market loans known as LOBOs (Lenders Option, Borrowers Option) are long-term loans (up to 70 years) that allow the lender the option to increase the rate after a period of years. The borrower also has the option to refuse to pay a higher rate and repay the loan without incurring a penalty. Local authority debt is regarded as of high quality to lending institutions that are keen to grow such business on their loan books. To date Brent has taken 13 LOBOs, valued at £85.5m. The council may take more LOBOs if opportunities arise, subject to limiting council's exposure to potential increases during the period of the loan.

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

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

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

11.29 It is proposed to continue monitoring opportunities for debt restructuring and to take action as circumstances allow. In a low interest rate environment, there are fewer opportunities to restructure. At present the council's main lender, the Public Works Loans Board (PWLB), has changed its terms to charge a larger premium on debt repaid prematurely. However, the PWLB is reviewing its repayment terms in 2010, which may facilitate more restructuring activity.

Member Engagement

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

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

a) A mid-year review of the annual treasury strategy, looking at activities undertaken and any variation from agreed policies / practices.

b) The Audit Committee is to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

c) The Director of Finance and Corporate Resources is to ensure that members tasked with treasury management responsibilities have access to appropriate training opportunities

As part of this, it is proposed that this treasury management strategy and the annual investment strategy are considered by the Audit Committee at its meeting in March 2010. A full report on the new CIPFA Treasury Management Code will be made to members as soon as possible.

SECTION 12

12. SETTING PRUDENTIAL INDICATORS FOR 2010/11

Introduction

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

a. capital expenditure plans are affordable;

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

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

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

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

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

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

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

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

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

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

12.4 This section sets out proposed prudential limits for Brent for 2010/11 and subsequent years, which Members are asked to agree. It also sets out the arrangements for monitoring the prudential indicators.

Affordability

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

12.6 Affordability of capital expenditure cannot be isolated from the affordability of the council's overall revenue expenditure. Section 10 of this report set out proposed changes to the capital programme which ensure total forecast capital commitments are maintained at previously agreed levels. General Fund revenue spending in 2010/11 to fund the unsupported borrowing proposed in that year is estimated at £451k (see section 10). Members should note however that proposed unsupported borrowing in the capital programme for 2010/11 onwards will have a cumulative impact on the council's budget and the costs of funding it are growing from £451k in 2010/11 to £1.442m in 2011/12, £1.907m in 2012/13 and 2.382m in 2013/14.

12.7 The CIPFA code requires that the council estimates:

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

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

12.8 The required calculations for 2010/11, and the three subsequent years are set out in Table 12.1 below. The ratio of capital financing charges to spending in the General Fund is 9.27% in 2010/11, increasing to 10.00% by 2013/14. Capital financing charges within the HRA also rise as a proportion of the budget over the same period, increasing from 36.40% in 2010/11 to 37.30% by 2013/14. The impact on Council Tax at Band D of unsupported borrowing was set out in Section 10. These figures should be treated with some caution because the operation of the revenue grant regime – and in particular absence of funding for so-called 'supported' borrowing for councils on the grant floor – means that the impact of 'supported' borrowing and 'unsupported' borrowing on the council's future financial plans is broadly similar. Members should also note that this calculation does not take account of the provision made for self-supported borrowing detailed in Section 10.

Table 12.1 Prudential Indicators of Affordability

	2010/11	**2011/12**	**2012/13**	**2013/14**
Capital financing charges as a proportion of net revenue stream:				
- General Fund	9.27%	9.59%	9.78%	10.00%
- HRA	36.40%	36.86%	37.09%	37.30%
Impact of unsupported borrowing on:				
- Council tax at Band D	£4.68	£14.95	£19.77	£24.69
- Weekly rent	-	-	-	-

12.9 Future years' projections of the overall General Fund revenue budget indicate that the council needs to do more to bring overall expenditure plans within acceptable limits, but this is within its historic capability. Section 10 of this report has set out measures the council plans to take in the short term to maintain capital expenditure. The measures proposed take account of the need not to build up commitments in future years. However, ultimately affordability remains a political judgement and Members need to assure themselves that the plans set out in the report are affordable in terms of council tax and rent increases.

Prudence and Sustainability

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

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

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

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

Table 12.2 Prudential Indicators for Capital Spending

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Planned capital spending:					
- General Fund	106,221	106,246	137,031	112,434	82,240
- HRA	28,352	15,714	9,284	9,284	9,284
- Total	134,573	121,960	146,315	121,718	91,524
Estimated capital financing requirement for[1]:					
- General Fund	304,558	338,584	388,762	427,277	446,664
- HRA	330,693	337,723	338,323	338,923	339,523
- Total	635,251	676,307	727,085	766,200	786,187

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

a. The authorised limit for external debt. This allows flexibility to carry out debt restructuring should opportunities arise. For example, it may be appropriate to borrow in advance of repaying the original debt. It is therefore set at approximately £175m above the capital financing requirement.

b. The operational boundary for external debt. This sets out the expected total of borrowing for each year. This is lower than the authorised limit and is a key management tool for in-year monitoring. It is set at a level that reflects the council's capital financing requirement, the level of the capital programme, and estimated requirements for cash flow. The boundary is set at a level approximately £75m above the capital financing requirement

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

(CFR) to allow for early borrowing either for restructuring or where interest rates may rise. The CIPFA code accepts that the operational boundary may on occasions be breached temporarily but that a sustained or regular trend above the operational boundary would be significant and lead to further investigation and action as appropriate.

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

Table 12.3 Prudential Indicators for External Debt

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Authorised limit for external debt	810	850	900	940	960
Operational boundary for external debt	710	750	800	840	860
Net borrowing	Below CFR	Below CFR	Below CFR	Below CFR	Below CFR

Achieving Value for Money

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

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

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

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

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

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

Proper Stewardship of Assets

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

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

Practicality

12.18 This is the last of the issues Members have to consider in setting prudential indicators. Is the capital programme set out in Section 10 of this report capable of delivery? Is it practical?

12.19 In 2010/11, the Capital Board will continue to meet monthly to monitor implementation of the delivery of the programme and require action to be taken where there is delay. Section 10 has also set out the main risks associated with the capital programme and how these will be managed.

Monitoring and Reporting on Prudential Indicators

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

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

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

the Executive (unless they are sustained in which case they will be reported on an exception basis to General Purposes Committee).

12.22 Members should note that the required implementation of the International Financial Reporting Standards from 1st April 2010 is likely to have an impact on Prudential Indicators particularly regarding the Capital Financing Requirement, Authorised Borrowing Limit and Operational Boundary. This is due to changes in the requirements around the recognition and reporting of leases which could result in certain leases being recognised on the balance sheet where in previous years this has not been required. Any changes will be reported as per the above processes as required in the adoption of the new standards.

SECTION 13

13. VALUE FOR MONEY

13.1 This section of the report sets out the measures the council is taking to improve value for money in order to deliver savings within the Medium Term Financial Strategy (MTFS).

13.2 The council had a good record of delivering efficiencies starting with the national Gershon efficiency programme which ran from 2005/06 to 2007/08. The council achieved £26.4m in efficiency savings under the Gershon initiative by 31st March 2008. This is £5.8m more savings than the original Gershon target of £20.6m and £3.8m more than the £22.6m stretch target included as part of the Local Area Agreement agreed at the beginning of 2006.

13.3 The 2007 Comprehensive Spending Review placed an emphasis on cashable efficiency savings. In 2008/09 the council exceeded its forecast by achieving cashable savings of £9.69m. The current forecast for 2009/10 is that efficiencies of £9.7m will be delivered. The departmental breakdown of these savings is included in Appendix Q(i).

13.4 The challenge to the council in future years has been set out in Section 7 on the Medium Term Financial Strategy. Expectations of improved services, budget pressures, tightening government funding, and the desire to limit council tax rises require that the council continues to deliver improvements in value for money. This is regardless of the national target set for councils or the need to demonstrate value for money in use of resources as part of the Comprehensive Area Assessment regime.

13.5 The council has a firm foundation to build on. In addition to the savings achieved under the Gershon initiative, the council overachieved against the Local Public Service Agreement target for cost effectiveness which followed Gershon, has delivered efficiency savings each year as part of the annual budget process, has delivered a large number of successful efficiency projects, and has major transformation programmes in adult and children's social care which are helping contain budget pressures on the services and leading to improved outcomes for services users. The advent of the Improvement and Efficiency Strategy is another stepped change in the council's determination to maximise value for money. The council also continues to have one of the lowest council taxes in outer London – 17th out of 20 boroughs in 2009/10. It has done this whilst delivering improved services for Brent, as recognised by the latest resident attitudes' survey which demonstrated that overall satisfaction with the council had increased from 48% in 2005 to 65% in 2009.

13.6 The council is also working jointly with partners to secure improvements in value for money. The council has introduced joint arrangements with Harrow for the management and maintenance of Carpender's Park cemetery, building on the joint trading standards service the two boroughs have had for a number of years. The council has partnership arrangements with NHS Brent for integrated equipment stores, the mental health service and the learning disability service and these partnerships are looking to be developed even further. Part of the adult care transformation programme is development of a joint service with Brent NHS for an intermediate care/re-ablement service to help address delayed discharges and reduce acute hospital admissions. The adult care transformation programme also has seen the establishment of a West London Alliance joint procurement unit for adult care residential placements. Contracts to the value of £220m are currently out for tender. The street wardens' service was integrated with Police Community Support Teams in 2007 and the Metropolitan Police continues the joint funding arrangement for additional PCSOs. The council is also continuing to work with the Carbon Trust, a government sponsored organisation, to deliver more efficient use of energy. The development of shared objectives as part of the Local Area Agreement and the pooling of resources as part of the Area Based Grant and in other ways also provide the opportunity to work with local partners to deliver services in more effective ways.

Improvement and Efficiency Action Plan

13.7 Whilst the council has a strong track record of delivering efficiencies it was clear that the financial constraints facing local government meant a radical rethink was necessary. To address this, the Executive approved a new approach to the budget, recognising that the necessary savings could not be delivered by individual services alone.

13.8 In September 2009 the council launched its Improvement and Efficiency Action Plan with over 30 projects to deliver cost reductions in excess of £50 million by 2014, whilst raising the council's performance to the top two comparative performance quartiles.

13.9 The projects cover both direct service delivery and council-wide business functions and the scope of the overall programme is to standardise, streamline and share core activities such as customer service, financial management and procurement to reduce the council's operating costs and protect investment in core local services.

13.10 The challenge is to deliver fundamental change which will allow the council, working with partners, to deliver improved services and help improve quality of life of Brent residents whilst also delivering cashable savings. The delivery of the projects and achievement of the savings is vital to the council having sustainable, deliverable budgets within the restricted resources that will be available over the forthcoming years.

13.11 The Council has utilised expertise from Deloitte to help ensure the programme will meet targets. They have worked with officers to set up a robust framework through which the projects will be managed and monitored, with a clear governance structure and accountability. In addition a Programme Management Office has been established to drive delivery of the savings, and provided training to officers, as well as providing expert support. Intensive work has also been carried out with some of the major projects to ensure that project plans and timescales are robust. The tracking of this programme will be linked into the MTFS.

13.12 As projects in the programme move into delivery service area budgets will be adjusted to reflect the benefits which will be realised from each budget. The adjustments will be determined by agreed baselines and signed off at high level.

13.13 The full year effect of many of the 2010/11 savings will be felt in 2011/12. However, until these are confirmed they will not be reflected in the MTFS in Section 7.

13.14 Many of these projects will require investment in the early stages in order to deliver the improvement. This will be funded by performance reward grant in 2010/11 (£1.8m is available) and through *"invest to save"* in subsequent years. Improvement budgets will be held centrally and allocated through agreement of the business cases.

13.15 Appendix Q(ii) sets out the targeted cashable savings from the main projects, incorporating an adjustment for risks. The budget for 2010/11 set out in Section 5 assumes £4.365m will be produced and is included within the budget. Appendix Q(iii) highlights some of the service benefits that will accrue.

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SECTION 14

14. PROCEDURES REQUIRED TO CONTROL EXPENDITURE

Introduction

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

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

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

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

14.2 The purpose of this section is to remind Members and Service Area or Corporate Directors of the expenditure control framework and how it will operate in 2010/11.

Roles and Responsibilities

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

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

14.5 Key roles include:

- Full Council set policy about service levels and priorities and take decisions to prioritise resources between service needs and council tax levels. They ensure that officers are monitoring spending, and agree action plans to recover from potential overspends.
- The Budget Panel scrutinises the budget process particularly concentrating on the linkage between resource allocation and the

corporate strategy and the robustness of the budget proposals for both the current financial year and the medium term.

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

Monitoring the Budget

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

14.7 The key monthly events in the cycle will be:

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

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

Virements, Transfers and In-Year Changes to Policy

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

14.10 Full Council agreed an update Scheme of Transfers and Virements under Standing Order 17(a), attached at Appendix P, in November 2005. This refers to a Schedule of Earmarked Reserves and Provisions approved by Full Council at the budget setting meeting held before the start of the financial year. This schedule for the 2010/11 financial year is Appendix P at Schedule 1. Members are asked to approve this.

Controlling the Budget

Overspending

14.11 Overspends are not acceptable. There is no cause of an overspend that cannot be dealt with by action of some kind, even if this means changing policy, service levels and staffing levels, or virements from elsewhere in the service's budget.

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

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

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

Rejected Growth Bids

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

Compensating Savings

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

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

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

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

Balances

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

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

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

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

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

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

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

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

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

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

Financial Implications

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

14.23 The financial implications of any proposal should set out:

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

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

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

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

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

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2009/10 LATEST REVENUE BUDGET COMPARED WITH FORECAST OUTTURN

	Original Budget £'000 (1)	Latest Budget £'000 (2)	Full Year Forecast £'000 (3)	Variance £'000 (3)-(2)
Service Area Budgets				
Children & Families	58,990	59,261	60,211	950
Environment & Culture	47,858	48,362	49,510	1,148
Housing & Community Care	101,929	101,686	101,776	90
Finance & Corporate Resources / Central Units/Business Transformation	25,542	25,774	25,774	0
Total Service Area Budgets	**234,319**	**235,083**	**237,271**	**2,188**
Central Items				
Capital Financing Charges/Net Interest Receipts/Capital Financing Reserve	20,818	20,748	18,271	(2,477)
Capitalisation Adjustment	(600)	(600)	(600)	0
Affordable Housing PFI	764	764	764	0
Other	1,427	1,419	1,419	0
Levies	9,802	9,704	9,401	(303)
Premature Retirement Compensation	5,330	5,330	5,215	(115)
Middlesex House	489	489	489	0
Remuneration Strategy	875	429	189	(240)
South Kilburn Development	570	570	570	0
Investment in IT	820	820	820	0
Insurance Fund	1,800	1,800	1,800	0
Civic Centre/Property Repairs and Maintenance	1,668	1,668	1,230	(438)
Neighbourhood Working	850	850	850	0
Future of Wembley	350	350	350	0
Performance Reward Grant	(2,000)	(2,000)	(1,817)	183
Performance Reward Grant Programmes	2,000	1,600	1,437	(163)
Elections	0	22	22	0
Positive Activities for Young People	369	369	369	0
LABGI Grant	0	0	(383)	(383)
Other Central Items	(1,267)	(747)	(280)	467
Total Central Items	**44,065**	**43,585**	**40,116**	**(3,469)**
Area Based Grants	(16,048)	(16,310)	(16,405)	(95)
Contribution to/(from) Balances	(500)	(522)	854	1,376
Total Budget Requirement	**261,836**	**261,836**	**261,836**	**0**
Balances B/Fwd	**8,013**	**8,054**	**8,054**	0
Contribution from Balances	**(500)**	**(522)**	**854**	1,376
Total Balances Forecast for 31st March 2010	**7,513**	**7,532**	**8,908**	**(1,376)**

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2010/11 REVENUE BUDGET

	2009/10 £'000	2010/11 £'000
Service Area Budgets (SABs)		
Children & Families	59,261	60,145
Environment & Culture	48,362	48,859
Housing & Community Care		
- Housing	14,136	27,665
- Adult Social Care	87,550	88,288
Business Transformation	10,470	10,441
Central Units	9,493	8,738
Finance and Corporate Resources	5,811	6,613
Total SABs	**235,083**	**250,749**
Other Budgets		
Central Items	43,985	51,035
Inflation Provision	0	300
Central Savings	0	(350)
Management Posts	0	(2,014)
Improvement and Efficiency Programme	0	(4,365)
Performance Reward Grant Programmes	1,600	2,100
Area Based Grants	(16,310)	(28,578)
Performance Reward Grant	(2,000)	(2,000)
Use of Balances	(522)	(1,408)
Total Other Budgets	**26,753**	**14,720**
Total Budget Requirement	**261,836**	**265,469**
Less		
Formula Grant	162,095	164,489
Plus Deficit on the Collection Fund	(1,154)	(1,162)
	160,941	**163,327**
Total to be met from CT for Brent Budget	**100,895**	**102,142**
Total to be met from CT for GLA Precept	**29,519**	**29,884**
Taxbase - Band D Equivalents	95,279	96,457
Brent Council Tax Requirement at Band D	**£1,058.94**	**£1,058.94**
Brent % Increase	**2.5%**	**0.0%**
GLA Precept	**£309.82**	**£309.82**
GLA % Increase	**0.0%**	**0.0%**
TOTAL BAND D including Precepts	**£1,368.76**	**£1,368.76**
TOTAL % Increase	**1.9%**	**0.0%**

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SERVICE AREA: Summary

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
Children & Families	59,261	(399)	2,368	(1,085)	0	60,145	0	0	0	60,145	0	0	0	60,145	0	0	0	60,145
Environment & Culture	48,362	(304)	1,336	(535)	0	48,859	0	0	0	48,859	0	0	0	48,859	0	0	0	48,859
Housing & Community Care																		
Housing	14,136	12,821	788	(80)	0	27,665	0	0	0	27,665	0	0	0	27,665	0	0	0	27,665
Adult Social Care	87,550	101	1,655	(1,018)	0	88,288	0	0	0	88,288	0	0	0	88,288	0	0	0	88,288
	101,686	**12,922**	**2,443**	**(1,098)**	**0**	**115,953**	**0**	**0**	**0**	**115,953**	**0**	**0**	**0**	**115,953**	**0**	**0**	**0**	**115,953**
Corporate																		
Business Transformation	10,470	(29)	0	0	0	10,441	(135)	0	0	10,306	0	0	0	10,306	0	0	0	10,306
Central Units	9,493	(755)	0	0	0	8,738	(477)	0	0	8,261	0	0	0	8,261	0	0	0	8,261
Finance & Corporate Resources	5,811	40	762	0	0	6,613	0	0	0	6,613	0	0	0	6,613	0	0	0	6,613
	25,774	**(744)**	**762**	**0**	**0**	**25,792**	**(612)**	**0**	**0**	**25,180**	**0**	**0**	**0**	**25,180**	**0**	**0**	**0**	**25,180**
TOTAL	**235,083**	**11,475**	**6,909**	**(2,718)**	**0**	**250,749**	**(612)**	**0**	**0**	**250,137**	**0**	**0**	**0**	**250,137**	**0**	**0**	**0**	**250,137**

Notes:

1. 2010/2011 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2011/2012 Budget = Column 6 + 7 + 8 + 9
3. 2012/2013 Budget = Column 10 + 11 + 12 + 13
4. 2013/2014 Budget = Column 14 + 15 + 16 + 17

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SERVICE AREA: Children & Families

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
Achievement and Inclusion	17,487	70	310	(544)		17,323				17,323				17,323				17,323
Social Care	33,175	93	2,058	(220)		35,106				35,106				35,106				35,106
Strategy and Partnerships	5,063	(50)		(135)		4,878				4,878				4,878				4,878
Finance and resource	3,536	(512)		(186)		2,838				2,838				2,838				2,838
						0				0				0				0
						0				0				0				0
TOTAL	**59,261**	**(399)**	**2,368**	**(1,085)**	**0**	**60,145**	**0**	**0**	**0**	**60,145**	**0**	**0**	**0**	**60,145**	**0**	**0**	**0**	**60,145**

Notes:

1. 2010/2011 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2011/2012 Budget = Column 6 + 7 + 8 + 9
3. 2012/2013 Budget = Column 10 + 11 + 12 + 13
4. 2013/2014 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Environment & Culture

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
BUILDING CONTROL	269	9	0	(24)	0	254	0	0	0	254	0	0	0	254	0	0	0	254
CEMETERIES AND MORTUARY	330	6	0	(24)	0	312	0	0	0	312	0	0	0	312	0	0	0	312
DIRECTORATE	2,679	(381)	250	0	0	2,548	0	0	0	2,548	0	0	0	2,548	0	0	0	2,548
ENVIRONMENTAL HEALTH	2,978	19	0	0	0	2,997	0	0	0	2,997	0	0	0	2,997	0	0	0	2,997
HEALTH, SAFETY & LICENSING	648	9	0	(2)	0	655	0	0	0	655	0	0	0	655	0	0	0	655
LIBRARIES	6,694	29	83	0	0	6,806	0	0	0	6,806	0	0	0	6,806	0	0	0	6,806
PARKS	3,459	23	35	0	0	3,517	0	0	0	3,517	0	0	0	3,517	0	0	0	3,517
PLANNING SERVICE	2,153	18	0	0	0	2,171	0	0	0	2,171	0	0	0	2,171	0	0	0	2,171
SPORTS	2,839	10	0	0	0	2,849	0	0	0	2,849	0	0	0	2,849	0	0	0	2,849
STREETCARE	25,438	(82)	968	(477)	0	25,847	0	0	0	25,847	0	0	0	25,847	0	0	0	25,847
TRADING STANDARDS	875	11	0	0	0	886	0	0	0	886	0	0	0	886	0	0	0	886
TRANSPORTATION	0	25	0	(8)	0	17	0	0	0	17	0	0	0	17	0	0	0	17
						0				0				0				0
TOTAL	**48,362**	**(304)**	**1,336**	**(535)**	**0**	**48,859**	**0**	**0**	**0**	**48,859**	**0**	**0**	**0**	**48,859**	**0**	**0**	**0**	**48,859**

Notes:

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4. 2013/2014 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Housing & Community Care - Housing

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
Public Sector																		
Middlesex House and Lancelot Rd. Scheme	632	0	248	0	0	880	0	0	0	880	0	0	0	880	0	0	0	880
Housing Resources Centre	3,995	(16)	0	0	0	3,979	0	0	0	3,979	0	0	0	3,979	0	0	0	3,979
Temporary Accommodation	3,292	27	500	(80)	0	3,739	0	0	0	3,739	0	0	0	3,739	0	0	0	3,739
Other Public Sector Budgets	(226)	0	0	0	0	(226)	0	0	0	(226)	0	0	0	(226)	0	0	0	(226)
Sub Total	**7,693**	**11**	**748**	**(80)**	**0**	**8,372**	**0**	**0**	**0**	**8,372**	**0**	**0**	**0**	**8,372**	**0**	**0**	**0**	**8,372**
Private Sector																		
Private Housing Services	1,061	0	0	0	0	1,061	0	0	0	1,061	0	0	0	1,061	0	0	0	1,061
Housing Solution	2,065	(5)	0	0	0	2,060	0	0	0	2,060	0	0	0	2,060	0	0	0	2,060
Other Private Sector Budgets	47	0	0	0	0	47	0	0	0	47	0	0	0	47	0	0	0	47
Sub Total	**3,173**	**(5)**	**0**	**0**	**0**	**3,168**	**0**	**0**	**0**	**3,168**	**0**	**0**	**0**	**3,168**	**0**	**0**	**0**	**3,168**
Other																		
Bed & Breakfast HB Deficit	500	0	0	0	0	500	0	0	0	500	0	0	0	500	0	0	0	500
Advice Centres	728	0	0	0	0	728	0	0	0	728	0	0	0	728	0	0	0	728
Supporting People Team	226	0	0	0	0	226	0	0	0	226	0	0	0	226	0	0	0	226
Supporting People Services	(500)	12,807	0	0	0	12,307	0	0	0	12,307	0	0	0	12,307	0	0	0	12,307
Policy and Development Unit	2,135	6	40	0	0	2,181	0	0	0	2,181	0	0	0	2,181	0	0	0	2,181
Other	181	2	0	0	0	183	0	0	0	183	0	0	0	183	0	0	0	183
Sub Total	**3,270**	**12,815**	**40**	**0**	**0**	**16,125**	**0**	**0**	**0**	16,125	**0**	**0**	**0**	**16,125**	**0**	**0**	**0**	**16,125**
HOUSING TOTAL	**14,136**	**12,821**	**788**	**(80)**	**0**	**27,665**	**0**	**0**	**0**	**27,665**	**0**	**0**	**0**	**27,665**	**0**	**0**	**0**	**27,665**

Notes:

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SERVICE AREA: Housing & Community Care - Adult Social Care

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
Adult Social Care																		
Older People Services	37,367	6	350	(483)	0	37,240	0	0	0	37,240	0	0	0	37,240	0	0	0	37,240
Learning Disabilities	18,430	12	1,105	(390)	0	19,157	0	0	0	19,157	0	0	0	19,157	0	0	0	19,157
Physical Disabilities	13,818	25	100	(115)	0	13,828	0	0	0	13,828	0	0	0	13,828	0	0	0	13,828
Mental Health	8,795	47	100	(30)	0	8,912	0	0	0	8,912	0	0	0	8,912	0	0	0	8,912
Core Services	6,969	16	0	0	0	6,985	0	0	0	6,985	0	0	0	6,985	0	0	0	6,985
Voluntary Sector	2,171	(5)	0	0	0	2,166	0	0	0	2,166	0	0	0	2,166	0	**0**	0	2,166
TOTAL	**87,550**	**101**	**1,655**	**(1,018)**	**0**	**88,288**	**0**	**0**	**0**	**88,288**	**0**	**0**	**0**	**88,288**	**0**	**0**	**0**	**88,288**

Notes:

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BUDGET MATRIX - OBJECTIVE ANALYSIS

SERVICE AREA: Business Transformation

	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
ITEM	**2009/2010 Approved Budget £'000 (1)**	**Budget Virements & Technical Adjustments £'000 (2)**	**Agreed Growth £'000 (3)**	**Savings £'000 (4)**	**Inflation £'000 (5)**	**2010/2011 Budget Forecast £'000 (6)**	**Budget Virements & Technical Adjustments £'000 (7)**	**Savings £'000 (8)**	**Inflation £'000 (9)**	**2011/2012 Budget Forecast £'000 (10)**	**Budget Virements & Technical Adjustments £'000 (11)**	**Savings £'000 (12)**	**Inflation £'000 (13)**	**2012/2013 Budget Forecast £'000 (14)**	**Budget Virements & Technical Adjustments £'000 (15)**	**Savings £'000 (16)**	**Inflation £'000 (17)**	**2013/2014 Budget Forecast £'000 (18)**
DIRECTORATE	218	0	0	0	0	218	0	0	0	218	0	0	0	218	0	0	0	218
HUMAN RESOURCES	3,682	(90)	0	0	0	3,592	0	0	0	3,592	0	0	0	3,592	0	0	0	3,592
PEOPLE CENTRE	13	11	0	0	0	24	0	0	0	24	0	0	0	24	0	0	0	24
INFORMATION TECHNOLOGY	821	20	0	0	0	841	0	0	0	841	0	0	0	841	0	0	0	841
CIVIC CENTRE	0	200	0	0	0	200	0	0	0	200	0	0	0	200	0	0	0	200
ONE STOP SHOPS	5,736	(170)	0	0	0	5,566	(135)	0	0	5,431	0	0	0	5,431	0	0	0	5,431
																		0
TOTAL	**10,470**	**(29)**	**0**	**0**	**0**	**10,441**	**(135)**	**0**	**0**	**10,306**	**0**	**0**	**0**	**10,306**	**0**	**0**	**0**	**10,306**

Notes:

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SERVICE AREA: Central Units

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
CHIEF EXECUTIVE	733	2	0	0	0	735	0	0	0	735	0	0	0	735	0	0	0	735
COMMUNICATIONS & DIVERSITY/REGISTRARS	2,857	20	0	0	0	2,877	0	0	0	2,877	0	0	0	2,877	0	0	0	2,877
LEGAL & DEMOCRATIC	1,347	21	0	0	0	1,368	0	0	0	1,368	0	0	0	1,368	0	0	0	1,368
POLICY & REGENERATION	3,189	92	0	0	0	3,281	0	0	0	3,281	0	0	0	3,281	0	0	0	3,281
OTHER CORPORATE	25	(25)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WORKING NEIGHBOURHOODS FUND	1,342	(865)	0	0	0	477	(477)	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**9,493**	**(755)**	**0**	**0**	**0**	**8,738**	**(477)**	**0**	**0**	**8,261**	**0**	**0**	**0**	**8,261**	**0**	**0**	**0**	**8,261**

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Notes:

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4. 2013/2014 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Finance & Corporate Resources

ITEM	YEAR 1	YEAR 2					YEAR 3				YEAR 4				YEAR 5			
	2009/2010 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Agreed Growth £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2010/2011 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Savings £'000 (8)	Inflation £'000 (9)	2011/2012 Budget Forecast £'000 (10)	Budget Virements & Technical Adjustments £'000 (11)	Savings £'000 (12)	Inflation £'000 (13)	2012/2013 Budget Forecast £'000 (14)	Budget Virements & Technical Adjustments £'000 (15)	Savings £'000 (16)	Inflation £'000 (17)	2013/2014 Budget Forecast £'000 (18)
FINANCE	3,681	15	0	0	0	3,696	0	0	0	3,696	0	0	0	3,696	0	0	0	3,696
REVENUES & BENEFITS	4,264	32	0	0	0	4,296	0	0	0	4,296	0	0	0	4,296	0	0	0	4,296
HB SUBSIDY	(1,783)	0	762	0	0	(1,021)	0	0	0	(1,021)	0	0	0	(1,021)	0	0	0	(1,021)
PROPERTY & ASSET MANAGEMENT	(351)	(7)	0	0	0	(358)	0	0	0	(358)	0	0	0	(358)	0	0	0	(358)
TOTAL	**5,811**	**40**	**762**	**0**	**0**	**6,613**	**0**	**0**	**0**	**6,613**	**0**	**0**	**0**	**6,613**	**0**	**0**	**0**	**6,613**

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INESCAPABLE GROWTH - 2010/11 - 2013/14

Service	Item	2010/11	2011/12	2012/13	2013/14	Comments
		£'000	£'000	£'000	£'000	
	Demand led growth					
C&F	Children with Disabilities	310				The Children and Disability Services budget has been under pressure for a number of years. The cost has increased with the complexity of support needed by some children as well as the number of children who are supported. The number of children needing one to one support has put pressure on existing respite centres to stay within budgetary constraints. In the medium term it is planned to change the provision of respite from specialist centres to provision within the borough's special schools to reduce the cost of respite provision.
C&F	Social Care Placements	1,286				The social care purchasing budget has been subject to an invest to save scheme since 2007. In this time, real terms costs of the placements has reduced by £1.6m since 2005/06. However, at the instigation of the invest to save placements were overspending by £2m, and the budget was reduced to reflect the delivery of the invest to save. The saving made by social care has never managed to bring the placement cost down to the budgeted level. However, over the period of the invest to save, numbers of children in care have reduced by 12% and these reduced numbers have been maintained for 18 months. Also, in relation to the number of children in care per 10,000 under 18, Brent's current outturn figure is consistently lower than statistical neighbours and the national average. The service has experienced a 24% increase in referrals, 57% in child protection investigations and 40% increase in child protection plans. The original invest to save scheme did not take into account the increase in adoptions, special guardianship orders and residence orders. The growth bid also includes £287k of overspend in respect of families with no recourse to public funds such as failed asylum seekers. The in-house fostering service has not delivered the increase in in-house carers necessary to reduce IFAs and the service is currently being reviewed in an effort to increase the numbers from 75 back up to 95 though recruitment is a lengthy process.
C&F	Housing and Support Services - 16 & 17 year olds - Southwark Ruling	701	603	222		The ruling confirmed the Government's view that a homeless child is 'in need' and falls under the Children's Act 1989 and is eligible for the full range of support from a local authority's children's service. To date homeless 16 and 17 year olds have been provided accommodation by Housing. The Housing Deparment estimate that this amounts to 40 children entering the system each year. In addition Children and Families has experienced a sharp increase in the number of children in this category over the first six months of this year. In total this would equate eventually to an additional 70-75 children in care each year as most children will stay for over a year. This will lead to additional placement, staffing and care leaver costs . Prior to the Southwark judgement 16 and 17 year olds provided for by Housing were able to claim benefits however once they come into care they will not be to claim these.
C&F	Safeguarding & Child Protection	71				Additional full year effects of Child Protection monies agreed in 2009/10
E&C	Streetcare	209	23			There are pressures from the need to provide additional rounds to collect organic waste for 6 months of the year (£60k) and more resources are required for the collection of clinical waste (£46k). There are additional costs for CCTV for contract monitoring, line rental and maintenance (£53k). The energy costs for extra illuminated street furniture (£50k) will also need to be funded.
E&C	Parks - Maintenance of facilities installed through the Playbuilder Pathfinder Scheme	35	15	15		This scheme will spend £1.1m on additional, high quality children's play facilities across Brent. Maintaining the quality of the facilities will require a maintenance budget and the appointment of an additional qualified playground inspector to ensure that the facilities remain safe and attractive (£35k). The scheme started in 2009/10 and will reach its full extent in 2012/13.
E&C	StreetCare - Street Lighting PFI Additional Lighting	20	20	20		Maintenance costs in the StreetLighting PFI continue to increase with new traffic and parking schemes increasing the stock of illuminated signs and bollards.
E&C	Town Centre CCTV.	15	15	15		The capital programme includes £135k per year to be spent on new CCTV installation. Revenue operating , maintenance and replacement costs are needed for the new cameras to be viable.

INESCAPABLE GROWTH - 2010/11 - 2013/14

Service	Item	2010/11	2011/12	2012/13	2013/14	Comments
		£'000	£'000	£'000	£'000	
H&CC	Learning Disability Transitions from Children and Families	637				The responsibility for paying the cost of care transfers each year on 1st August for all young people aged 19. The majority of transfers relate to learning disabilities and will need residential, homecare, respite and day care services. Adult Social Care also experience demand from the community from young people not currently receiving a service. The main pressure for 2010/11 relates to residential care where the number of young people and cost of their care packages are much higher than recent transitions. This amount is net of transfers out and assumed savings and includes application of £240k from the increase in the Social Care Reform Grant.
H&CC	Temporary Accommodation	500				Transitional arrangements for the new Temporary Accommodation Subsidy scheme for 2010-11.
H&CC	Middlesex House and Lancelot Road	248	25	24	25	General Fund costs as properties fall out of the HRA, in line with agreed Middlesex House financial model
F&CR	Housing Benefits Deficit/Administration Costs	762				The majority of housing benefit costs are covered by government grant however a proportion relating to overpayments is not fully funded. The overall costs of housing benefits are estimated to rise from £250m in 2008/09 to £300m for 2009/10 and the deficit is likely to rise proportionately. This pressure has already shown itself in 2009/10 and it is likely to continue in 2010/11
	Total demand led growth	**4,794**	**701**	**296**	**25**	
	Price led growth					
E&C	Willesden Green Library - National Non Domestic Rates	83				The end of transitional relief on the rates has meant additional costs for the Willesden Green Library Centre
H&CC	Residential and Respite Care Contract	320				The current residential and respite care service for people with learning disabilities is provided at Melrose House and currently does not meet the Care Quality Commission standards. The re-provided service will be on Tudor Gardens Site and the relocation of the service will be in place by March 2010. The new tender cost will be £1.192m which is £320k more than the current costs. Growth in this area will be met by savings from the Adult Social Care transformation programme.
H&CC	Care Purchasing Inflation	698				The base budget includes a zero per cent inflation increase for care purchasing. Negotations during 2009/10 saw increases of between 0 - 2% within an average of 1.4%. It is considered highly unlikely that care purchasing inflation will be kept to zero in 2010/11 across the board. Even where it is achieved, there are additional increases due to the turnover of residents so a 1% average increase has been allowed for.
	Total price led growth	**1,101**	**0**	**0**	**0**	
	Loss of income					
E&C	Parking Account	724				It is forecast that the current loss of income from PCN income, parking permit income and income from removals will continue into 2010/11
E&C	Land Charges	250				Unless substantial and early recovery in housing market takes place there will be a significant income shortfall for land charges. Currently a provision of £200k through the performance reward grant is provided in the 2010/11 budget to meet any shortfall.
H&CC	HRA/General Fund Recharges	40	385			Impact of stock transfers from South Kilburn and other sites
	Total growth due to loss of income	**1,014**	**385**	**0**	**0**	
	GRAND TOTAL - DEMAND, PRICE AND LOSS OF INCOME LED GROWTH	**6,909**	**1,086**	**296**	**25**	

PROGRAMME FUNDED BY PERFORMANCE REWARD GRANT 2009/10 - 2011/12

Service	Item	2009/10	2010/11	2011/12	Comments
		£'000	£'000	£'000	
	Growth Funded by Performance Reward Grant				
Central	The Local Area Agreement (LAA) team	209	209	209	The Local Area Agreement team is currently funded from performance reward grant received as a result of stretch targets in the first round of Local Public Sector Agreements. Funding at this level is needed for three years if the Council is to support the Local Strategic Partnership (LSP) and LAA2 process.
Central	Domestic Violence Prevention Programme	71	71	71	The ‘Domestic Violence’ project has been funded as a stretch target through the use of reward grants. It has been very successful in reducing domestic violence incidents. As well as contributing to the reduction of serious violence priority and more generally health and wellbeing outcomes, domestic violence is one of the main reasons that children become ‘Looked After’. Research shows that in care, life outcomes are less positive. The monies allocated contribute to an advocacy service based at Kilburn Police Station, providing advice and support to females subjected to domestic violence. Providing this service as part of the 'criminal justice ' process, places less burden on the police, who are able to devote more time to deliverying high quality investigations.
Central	Volunteering Programme	60	60	60	Volunteering work has previously been funded as a stretch target through the use of reward grants. The ‘Volunteering’ project has been very successful and has enabled the Volunteer Centre to attract an additional £578,000 from various sources for work from 2007-2011. Work with young volunteers aged 16-25 years and a supported volunteering project helps them to address some of the inequalities faced by certain groups, who find it harder to access volunteer opportunities.
C&F	Extended Schools Set-up Cost	116	0	0	Funding has been provided for extended schools set-up costs to replace growth in Area Based Grant allocation which has been used to help fund growth in child protection costs.
E&C	Sports Development for disabled children and diversionary activities for children at risk of getting involved in crime.	287	287	287	Within the Sports Development Team there are currently 2 full-time and 1 part-time Sports Development Officers (SDOs) posts funded by the LAA. These posts were introduced to focus on key priorities within LAA1; increasing adult participation in sport/physical activity , increasing sports participation by disabled children/young people and creating diversionary activities from crime for young people. Research shows that if people take part in regular sport as a child this will follow through into adult lifestyle. Brent has one of the lowest adult sports participation rates in London with over 56% taking part in no sports or physical activity on a regular basis and one way of tacking this is by encouraging young people to be active. There will are also initiatives aimed at low participation groups including the healthy walks programme in parks in Brent.
E&C	Directorate - Sustainability Green Zones	90	90	90	This allows the development of green zone 'nodes' around streets, parks, town centres and faith centres. It aims to engage and support residents to provide "resident to resident" support for changing behaviours to more sustainable ones. This will allow a dedicated member of staff, the involvement of Groundwork and £20k for incentives, materials, training and other expenses.

PROGRAMME FUNDED BY PERFORMANCE REWARD GRANT 2009/10 - 2011/12

Service	Item	2009/10	2010/11	2011/12	Comments
		£'000	£'000	£'000	
E&C	Directorate - Climate Change, NI 185 and NI 186	155	155	155	The NI185 indicator measures progress by local authorities in reducing carbon dioxide emissions arising from buildings and transport and includes schools and contractors. The NI188 indicator measures progress in adapting to and helping its community adapt to climate change through working with major organisations both public and private organisations and with local groups. NI 185 and NI 188 are indicators targetted for improvement in the Local Area Agreement. These monies will support a team of 3 staff costing £125k and £30k of monies for promotional work and events.
E&C	Libraries - Book Stock	100	100	0	An investment of an additional £100k in 2010/11 in the stock budget over that previously agreed will improve borrowing performance and visits to libraries by making the stock available in libraries more attractive.
E&C	Publicity for recycling	60	0	0	In order to maximise the quantity of targeted materials collected and aim to reach higher participation rates in all recycling schemes, a further advertising campaign has been included for 2009/10
E&C	Directorate - Loss of land charges income (For 2009/10 £400k included in Environment & Culture's budget)	0	200	0	The downturn in the housing market continues to seriously affect the number of local land searches processed. The central team responding to search requests is very small and there is no scope for reducing costs to match the income loss.
H&CC	Private Housing Services	50	83	83	Demand for Disabled Facilities Grants recently has increased significantly. Budget growth of £83k is required to address this in a full year, with the provision of two additional surveyors.
H&CC	Income Maximisation	90	90	90	There has been support from partners for a proposal for the Council to co-ordinate a programme of income maximisation across Brent - involving mapping services to enable people to maximise benefits.
H&CC	Advice Agencies	22	0	0	£22k was provided in 2009/10 for additional resources to meet anticipated increased demand arising from the current economic conditions
	Total Growth Items Spend	1,310	1,345	1,045	
Central Item	Contribution to/from Performance Reward Grant Reserve	290	755	-1,045	
	Total Growth Items Funded by Performance Reward Grant	**1,600**	**2,100**	**0**	

SERVICE AREA: CHILDREN AND FAMILIES

ANALYSIS OF SAVINGS

Unit	Item	2010/2011 £'000	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000
Achievement and Inclusion					
Youth Service	Deletion of one fieldwork staff post (currently vacant) and reduction in publicity budget	46			
Connexions	Using Dedicated Schools Grant(DSG) funding for the Gordon Brown Centre, increased hot desking and other miscellaneous savings	71			
Exclusions	Funding non-pupil referral unit educational provision for excluded pupils from Dedicated Schools Grant (DSG) funding	290			
School Improvement Service	Review of services provided by the School Improvement Service and reducing non-staffing budgets	50			
Children with Disabilities	Reduced rental charges and outsourcing of scanning/indexing	31			
Management (Departmental)	Reduction in legal and consultancy costs	27			
Educational Psychology	Reduction in agency and training budgets, and increased hot desking	25			
Social Care					
Management	Use of agency chair for Child Protection (CP) conferencing in one of the CP conference chair posts which is currently vacant.	17			
Business Support	Reduction in administration posts held by agency staff, plus reduction in maintenance and general training budget.	94			
Care Planning	Replacement of more expensive agency staff with permanent staff	37			
Commissioning	Miscellaneous cost savings (Non Staffing)	30			
Placements Service	Miscellaneous other savings (Non Staffing)	39			
Youth Offending	Miscellaneous costs- travel, stationary etc.	3			
Strategy and Partnerships					
Early Years	Use of Sure Start grant income to fund current budgets	104			
Management	Regrading of post (currently vacant) and other miscellaneous savings	15			
Finance and Performance					
Asset Management	2 posts held vacant and covered by agency staff where demand requires	55			
Finance	Reduced use of agency staff	72			
Communications & Support	Savings on DCSF pathfinder project, rent and other miscellaneous costs	54			
	TOTAL	**1,060**	**0**	**0**	**0**

SERVICE AREA: ENVIRONMENT AND CULTURE

ANALYSIS OF SAVINGS

Unit	Item	2010/2011 £'000	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000
Streetcare - Refuse and Cleansing - Bridge Washing	The current Veolia Contract has a dedicated Bridge Washing Team, with a tanker vehicle and 2 x HGV drivers. Veolia are to change the approach to this work, with the retention of the specialist vehicle crewed differently. The reduction of service should be minimal.	45			
Streetcare - Refuse & Cleansing -Intensive Cleaning	The current Veolia Contract has 2 dedicated Intensive Cleaning Teams. Now that we have achieved the LAA stretched target, the opportunity exists to remove this resource whilst retaining the 3 times per week residential area cleansing frequency.	120			
Streetcare - Refuse & Cleansing - Section 52(9) Costs	Projections of the current tonnages for waste are currently on a downward trend and it will be possible to reduce the budget for 2010/11 to reflect this.	300			
Cemeteries - Mortuary Staffing Savings	A review of staffing levels in the mortuary will lead to savings.	24			
Highways Operations - Overtime	It is proposed to remove all overtime that does not lead to income generation or Event Day Management.	6			
Highways Operations - Standby Arrangements	Changes from 1st October 2009 in Highways Operations to the existing arrangements have proven successful in responding to the majority of 24/7 emergencies. It is proposed to remove the existing StreetCare Waste standby arrangements.	6			
	TOTAL	**501**	**0**	**0**	**0**

SERVICE AREA: HOUSING AND COMMUNITY CARE

ANALYSIS OF SAVINGS

Unit	Item	2010/2011 £'000	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000
Adult Social Care	As part of the Direct Service Review it is considered that there is scope to generate £250k savings through the review of agency staff and overtime.	250			
Adult Social Care	A review of transport provision within the service should enable further savings to be made.	95			
Adult Social Care	Savings with residential care are being generated across services by the use of a fairer pricing tool. The OLM group are carrying out negotiations on behalf of the Council to achieve these savings	100			
Adult Social Care	The negotiation of residential and nursing packages across West London has the potential to achieve savings in Older People's Services through the increased purchasing power across the Boroughs	60			
Adult Social Care	Encouraging alternatives to residential care through supported living for example will generate £200k of savings.	200			
Adult Social Care	Three quarters of clients coming through from OSS will be offered a re-enablement service and this is expected to reduce net homecare expenditure by £313k.	313			
TOTAL		**1,018**	**0**	**0**	**0**

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SERVICE AREA: CENTRAL

ANALYSIS OF SAVINGS

Unit	Item	2010/2011 £'000	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000
Central	Consolidation of Communications function across the Council will deliver a coherent corporate communications service. The proposed new structure will allow for communications to be more responsive and effective, stopping low-level reactive work, delivering focused internal communications, and remove duplication of publications and effort.	200			
Central	A new system of E-recruitment has been adopted which will bring savings in the cost of arranging and placing job adverts in the press. The anticipated reduction in recruitment levels will also save costs.	150			
TOTAL		**350**	**0**	**0**	**0**

ADDITIONAL INCOME AND FEES AND CHARGES - 2010/11

Service	Item	Description	2010/11 £'000
C&F	Day Nursery Private Places/BACES/Youth Hall Rentals	Officers are proposing that day nursery private places rise by 3.2% generating £18k. Brent Adult Community Education Services (BACES) are expected by the Learning Skills Council to increase fees to make them more in line with actual cost of a place and the proposal is that charges rise by 1.5% generating an additional £5k contribution to Children and Families. Youth hall rentals are due to increase by 1% raising £2k of income.	25
E&CS	Building Control	An increase of 2% is being proposed. Fees are constrained to cost recovery over a number of years and operate in a competitive market where the increases may lead to a reduction in workload.	24
E&CS	Health Safety and Licensing	An increase of 2% is being proposed. Most of the income in this area is set by statute.	2
E&CS	Transportation	An increase of 2% is being proposed. This excludes work for Transport for London	8
H&CC	Furniture Storage	Officers are proposing all customers, including those currently receiving a free service, be charged the cost of the service and the charges reflect the current rates for removals and storage paid by the Council to the contractor, and should be levied at the same rate on working and non working customers.	80
	Total		**139**

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Adjustments and Transfers to and from Service Area Budgets 2010/11

Service Area	Unit	Adjustment	£'000
Children and Families	Achievement and Inclusion	Student Finances	(37)
Children and Families	Achievement and Inclusion	Connexions ABG	(15)
Children and Families	Achievement and Inclusion	Extended Schools ABG	(71)
Children and Families	Finance and Performance	Building Schools for the Future - Growth	(500)
Children and Families	Various Units	2009/10 Pay Award Reduction	241
Children and Families	Various Units	Agency Adjustment	(12)
Children and Families	Various Units	Travel Plan Parking Spaces	(5)
TOTAL			**(399)**
Environment and Culture	Directorate	Land Charge Income - Other Growth	(400)
Environment and Culture	Directorate	Enhanced Pension LPFA	(2)
Environment and Culture	Streetcare	Section 52(9) - Revised estimate for West London Waste Authority	(110)
Environment and Culture	Various Units	Travel Plan Parking Spaces	(2)
Environment and Culture	Various Units	2009/10 Pay Award Reduction	228
Environment and Culture	Various Units	Agency Adjustment	(18)
TOTAL			**(304)**
Housing and Community Care	Housing	Agency Adjustment	(17)
Housing and Community Care	Housing	Travel Plan Parking Spaces	(21)
Housing and Community Care	Housing	2009/10 Pay Award Reduction	52
Housing and Community Care	Housing	Supporting People - ABG Grant	12,807
Housing and Community Care	Adult Social Care	Learning Disability Development Fund	(1)
Housing and Community Care	Adult Social Care	Preserved Rights	(48)
Housing and Community Care	Adult Social Care	2009/10 Pay Award Reduction	163
Housing and Community Care	Adult Social Care	London Grants Scheme	(6)
Housing and Community Care	Adult Social Care	Travel Plan Parking Spaces	(7)
TOTAL			**12,922**
Central Units	Corporate Other	Budget Transfer	(25)
Central Units	Communications & Diversity	Local Involvement Networks	(1)
Central Units	Policy & Regeneration	Working Neighbourhoods Fund Adjustment	(865)
Central Units	Policy & Regeneration	Local Economic Assessment Duty	60
Central Units	Various Units	2009/10 Pay Award Reduction	85
Central Units	Various Units	Agency Adjustment	(9)
TOTAL			**(755)**
Business Transformation	Civic Centre	Budget Transfer	200

Adjustments and Transfers to and from Service Area Budgets 2010/11

Service Area	Unit	Adjustment	£'000
Business Transformation	Human Resources	London Councils Recharge	(22)
Business Transformation	Human Resources	Job Evaluation Posts	(85)
Business Transformation	One Stop Shop	Spend to Save	(206)
Business Transformation	Various Units	Travel Plan Parking Spaces	(4)
Business Transformation	Various Units	2009/10 Pay Award Reduction	98
Business Transformation	Various Units	Agency Adjustment	(10)
TOTAL			**(29)**
Finance & Corporate Resources	Various Units	2009/10 Pay Award Reduction	83
Finance & Corporate Resources	Various Units	Travel Plan Parking Spaces	(23)
Finance & Corporate Resources	Various Units	Agency Adjustment	(20)
TOTAL			**40**
GRAND TOTAL			**11,475**

	2009/10 Grant	2010/11 Grant	Change 2010/11
Children & Families	**£'000**	**£'000**	**£'000**
Connexions	2,484	2,470	-14
Children's Fund	1,038	1,038	0
Child Trust	5	6	1
Positive Activities for Young People	882	1,145	263
Teenage Pregnancy	134	134	0
Children's Social Care Workforce (formerly HRDS and NTS)	185	185	1
Care Matters White Paper	417	485	68
Child Death Review Processes	75	78	3
Young People's Substance Misuse Partnership	38	38	0
Social Care Checks Funding	1	0	-1
Young People's Substance Misuse	137	137	0
Carers	323	343	20
Child and Adolescent Mental Health Services	992	1,044	52
Learning Skills Transfer	0	244	244
Total Children and Families	**6,711**	**7,347**	**636**
Schools			
School Development Grant (Local Authority element)	845	845	0
Extended Schools Start Up Costs	922	379	-543
Primary National Strategy – Central Coordination	155	155	0
Secondary National Strategy – Central Coordination	162	162	0
Secondary National Strategy – Behaviour and Attendance	68	68	0
School Improvement Partners	91	91	0
Education Health Partnerships	139	74	-65
School Travel Advisers	25	25	0
Choice Advisers	46	46	0
School Intervention Grant	54	54	0
14-19 Flexible Funding Pot	71	72	1
Sustainable Travel General Duty	18	18	0
Extended Rights to Free Transport	7	11	4
Designated Teacher Funding	12	12	0
Total Schools	**2,616**	**2,014**	**-603**
Environment & Culture			
Enviromental Damage Regulations	0	0	0
Climate Change	23	23	0
Total Environment	**23**	**23**	**0**
Housing			
Supporting People Administration	199	171	-28
Supporting People	0	12,807	12,807
Total Housing	**199**	**12,978**	**12,779**
Adult Social Care			
Adult Social Care Workforce	757	774	17
Carers	1,215	1,289	74
Learning Disability Development Fund	280	279	-1
Mental Capacity Act and Independent Mental Capacity	173	165	-8
Mental Health	939	983	44
Preserved Rights	1,254	1,206	-47
Total Adult Social Care	**4,617**	**4,696**	**80**
Corporate			
Community Call for Action/Overview Scrutiny Cmmtte	2	2	0
Stronger Safer Communities Fund	342	342	0
Local Involvement Networks	185	184	-1
Working Neighbourhoods Fund (replaces Neighbourhood Renewal Fund)	1,442	577	-865
Preventing Violent Extremism	268	350	82
Economic Assessment Duty	0	65	65
Total Corporate	**2,239**	**1,520**	**-719**
Grand Total	**16,405**	**28,578**	**12,173**

Note 1: Figures are rounded to the nearest £'000 which means there are some rounding errors
Note 2: Economic Assessment Duty is a new grant
Note 3: The Supporting People Grant was previously a specific grant.
Note 4: Learning Skills Transfer is a new grant

	2009/10 Grant	2010/11 Grant	Change 2010/11
Children & Families	**£'000**	**£'000**	**£'000**
1-2-1 Tuition	713	1,488	775
Aiming High for Disabled Children	287	894	607
Early Years - Flexibility of Free Entitlement for 3-4 Year Olds	2,977	2,960	-17
Sure Start, Early Years and Childcare	9,162	10,163	1,001
Targeted Mental Health in Schools	220	150	-70
Think Family Grant	430	430	0
Two Year Old Offer - Early Learning and Childcare	630	888	259
Youth Opportunity Fund	178	178	0
Contact Point	160	0	-160
Playing for Success	84	80	-4
Total Children and Families	**14,842**	**17,232**	**2,390**
Schools			
Ethnic Minority Achievement	4,981	5,385	405
Extended Schools - Subsidy	196	1,062	866
Extended Schools - Sustainability	728	1,025	298
London Pay Addition Grant	735	1,029	294
Music Grant	381	385	3
School Development Grant	12,909	13,303	394
School Lunch Grant	436	433	-3
School Standards Grant	8,589	8,909	320
Targeted Support for Primary & Secondary Strategy	1,552	1,259	-293
Total Schools	**30,506**	**32,790**	**2,284**
Environment & Culture			
Free Swimming Programme	215	215	0
Total Environment and Culture	**215**	**215**	**0**
Housing			
Homelessness	806	805	-1
Supporting People	12,807	0	-12,807
Total Housing	**13,613**	**805**	**-12,808**
Adult Social Care			
Social Care Reform	1,069	1,309	240
Learning Disability Campus Closure Programme	150	247	97
Stroke Strategy	96	96	0
Aids Support Grant	328	0	-328
Total Adult Social Care	**1,643**	**1,652**	**9**
Corporate			
Growth Areas - Revenue	110	0	-110
Total Corporate	**110**	**0**	**-110**
Grand Total	**60,928**	**52,694**	**-8,235**

Extract from Minutes - Council Meeting 23rd November 2009

FIRST READING DEBATE ON 2010/11 to 2012/13 BUDGET

11. To hold a first reading debate - 2010/11 to 2012/13 budget

Councillor Lorber introduced the reports of the Executive and Director of Finance and Corporate Resources. The report of the Executive (separately circulated) set out the Administration's top priorities for activity, spending and saving. The report from the Director of Finance and Corporate Resources presented the best information available to the Council at the present time on the Budget position. It contained assumptions of external funding for 2010/11 based on figures in the current Comprehensive Spending Review, including a 1.5% increase in Formula Grant. The report pointed out that there was considerable uncertainty about funding in later years with an expectation that this would not become clearer until after a General Election. Councillor Lorber stated that as the current year progressed the consequences of the economic recession became clearer. The Council had launched an Improvement and Efficiency Strategy designed to save at least £50M over the next four years. There was no expectation that the Council would receive an increase in funding over this period despite the local population growth placing additional demands on council services. The priorities of the Council were to deliver improved services to residents whilst reducing costs and creating a 'One Council' approach. In the longer term a key aspect of this strategy would be the building of the new Civic Centre. Councillor Lorber referred to transformation projects in adult social care and children's social care which had already produced better services for less money. He confirmed that the four key priorities set out in the Corporate Plan - crime and community safety, young people, environmental sustainability and regeneration, would continue to be the priorities for directing resources into. Councillor Lorber referred to uncertainty caused by the Government changing funding decisions such as withdrawing nearly £4M from the Working Neighbourhood Fund and now threatening to withdraw funding from London for the Freedom Pass which would cost the Council over £1M a year. Councillor Lorber referred to many of the achievements of the Council since 2006 and stated that the Administration would continue to work on improving services.

Councillor Blackman referred to the serious problem of massive Government debt which the Government would have to take action to reduce and he felt this would particularly affect capital projects. He referred to past successive Council budgets that had effectively more than doubled the Council Tax compared with the current Administration which had, over its term, increased the Council Tax by less than 10% with a promise of no increase next year. The Council would meet its responsibility to produce a balanced budget on the assumption of no extra money coming in to the Council and at the same time not squeezing the Council Tax payer. Councillor Blackman referred to dramatic improvements in Council services and made reference to improved customer satisfaction.

Councillor Detre supported the Improvement and Efficiency Strategy as the way to provide value for money services. He felt the One Council approach could be extended to looking at ways the Council could further support the many organisations in the borough that provided services to residents.

Councillor Clues referred particularly to the work undertaken on community safety and remarked on how coherent the Council's strategies had been. He emphasised the importance of partnership working and referred to the Council's robust and progressive programme which had delivered services producing greater satisfaction.

Councillor Wharton explained the cost pressures facing the Children and Families service which were almost as great as those facing Adult Social Care. The number of referrals had been rising before the Baby Peter case accelerated this and there were increased demands from children with disabilities. The rise in demand for services had been met by improving efficiency. He used as an example the review of Brent Transport Services that had saved £1M and improved satisfaction rates.

Councillor Matthews referred to earlier discussion and added that consideration had to be given to how improved services could be delivered at less cost. Accessing additional funds was an important part of delivering the services that came within her portfolio of crime prevention and community safety and she outlined some of the initiatives undertaken to attract funds and provide new services.

Councillor Coughlin suggested that it was usual for an administration to have clear policies rather than only reference to an Improvement and Efficiency strategy which he felt simply set out a four year plan to save money. He submitted that any government could be blamed for a lack of resources but asked what improvements the Council intended to make, what spending plans it had, what approach would be adopted towards fees and charges and what areas were a priority for spending money on. Councillor Coughlin added that much was made of past Council Tax increases but no action had been taken to reverse these increases over the last three years.

Councillor Allie spoke of the challenges for the Council post May 2010 but stated that the housing service had already risen to the challenge and achieved a 4 star service. He outlined some of the achievements of the service.

Councillor Van Colle considered that the Council faced a situation that nobody had faced before. He questioned how any plans for growth could be considered when it was clear the Council would not have the money to fund these. He stated that if the Improvement and Efficiency strategy was successful this might free up some resources and on this basis he was hopeful for the future.

Councillor Dunwell questioned the ability of each of the three main parties on the Council to deal with the challenges facing the Council.

Councillor Mendoza stated that despite the knocks taken on the capital programme, withdrawal of grant monies, the Baby Peter case and difficulties with the PCT, the Council had over the last three years remained on course to deliver its programme. He felt the Council's reputation had been improved and was excited by the Improvement and Efficient strategy.

Councillor Sneddon outlined the achievements under his portfolio of Human Resources & Diversity and Local Democracy & Consultation.

Councillor HB Patel stated that over the last 4 years the Council had improved many aspects of its services and dealt with the service priorities in an efficient way.

RESOLVED:-

that the reports from the Executive and the Director of Finance and Corporate Resources on the 1st Reading of the 2010/11 Budget be noted and that the views submitted by Members during the course of the 1st Reading Debate be referred to the Budget Panel for noting.

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Budget Panel

Final Report

March 2010

Membership

Councillor Mendoza (Chair)
Councillor V Brown (Vice Chair)
Councillor Butt
Councillor Cummins
Councillor Gupta
Councillor Van Kalwala

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Chair's Foreword

It is with great pleasure that I introduce the final report of the Brent Council Budget Panel.

In this fourth year of the Budget Panel's operation, the Panel's members continued to build on their expertise developed in scrutiny and inquiry in order to test the premise that the 2010/11 Budget put before us was robust, realistic and able to deliver the priorities in the Council's Corporate Strategy. With the lessons and experience of previous years providing a blueprint for progress, members were able to utilise diverse methodologies in order to provide a system of checks and balances for the Executive to note during the Budget making process.

This has of course been a particularly difficult financial year given the impact of the recession nationally. Brent has of course not been immune from the effects of negative economic growth, and the Budget Panel was able to provide a forum for discussion on matters such as the continued effect of the loss of parking and planning revenues occasioned by the financial crisis. We were also able to assess the effects of changes in government policy – such as the Personal Care at Home Bill – on departments' abilities to stay within budget, and their impact on Brent's Budget strategy as a whole. I would like to think that the cumulative effect of having to prepare for and present reports to the Panel helped both the Executive and Service Heads adjust to the rapidly changing circumstances. Their efforts to mitigate adverse economic conditions and unexpected policy transformations have been duly noted.

My colleagues and I took evidence from a wide range of witnesses in the course of our enquiries. On behalf of the Panel I would therefore like to thank those officers and Executive Members who took the time to prepare presentations and attend our meetings in order to assist the Panel with its work:

Executive Members Councillor Lorber, Leader of the Council and Councillor Blackman, Lead Member for Resources.

- Martin Cheeseman Director, Housing and Community Care
- John Christie Director, Children & Families
- Richard Saunders Director, Environment & Culture
- Phil Newby Director, Policy & Regeneration
- Graham Ellis Director, Business Transformation
- Michael Read Assistant Director, Environment & Culture
- Terry Osborne, Borough Solicitor
- Cathy Tyson Assistant Director Policy

I would also like to take this opportunity to thank our Panel members for their efforts during the course of our deliberations. Their dedication and proactivity ensured a lively and productive overview and scrutiny process:

- Cllr Valerie Brown
- Cllr Muhammed Butt
- Cllr Mark Cummins
- Cllr Pawan Gupta
- Cllr Zaffar Van Kalwala

Particular thanks must also go to Mr Duncan McLeod and Mr Mick Bowden, the Director and Deputy Director of Finance and Corporate Resources, and Ms Jacqueline Casson of the Policy and

Regeneration Unit, for their support of the Panel's work. We particularly welcomed Mr Bowden's contribution in the first year of his new position at a particularly challenging time for the Borough.

As has become customary, the recommendations set out in our report fall into three major areas: generic recommendations reiterated from 2009/10, requests for further action on recommendations carried forward from 2009/10, and specific and thematic short and medium term recommendations for the Council to work towards in 2010/11 and beyond. Continuing the trend of co-operation that has been seen during the Panel's period of existence, I am pleased to say that the Executive has responded positively to all of our suggestions over the course of the reporting process, as reiterated by Cllr Blackman at the final meeting of the Panel this year. We therefore look forward to continued progress in their implementation over the course of the coming year.

I must also highlight two particular areas of concern and one area of special interest for the Panel.

The first of these is in the field of scenario planning after the next general election, which is due by June 2010 at the latest. The Panel is aware that a new government, of whatever political hue, will need to take remedial steps to curb public expenditure in order to tackle the financial deficit. Local government is likely to be an appealing target for any such action and the Panel would like officers to consider detailed plans in advance of this possibility in order to be prepared for any cuts in government expenditure well in advance of their announcement.

The second area of concern is that the Council's Improvement & Efficiency Strategy – which we greatly welcome on a conceptual level in order to transform the way that services and savings are delivered - will need very careful monitoring in order to ensure that the benefits mooted by its introduction can actually be delivered. Given the requirement to make vast savings over the coming four year cycle, and the imperative to improve services for residents, the Strategy outlined is a very ambitious one and does not leave much room for manoeuvre in case of implementation difficulties. While we are satisfied that the Executive and officers are alert to the risks and have learned the lessons of past implementations of new far-reaching strategies, we would still urge particular attention to be given to the practical difficulties of introducing any new programme of this size and scope.

The Panel also thought it particularly relevant for this round of scrutiny to consider how successfully this administration's Corporate Strategy objectives had been delivered over the four year period of their lifetime. We heard that of the 212 priorities contained within the Corporate Strategy 31% have been completed, 62% were still in progress but on course for completion and 7% were either not achieved or were no longer required. While a 93% success rate on such a diverse and wide-ranging set of objectives is to be commended, the Panel always aspires to perfection and hopes that the next administration will learn from some of the structural difficulties encountered in the latter category.

Finally, I would like to thank those Councillors who attended our special Budget presentation meeting this year and took the opportunity afforded to engage in free and frank questioning and discussion with Cllr Blackman on the Budget's implementation and aims. The Panel appreciated both their efforts and also Cllr Blackman's willingness to respond so fully and candidly.

Cllr Alan Mendoza
Chair Budget Panel

1. Introduction

The Budget Panel was set up in September 2006 during the first year of the current administration. The aim of the Panel was to develop the budget scrutiny process to enable a more in depth review of the budget than had previously taken place, and to alow more members to become involved in the budget scrutiny process, the issues and the options. As this is the final year of this administration and the seminal year for the implementation of Brent Council's Improvement and Efficiency Strategy, the role of the Budget Panel in challenging the administration and leading officers about the implementation of Brent's Corporate Strategy during the life of the administration and future plans is of increased importance.

Following the launch of the Improvement and Efficiency Strategy in September 2008 the Budget Panel spent some time looking at the deliverability and impact of service transformation on the council's three big service departments. Since then the consequences of the financial situation nationally, the recession locally and the prospects of serious financial constraint coupled with rising customer expectations has meant that the council has had to take a more fundamental review of how the organisation operates and what it delivers. Detailed research, analysis and consultation with staff and members has resulted in the development of Brent's Improvement & Efficiency Action Plan 2010 – 2014, which was launched in September 2009. The Action Plan, how it is being implemented and the council's capacity to deliver the targets set out in the plan, has been the key focus of the Budget Panel this year.

The overall aim of the Budget Panel is to undertake an in-depth review of the key budgetary issues facing the council and influence the development of the administration's budget proposals. Then, using the knowledge and understanding gained through this process, to scrutinise and make recommendations on the administration's draft budget prior to it being agreed at Full Council. In addition we also see our role as a source of easily understandable information for all non executive members enabling robust challenge and debate on the administration's budget proposals.

Our remit is to examine the budget and assess whether or not it is realistic, and can deliver the main priorities in the corporate strategy. The terms of reference include:

- Examining the principles for budget setting
- The robustness of the budget and the ability to deliver savings
- The impact of 'invest to save' projects
- The impact of the Improvement & Efficiency Action Plan
- Key revenue budget outputs and decisions
- Key capital budget outputs and decisions
- The Medium Term Financial Strategy

We have opportunities to make our 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 report is the final report of the Budget Panel and contains the Budget Panel's recommendations on the draft budget as agreed by the Executive . The recommendations in the report fall into the following categories:

- Recommendations in our previous (February 2008) report in relation to the 2008/09 budget which need to be reiterated in relation to the 2009/10 budget.
- New recommendations which have come out of our work on the 2010/11 budget.

2. Recommendations

A. Recommendations reiterated from 2009/10 Budget Review

1) That balances should be set at an adequate level. In deciding what the adequate level is, the Budget Panel strongly advise the administration to be guided by the Director of Finance and Corporate Resources.
2) That long term budgetary and service delivery risks should be assessed and explained when making decisions on savings.
3) That the budget should be robust, realistic and predictive of future demand to avoid overspends.
4) That there should be no increases in planned levels of unsupported borrowing given the impact this has on the longer term financial prospects of the authority.
5) That all members be encouraged to attend future meetings of the budget panel to raise awareness of the items within the budget and feed into the budget scrutiny process. The budget panel proposes that one of its meetings or a portion thereof be earmarked for the purpose of taking submissions from other members and that they be invited accordingly.

B. Recommendations from 2010/11 Budget Review

6) Given the current budget challenges and demands facing the council and future financial constraints facing the public sector, the administration should ensure that in setting a budget for 2010/11 future budgets are not further strained by the excessive use of one-off resources.

7) Given that there is likely to be reductions in government spending after the general election regardless of the political orientation of the new government, the council should undertake detailed scenario planning prior to the local and general elections on how it will address the need to make such savings taking account of the main policies of all major political parties in order to assess where likely funding problems might arise.

8) That the overview & scrutiny function plays a key role in the governance of the Improvement and Efficiency Strategy and Action Plan.

9) That savings targets identified in the Improvement & Efficiency Action Plan are profiled and monitored, and that the lessons learned from the previous Invest to Save programme - both positive and negative - are brought to bear in ensuring that the ambitious efficiency targets are met. This information should be regularly reported to the Budget Panel.

10) That the council ensures that it learns from the experience of other local authorities undertaking improvement and efficiency programmes and shares our experience with others.

11) That the effectiveness of the council to deliver large scale change as set out in the Improvement and Efficiency Action Plan is assessed, and any weaknesses are addressed.

12) That the council lobbies the government on the currently proposed changes to concessionary fares and on any future changes that will have a detrimental effect on our local community and council finances.

13) That the council lobbies the government to ensure that sufficient funds are provided to meet all additional costs that arise from the proposals in the Personal Care at Home Bill.

14) That the council develops a long term sustainable Housing Revenue Account business plan and continues to lobby for changes to the current national housing finance system.

15) That at the end of the current administration a review is undertaken to assess where priorities in the Corporate Strategy have not been delivered and the reasons for this. This will provide the new administration with the necessary information to decide whether the items should be included in the new Corporate Strategy, as well as indicating whether the priority became obsolete or was not funded as other priorities were deemed more urgent.

16) That the future Corporate Strategy contains clear costs and risks set out against each priority. This should be used as a framework for comprehensive mapping of the risks faced by the council and new administration.

17) That members receive regular information on performance against the corporate strategy.

18) That an assessment is made of the impact on the capital programme of improving the standard of roads and footways in Brent to the upper quartile of London boroughs.

19) That the council pursues the accurate reflection of the population of Brent in the 2011 census.

3. Methodology

The budget scrutiny process mirrors that of the budget setting process and started in July 2009. At our first meeting we received information on the provisional revenue outturn, the budget process for 2009/10 and the implementation of the recommendations the Panel made last year. The resulting discussions helped to inform the development of our work programme and highlighted the evidence we would need to receive. So far we have taken the following evidence:

- The Director of Finance & Corporate Resources provided a report on the budget strategy 2010/11 – 2013/14. In addition he provided regular updates on the budget process, budget gap and future financial prospects of the council.
- The Director of Policy & Regeneration provided detailed information on the impact of the recession in Brent.
- A report outlining the key issues and latest developments concerning the Housing Revenue Account (HRA).
- The Assistant Director of Policy provided a detailed presentation on Brent's Improvement & Efficiency Action Plan and achievements against the Corporate Strategy.
- The Director of Housing and Community Care provided information on the Adult Social Care budget and forecast for 2009/10, longer term budget pressures and service transformation both nationally and locally.
- Councillor Paul Lorber, Leader of the Council, set out the administration's priorities.
- The Director of Children and Families provided information about the budget and forecast for 2009/10, longer term budget pressures and the impact of service transformation.
- The Director of Environment & Culture provided information on their budget pressures and risks, budget solutions and how the service would contribute to delivering the Improvement and Efficiency Action Plan
- The Director of Business Transformation provided an overview of the project initiation document for the structure and staffing review (Gold Project)
- The Borough Solicitor provided an overview of the project initiation document for the strategic procurement review (Gold Project)

Discussion – First Interim Report

4.0 Budget Gap

4.1 At our first meeting in July 2009 we received a report on the medium term financial strategy. This set out assumptions about resources available to the council and presented the projected budget gap for the next four years on the assumption of a 0% Council Tax rise. The 2010/11 gap was identified as £14.1m. We heard that although this was within the range of previous years, the cumulative figure of £53.7m by 2013/14 supported the argument for a move away from an incremental approach to saving and budget setting to a more radical approach focusing on securing efficiencies, reducing waste and duplication and increasing income generation.

4.2 By the time the figures were reported to Full Council as part of the First Reading Debate in November 2009 the budget gap, assuming a council tax freeze, had been reduced to £8.9m. The main reasons for this were a reduction in the assumptions for pay and prices due to the low levels of inflation and an increase in the estimated council tax base.

4.3 The First Reading Debate report also set out measures that could be taken to reduce the gap. The main ones were:

- *Surplus carried forward from 2009/10* – work is being undertaken to identify a surplus. We heard that this had happened in previous years so was achievable though difficult.
- *Identifying additional savings* – permanent changes would provide benefits for 2010/11 and future years.
- *Fees and Charges* – members may wish to consider rises in specific areas.
- *The Improvement And Efficiency Strategy* – the implementation of this via the action plan provides the greatest scope for closing the gap this year and in future years.

4.4 We were concerned that the report highlighted that, based on budget monitoring report to the end of September, the forecast level of balances at 31st March 2010 was £5.6m, which is below the £7.5m target set in 2009/10. The leader of the council told us that this was a similar level to that reported at a same stage last year. The Director of Finance and Corporate Resources stated that he believed that as departments got their overspends under control balances would return to the budgeted level, but any remaining overspends would impact on the level of balances.

4.5 The Panel questioned whether the *invest to save programmes* had delivered the projected savings in previous years. While it was acknowledged that some projects like that in Children and Families had delivered savings, others had been less successful in freeing up resources. We were informed that the invest to save concept was being pursued and the council had learnt from these programmes and was already getting better at managing the process.

4.6 We explored how robust the new approach to budget setting is. We heard that budget setting had become more straightforward since the introduction of a three year settlement. However the Budget Panel itself has previously raised concerns that large parts of the budget were not being scrutinised in any depth and changes to the budget were largely being made at the margins. This Improvement and Efficiency Strategy allowed for a fundamental analysis of what the council was spending money on and what was being delivered.

4.7 Given the importance of the implementation of the Improvement and Efficiency Strategy and Action Plan to the council's future ability to set realistic budgets, reduce costs and deliver services on behalf of our local community, a large part of the Budget Panel's work programme has focussed on the Action Plan and this is reflected later in this report.

5.0 Budget Pressures

5.1 The Panel has spent some time exploring the budget pressures facing the council. We were keen to explore medium and longer term issues as well as some of the immediate pressures facing our services. In particular we were keen to hear about:

- The local impact of the recession
- Inescapable growth
- Government funding decisions.

5.2 The Director of Policy & Regeneration informed us that economic data indicated that the impact of the recession in Brent had been mixed. The biggest impact was on our most deprived wards, which were also the council's priority for regeneration. Unemployment has seen a steep rise, and the take up of housing and council tax benefit has increased. Acquisitive crime had increased, in particular burglaries. However, the level of street crime had decreased.

5.3 A number of actions were being taken to mitigate the effects of the recession which included a benefits take up project and an income maximisation project. However we heard that difficult decisions would need to be taken in relation to successful projects like Brent in2 Work given the reduction in funding available via the Working Neighbourhoods Fund.

5.4 The Director of Environment and Culture told us that his service's budget pressures, which amounted to a total of £2.2m, were mainly driven by the recession. A drop in land charges amounted to £150k in 2009/11. Future income levels are uncertain following a recent ruling from the Information Commissioner meant that under the Environmental Information Regulations requests for information about land charges could no longer attract a charge. The biggest budget pressure in 2009/10 was the £1.1m shortfall in the parking account. We were told that the number of penalty notices had reduced as a result of increased compliance and possibly as a result of the recession. This reduced income could continue to be a pressure on the 2010/11 budget.

5.5 In some areas income was related to expenditure, so it was easier to adjust costs, such as staffing levels when income fell. In other areas, such as land charges, this correlation did not exist so reducing expenditure was not possible. Measures were being taken by the department to reduce the projected overspend which included a zero based budget exercise in Libraries and StreetCare, holding posts vacant, reducing the use of agency staff and service unit target savings. There remains a predicted residual shortfall of £600k which was proving intractable.

5.6 The Budget Panel explored ways in which the shortfall could be reduced, in particular the suggestion that street cleaning could be reduced in some areas. The Director of Environment & Culture said that this was being explored and there were areas where a reduction to once or twice a week would have minimal impact, though the Director stated that in other areas a reduction in service would generate complaints. We pressed for other options for reducing the shortfall. We were informed that the use of overtime was being examined. We were also told that a quicker than expected economic upturn would have a positive impact.

5.7 The Director of Housing and Adult Social Care told us that the projected overspend for the Adult Social Care budget was relatively small at £127k. Work was being undertaken to reduce this but he emphasised that this budget was volatile and demand led. Key longer term budget pressures identified were:

- Demographics – more people living longer with more years of dependency. An increase in transition cases from young people to adults
- Possible legislative changes – Adult Social Care Green Paper
- Managing the personalisation agenda – cost of choice, twin tracking of types of provision and ensuring the service remains in the overall budget envelope.

5.8 The main strategy for reducing the shortfall and tackling the longer term budget pressures was service transformation both nationally and locally. Nationally the focus of transformation was on preventing need, providing choice and maximising the independence of service users. Locally this is being picked up as a gold project in the council's Improvement and Efficiency Action Plan.

5.9 The Department of Health has recently issued a consultation paper on the Personal Care at Home Bill. We heard that this focuses on helping more people with care needs to stay at home for as long as possible and could guarantee free personal care for up to 400,000 people nationally. If agreed this will be funded via a specific revenue grant from October 2010. The grant will cover extra cost relating to loss of income from charges and additional service users who currently do not receive publically funded care. Some of the funding, 37%, is planned to come from local government efficiency savings. Initial calculations by the Government estimate that for Brent this would be between £497k and £635k in 2010/11. As implementation is planned for 1st October 2010 this figure will at least double in 2011/12. We would therefore like to ensure that the council lobbies for sufficient funding to meet new demand.

5.10 The Director of Children and Families informed us that an overspend of £2.5m for 2009/11 had been predicted in May 2009, but by November this had been reduced to £400k. Without the current invest to save project the projected overspend would have been much worse. However, the department was still working to increase the number of in-house foster carers in Brent and had commissioned an independent review into this as an increase would not only generate significant savings but would provide a better outcome for children. The children's services transformation had now become a gold project in the Improvement and Efficiency Action Plan.

5.11 The Director told us that there had been a general increase in social care activity, for example referrals under section 47 of the Children Act 1989 were predicted to be 5,456 in 2009/10, this compared with 3,434 in 2008/9. Increased awareness following Baby P and on issues such as domestic violence had contributed to this. The council had put an extra £1m into children's social care, which has been used to increase the number of social workers and specialist staff for audit and quality control of cases.

5.12 Other budget pressures outlined to the Budget Panel included an increase in the proportion of young people, an increasing birth rate and greater movement into the borough. In addition there was concern about the impact of the Southwark judgement by the House of Lords, which ruled that looked-after child status should be extended to 16 and 17 year olds. This would cost Brent Council between £800k and £1.6m. While there had been no significant financial impact this year, it was clear that there would be in 2010/11 and beyond.

5.13 The First Reading Debate papers published in November 2009 revised the itemised inescapable growth to £2.038m from £1.849m identified in March 2009, leaving £1.811m within the general provision for inescapable growth. It was reported that any new inescapable growth above this figure would increase the budget gap.

5.14 The Budget Panel was concerned to hear that potential changes to how the government grant for concessionary fares will be allocated could result in an additional cost to the council of £1.1m.

5.15 Given the Budget Panel's previous interest in the population figures and what that means to the council in terms of government grant we were alarmed to hear that the Office for National Statistics (ONS) 2008 mid-year population estimate amended Brent's population down to 261,000. Brent Council's own estimate and the GLA's estimate both indicated a population of around 280,000. This would not affect the 2010/11 budget, but it would impact on the 2011/12 budget. The council would be responding to a consultation on this and would be lobbying to change the figure. This underlines the importance of ensuring a good return on the next census.

6.0 Improvement & Efficiency Action Plan

6.1 The Budget Panel received a presentation of Brent's Improvement and Efficiency Action Plan, which was developed to implement the Improvement and Efficiency Strategy. The economic situation had given the Improvement and Efficiency Strategy added significance emphasising the need for a more radical approach to future budgets while removing costs from the base budget. The Action Plan sets out a programme of projects designed to reconfigure the way in which the council provides services to the public, at the same time as achieving substantial efficiencies and effective service delivery. The projects contained in the action plan cover a balance of cross cutting and individual services and are aligned to at least one of the following savings strands:

- Service transformation and review
- Civic centre and property management
- Better procurement, commissioning and contract management
- Delivering the One Council proposals
- New and more flexible ways of working
- Stopping lower priority activities
- Increased income generation
- Independent review of structure and staffing.

The projects have been categorised as gold, silver and bronze depending on their strategic importance, organisational impact or complexity and capacity to deliver savings. Savings targets and timescales have been included in the Action Plan. The total savings target is a minimum of £50m, but equal emphasis is on improving service delivery.

6.2 We heard that the Improvement and Efficiency Strategy and Action Plan ensured that the council could deliver other strategies. The savings target had been arrived at using a range of methods including benchmarking with other London councils, the PricewaterhouseCoopers (PwC) staffing and structure review and the development of detailed business cases as with, for example, the financial management review. However, some targets in the Action Plan were provisional and independent validation and external consultants will be used to firm these up.

6.3 The Budget Panel heard that in developing this Action Plan, Brent Council took the view that it was possible to address improvement and efficiency without destabilising services. The Budget Panel explored what risks could derail the implementation of the Action Plan. We heard that the main risks were:

- Keeping up the pace of change
- Effective project management
- Capacity, and
- Staff engagement

6.4 Members of the Budget Panel believe that this is an interesting approach in addressing the need for improvement and efficiency. We were therefore keen to follow the progress of the Action Plan and in particular the Structure and Staffing Review gold project and the Strategic Procurement Review gold project.

6.5 The Director of Business Transformation informed us that the Structure and Staffing review was one of the most important projects as it is likely to influence or impact on all of the other projects within the Action Plan. It has two main objectives. Firstly to transform Brent's organisational design by ensuring that the shape of the council reflects future need. Secondly it will reduce the workforce by at least ten percent and in doing so will streamline management structures, removing layers of management and addressing the current narrow spans of control. The PwC staffing review, undertaken earlier this year had provided evidence that a relatively small number of full time equivalent (FTE) post were engaged in 'front line' service delivery (29%) compared with 71% engaged in enabling front line delivery and other back office functions. The council would be aiming for a 50-50 split by the end of this project. We were told that Deloitte's are currently helping with the overall programme management and are scrutinising the project to help to clarify the projected savings of £8.5m and profile when the savings could be realised.

6.6 Key issues that will be addressed by this project include:

- Reducing the workforce by a minimum of 10% over 4 years
- Reducing the layers of staffing and broadening the ratio of staff to managers
- In-depth reviews of departmental structures and staffing
- Monitoring/encouraging other gold, silver and bronze projects to contribute to this work
- Ensuring downsizing is done in an intelligent, rational and creative way with minimal impact on frontline jobs and services, but
- Ensuring that both front line and support services are properly scrutinised.

6.7 The Budget Panel was concerned about how this would impact on staff morale. We heard that communication was key to ensuring that all members of staff understood the need for change and how that change would come about. Engaging staff was not easy, but vital to success and tools were available to monitor whether or not messages were getting through. The recent staff survey would provide more detailed information about how staff feel once the results had been analysed.

6.8 We were keen to explore the risks that might prevent the council successfully completing this project. The Director told us that most local authorities didn't have much in house experience of managing change on this scale and this was one of the reasons that the council needed external consultants like Deloitte. The challenging financial climate would continue to be a risk, particularly as some projects would require investment at the same time as aiming for big savings.

6.9 The Borough Solicitor, project champion for the Strategic Procurement Review, informed us that the main issue the project was trying to address was the highly devolved nature of the function which meant that there was limited use of collaborative contracting and framework agreements. The PwC work had indicated that as well as the nine full time staff employed in the Corporate Procurement Unit, a further 145 FTE were involved in procurement in one way or another across the council. Further work needed to be done to verify this figure and external support was needed complete the project. Issues that will need to be addressed include:

- Devolved procurement approaches
- Duplication of procurement effort
- Procurement strategy should address Community, Equalities and Sustainability in greater detail
- Need for greater focus on cost management in procurement projects and contract management

6.10 To complete the project a range of actions will be taken. These are:

Review staffing structure – determine the most appropriate staffing levels and structure to support a cohesive, unified approach to procurement across the organisation. Deliver cost reductions highlighted above and minimise the risk inherent in a fragmented procurement.

Switch to category management approach – Benefits include: cost reductions due to aggregation of demand and spend, collaborative working, long term planning, Risk reduction due to use of cross-functional teams addressing all relevant issues and the establishment of a high-level decision making board.

Update core strategy and create sub-strategies related to Community, Equalities and Sustainability ensuring that key areas of legislation/drivers are uniformly applied across all our procurement processes and that community partners are able to benefit from appropriate procurement opportunities.

6.11 We heard that the savings targets for this project were ambitious. The current estimate was that around £2.8m would need to be invested over the next four years to achieve a saving of over £11m. Contract reviews would produce further savings but it was too early to set savings targets for these.

6.12 In exploring the risks to this project we were told that quantifying and profiling the savings from improved procurement was difficult and the processes were long. It would be six months before firmer information was known.

6.13 Given some of the risks outlined above we wanted to explore further the mechanisms that were being put in place to ensure effective delivery of the Improvement and Efficiency Strategy. We therefore received an update on the council's programme management partnership with Deloitte.

6.14 The contract with Deloitte will be delivered over a six month period and is composed of four work streams:

- Leadership of change
- Project activity
- Establishing a programme
- Training activity

6.15 The leadership work stream aims to embed appropriate governance at an operational and strategic level, ensuring timely and effective decision making and detailing the type of information that is required for each level of governance.

6.16 The project activity work stream is designed to ensure that the thirty two individual project within the programme are robustly scoped and designed and are able to meet their objectives. From this work five 'focus projects' have been identified that are central to delivering efficiency savings across the whole council. These include the Staffing and Structure Review and the Procurement Review discussed above.

6.17 We were informed that the establishment of a Programme Management Office (PMO) is critical to both effective delivery of the programme and sound governance. Actions undertaken to date include:

- Design of the PMO staffing, core function and service offer
- Development of standard templates for reporting, risk management, benefits realisation and project design
- Development of a communications strategy

6.18 A small number of posts for the PMO will be advertised externally but all other posts will be filled internally on a secondment basis. This expenditure has been factored into the efficiency targets for the programme.

6.19 The training activity work stream is designed to gain maximum benefit through skills transfer in programme and project management. Activity has included a two day project management training course provided to all 40 project leads and a skills and capability self assessment. Further training will be delivered over the next four months and individual support and coaching is provided.

7.0 *Housing Revenue Account*

7.1 The task group was informed about the key issues around the Housing Revenue Account (HRA), the HRA business plan, consultation on the reform of public housing finance, and a forecast based on current outturn

7.2 We heard that the HRA business plan 2009 had modelled income and expenditure over a 30 year period and had shown a significant long term shortfall, which is in the region of £518m. This raised issues how investment needs and decent homes standards could be funded in the long term and the sustainability of the HRA.

7.3 One of the main causes of the problem was the way in which the national finance system for public housing works. Currently two thirds of councils contribute to the surpluses to the government and one third, including Brent, gained subsidies.

7.4 The government has recognised the problems with the current system and is in the process of consulting local authorities on proposals to move to a self financing system. This would mean that the debt of those that currently receive subsidy would be transferred to those that currently contribute to the system. This would bring significant resources to Brent

7.5 Although the government would like to negotiate an agreement there is currently some resistance from those authorities that would have to take some of the debt. If a negotiated settlement could be agreed it could come into force in 2010. If not, the government would need to introduce legislation, which would be unlikely to happen before 2012/13.

8.0 Delivering the Corporate Strategy

8.1 Given that we are coming to the end of the current administration and this is the fourth year of the Budget Panel we were keen to look in detail at how many of the Corporate Strategy priorities have been delivered.

8.2 We heard that of the 212 priorities contained within the Corporate Strategy 31% have been completed, 62% were still in progress but on course for completion and 7% were either not achieved or were no longer required.

8.3 Key successes outlined to us included:

- Improved educational attainment
- An increased recycling rate
- The majority of LAA targets achieved
- Crime and community safety – crime reduction of 21%, and
- Gains achieved through improved speed of assessment for council tax and housing benefit.

8.4 There had been a number of key challenges. These included:

- Adult sports participation
- Recruiting in-house Brent foster carers
- Low levels of adult skills and qualifications, and
- Demand for school places

8.5 We explored further why the 7% of targets were unlikely to be achieved. One of the reasons given was that the council was unable to find external funding, for example to build new sports facilities. In relation to roads and pavements it was because the council was unable to fund the work to a sufficient level.

8.6 The Budget Panel is keen that in future the Corporate Strategy contains clear cost and risks against each priority. We would also like to ensure that members receive regular information about performance against the Corporate Strategy.

Discussion – Second Interim Report

9.0 The Draft Budget

9.1 The final phase of the Budget Panel's work was to examine the administration's draft budget and question the Deputy Leader of the Council, Council Blackman, on key elements of the budget proposals. Our recommendations relating to the draft budget have been included in this report which will go to all Executive members prior to the budget being agreed.

9.2 One of the Budget Panel's key focuses has been the level risk to the budget, particularly in the current economic circumstances, uncertainty around future levels of government funding and the deliverability of the council's Improvement and Efficiency Strategy.

9.3 Councillor Blackman was questioned about the risk of assuming £4.4 million savings from the Improvement and Efficiency Strategy in balancing the budget. We heard that in his view the Improvement and Efficiency Strategy and Action Plan offered the council the best option for delivering the savings necessary for the council's future. There was a clear programme, clear targets and a programme management system. Councillor Blackman thought that £4.4 million was a conservative estimate and that it was possible that more than that could be saved during the year.

9.4 There was some concern about the number of assumptions made in developing the budget and what would happen if some of those assumptions were incorrect. We heard that there always has to be assumptions around areas like levels of inflation, interest rates and demand for services. Best advice was always taken, for instance when assuming inflation the predictions of the Governor of the Bank of England are taken in to account. The national financial situation, forthcoming general election, and potential emergency national budget meant that assumptions around government funding have to be cautious. The administration has therefore included assumptions of a 2.5% year on year reduction in formula grant in its future projections.

95 The Budget Panel believes that following the local elections any new administration would need to monitor population and demographic changes in order to manage the assumptions made in the budget and any overspends that tend to occur in the services that are subject to changes in demand levels. The council will also need to pursue the accurate reflection of the population of Brent in the 2011 census.

9.6 Questions were raised about whether the administration's desire for a 0% council tax rise means that they have ruled out any possibility of council tax rises in later years even if changing circumstances mean some of the assumptions made in the budget are incorrect. Councillor Blackman said that he thought that the budget was prudent and that as usual any in year difficulties would be managed. He personally would not anticipate any council tax rises over the next four years.

9.7 Councillor Blackman was questioned about areas of unexpected expenditure such as the increased number of pot holes on the roads following the recent snow. Councillor Blackman explained that in that particular instance the administration are keen not to resort to temporary fixes and are focusing on expenditure to fund longer term solutions.

Background papers

Budget Papers Full Council 23rd November 2009

Draft Budget Executive 15th February 2010

Budget Panel Minutes: 27th July 2009, 23rd September 2009, 13th September 2009, 13th October 2009, 11th November 2009, 2nd December 2009, 14th January 2010, 11th February 2010

NON-SERVICE AREA BUDGETS - CENTRAL ITEMS

1. SUMMARY

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

2. DETAIL

2.1 The Table to this Appendix summarises the budgetary costs to the council for 2010/11 and the potential requirement for the next three financial years. The following sections of this Appendix take each of the items in turn.

3. AGENCY/THIRD PARTY BUDGETS

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

3.2 CORONERS COMMITTEE

3.2.1 Brent is one of five boroughs forming the London Northern District Coroners Courts Committee, namely Haringey (the lead borough), Brent, Barnet, Enfield and Harrow. Haringey deals with the administration, and charges the other boroughs on a population basis. Brent's final outturn for 2008/09 was £206k, against a forecast of £198k. The estimated figure for 2009/10 is £216k, against a budget of £208k. The increase is due to an increase in legal challenges to decisions of the Coroner.

3.2.2 The 20010/11 budget is not yet available and is not expected before the Brent budget is set. It would normally rise roughly in line with inflation. However, the Coroners Court moved to new offices in 2009, and some of the costs were capitalised (i.e. paid for over a period of years, in this instance five) rather than all the costs falling in 2009/10. The capital repayment costs begin in 2010/11, and Brent's share will be £12k per annum. Allowing for this and a small element of inflation, gives an estimated contribution for Brent in 2010/11 of £235k.

3.3 LOCAL AUTHORITY ASSOCIATIONS

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

3.3.2 Brent's 2010/11 subscription paid to The Local Government Association has been reduced ,compared to 2009/10, by 3% to 61k.

3.3.3 The London Councils' subscription covers a number of cross London bodies. Overall costs have been frozen but Brent's contribution has reduced marginally as a result of changes to population estimates. The 2010/11 subscription will be levied as follows:

	2010/11 £'000
London Councils :	
- Core	219
Total Main Subscription	219
London Councils Grants Scheme	
- Admin. Grant	51
- Grants to Organisations	885
Transport and Environment Committee (TEC)	2
Total	**1,157**

The core contribution (which includes the London 2012 Olympics element) for 2010/11 has fallen from £221k in 2009/10 to £219k. The Central budget for the subscription is £231k (inclusive of £10k for London Connects which is recharged to the Systems and Developments Fund and the TEC charge). The budget for London Council's subscription is £221k for 2010/11.

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

3.4 LOCAL GOVERNMENT INFORMATION UNIT

3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. In 2009/10 Brent was classed as a 'Premium' authority and paid the highest level of fee which was £26k. The subscription to the unit included £20k for its core subscription, £4k for Children's Services and £2k for the Democratic Health Network, which covers Adults and Social Care.

3.4.2 In 2010/11 Brent will be paying the same level of subscription as 2009/10. For 2010/11, £20k of funding will be met from Central Items. £4k will be met by Children and Families and £2k from Adult and Social Care.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between the six west London local authorities (Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription for 2010/11 will be the same as the 2009/10 which is £30k. .

3.6 PARK ROYAL PARTNERSHIP

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

3.7 COPYRIGHT LICENSING

3.7.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2009/10 was £17k and we expect the charge for the 2010/11 subscription to be £19k.

3.8 EXTERNAL AUDIT

3.8.1 This budget relates to the work undertaken by the Audit Commission in relation to the statutory audit of the accounts and work on the Use of Resources judgement. It is net of charges for inspections and grant claim audits which are charged out to service areast (Policy and Regeneration Unit for inspection activity and service areas for grant claims). The estimated budget of £490k, compared to 2009/10, represents a 6% increase for the extra work as a result of the implementation of International Financial Reporting Standards (IFRS) with the rest used to cover one off audit work. For 2011/12 the Audit Commission has agreed that increases should be no more than the government's inflation target, adjusted to reflect ongoing internal efficiencies.

3.9 CORPORATE INSURANCE POLICIES

3.9.1 This budget encompasses the policies for public liability, fidelity guarantees, employer's liability, officials' indemnity, personal accident, engineering and terrorist insurance not linked directly to specific properties. It also includes claims handling. Overall insurance cover costed £750k in 2009/10. We anticipate there will be a slight increase in 2010/11. Premiums for premises, contents and vehicles policies are charged to units and service areas. The central contribution to the cost of council-wide policies will be £320k for 2010/11.

4 CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS

4.1 These budgets are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes to these during the last year and should also reference the Treasury Management Strategy included in Section 11 of the main report. They also reflect the overall level of the capital programme (see Section 10). The two budgets reviewed in this section are:

(a) Interest receipts which the council estimates it will receive from positive cash flow and holding reserves during 2010/11.

(b) Capital Financing Charges are the principal repayments and interest on the council's borrowing.

4.2 The amount of debt attributable to the HRA is a crucial factor in the charge falling on the General Fund. This is governed by a complex set of regulations based around Housing Subsidy. To minimise the net cost to Brent the council seeks to ensure that the optimum allowable under the rules falls on the HRA as this receives 100% subsidy.

4.3 In the recent past the council has tended to underspend on this budget. This reflected successful debt restructuring exercises, new borrowing at lower than anticipated interest rates, higher than estimated interest receipts and improved cash flow. However, current economic factors, particularly the prevailing rates of interest obtainable on deposits and the reduction in low risk counter parties to lend to in the market, mean there continues to be a significant increase in the budget in 2010/11 and beyond.

4.4 The council is estimated to have £670m of long-term debt outstanding at 31st March 2010. This has been taken out over a number of decades for periods of up to 60 years. The average interest rate on existing loans, following debt restructuring, is around 5%. Opportunities for debt restructuring remain limited as the current Public Works Loan Board arrangements mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia. However this will be reviewed on a regular basis. Investments are estimated to average £100m during 2010/11, with an estimated average return of 1.5%, reflecting good rates on existing investments balanced by very low rates on new deposits. Interest on investments is shared between the General Fund and other interest bearing accounts. The budget assumes long term borrowing will be at 5% although some borrowing may be taken at lower variable rates.

4.5 The net budget for 2010/11 for interest receipts and capital financing charges is £22.989m (2009/10 £20.748m). This significant variation is primarily due to the impact of changes in interest rates and the use of the capital financing reserve in 2009/10. It is forecast that interest earned on deposits in 2009/10 will amount to £3.3m and the estimate in 2010/11 is £1.6m. Interest rates are expected to remain at current levels into 2011/12 but rise in future years. The position in future years will be considered as part of the Medium Term Financial Strategy.

5. LEVYING BODIES

5.1 Levying bodies are defined by statute. They have an absolute right to demand payment from the council and that payment must be met from the General Fund.

5.2 Levies estimated to be paid in 2010/11 are shown below.

	2009/10 Actual £'000	**2010/11 Actual £'000**
Lee Valley Regional Park	293	294
London Pension Fund Authority	386	368
Environment Agency	191	192
West London Waste Authority	8,410	9,410
	9,280	**10,264**

5.3 A council tax base for 2010/11 of 96,457 was agreed by General Purposes Committee on 26th January 2010 (an increase from 95,279 agreed for 2009/10). All the levies, apart from the West London Waste Authority levy which is a mixture of usage and the tax base, are calculated on each authority's relative tax base. This means that changes in levies paid by Brent may not be exactly the same as increases or decreases in the budgets of the levying bodies.

5.4 <u>Lee Valley Regional Park Authority (LVRPA)</u>

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 decided not to increase the total levy raised in 2010/11. However Brent's actual levy payment has risen slightly because of the increase in the council tax base. There are concerns in future years that the levy may rise to meet increasing costs linked to the Olympics.

5.5 <u>London Pensions Fund Authority (LPFA)</u>

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 was reduced by 5% in 2010/11 compared to this year. This follows a 3.1% decrease in 2009/10 and a 42% increase in 2008/09 from £281k to £399k. The increase in 2008/09 was due to a high incidence of settled and anticipated asbestos claims attaching to residual liabilities of the former GLC.

5.6 However, the LPFA have notified the boroughs that there needs to be a further increase to meet an anticipated deficit on the LPFA Pension Fund, due to poor investment performance and rising longevity of pensioners. LPFA planned to phase this extra amount in over a three year period. They originally hoped to start in 2009/10. Its introduction in 2009/10 was opposed by London Councils and the boroughs. The Department of Communities and Local Government (DCLG) are still consulting on the principles and methodology for this charge. A final decision could be made shortly. The extra costs to Brent could be up to £294k per annum of this additional charge is agreed by DCLG. £225k has been included in the 2010/11 budget for this possible extra charge.

5.7 <u>Environment Agency</u>

For 2010/11 most expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As in previous years, a small element remains payable relating to regional schemes, many of them to improve flood defences. The Environment Agency have not increased their total levy requirement for 2010/11. However, Brent's 2010/11 payment has increased slightly from 2009/10 because of the increase in Brent's council tax base.

5.8 <u>West London Waste Authority (WLWA)</u>

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

5.9 Prior to 2006/07 the WLWA levy was calculated according to constituent boroughs' council tax bases (as is still done for the other three levying bodies). In early 2006 Defra announced new arrangements for waste disposal authorities (WDAs) levies. Most of the levy is now based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2008/09 - which is used to set the 2010/11 levy. Other expenditure including civic amenity waste and administration continues to be apportioned to boroughs on their council tax bases.

5.10 WLWA set their budget on 27th January 2010. A report to the previous WLWA Board meeting on 9th December 2009 estimated a levy increase of 15.2%. At this meeting WLWA Members provisionally decided to use £1.4m of balances to reduce the levy increase to around 12%. The January report recommended using £1.1M from balances to support the levy plus creating an earmarked LATS (Landfill Allowance Trading Scheme) trading reserve of £300k. At the meeting WLWA members agreed to use an additional £300k from balances to further reduce the levy increase. The average levy increase will be 11.3%. The exact figure paid by Brent also depends on tonnage figures from Streetcare discussed in para 5.13. Brent's levy payment to WLWA in 2010/11 will be £1M higher than for 2009/10.

5.11 Roughly 75% of WLWA's gross expenditure is on transport and disposal/treatment of wast plus landfill tax. These factors account for most of the increase in WLWA's levy for 2010/11. Increased recycling and the state of the economy has led to reduced waste tonnages being processed by WLWA. However extra costs from the £8 per tonne increase in landfill tax significantly outweighs the reduction in waste tonnages.

5.12 The increase in waste disposal costs will also impact on the net Section 52(9) charges (for non-household waste) funded by Streetcare. These are levied for tonnages sent to WLWA above the amount paid for through the levy. In 2009/10 the cost is £80.23 per tonne. For 2010/11 this will be £88.42 per tonne.

5.13 Streetcare have estimated that household waste tonnages to be paid for through the levy have increased from 85,917 tonnes in 2009/10 to 87,142 tonnes for 2010/11. This will lead to an increase of roughly £110,000 costs being borne by the levy and a corresponding decrease in Streetcare's budget.

5.14 WLWA's costs are expected to rise significantly again in 2010/11 and future years. This will increase levy costs and non-household waste charges for Brent. Landfill tax is expected to increase by a further £8 per tonne in 2011/12 and future years and there is potential it could rise even more. WLWA could also face further increases in contract costs. If waste tonnages continue to reduce there will be some offsetting savings but the levy is still expected to rise sharply. After the decisions at WLWA's January Budget meeting the provisional estimates for levy increases are 14.3% in 2011/12 and 6.7% in 2012/13. This excludes any possible impact of LATS.

5.15 WLWA are planning to change how they charge their levy to the 6 constituent boroughs from 2011/12. Depending on what WLWA decide this may require the agreement of all 6 constituent boroughs. In addition, WLWA are deciding how to charge possible LATS penalties to the boroughs in future years if this is necessary. Both of these possible changes could lead to extra costs for Brent from 2011/12. The exact amounts will depend upon which options WLWA decide to implement.

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. Normally the amount paid to pensioners is uplifted by the inflation rate applicable in the previous September. The Retail Price Index (RPI) in September 2009 was negative and the amount Government increased the basic state pension was 2.5%. However there will be 0% increase for 2010/11 for the LGPS. An allowance has been included for increases in charges by the London Pension Fund Authority for former Brent employees covered by previous pension arrangements now managed by the LPFA. It is estimated that a provision of £5.344m will be required in 2010/11.

7. MIDDLESEX HOUSE AND LANCELOT ROAD SCHEME

7.1 A new funding agreement for the scheme was agreed in 2000/01 with the then Network Housing Association. It has received consent from the then Secretary of State for Environment, Transport and the Regions. This budget covers the maximum General Fund requirement under the arrangement and amounts to £526k for 2010/11. The contributions for future years, as the properties fall out of the HRA and do not qualify for Housing subsidy, have been reviewed with the aim of equalising these until 2019/20. The Council is currently working in partnership with Network to obtain grant funding from the HCA to refurbish the property and restructure the financial arrangements. If successful this will impact on future years' budget.

8. REMUNERATION STRATEGY

8.1 The council faces a range of significant challenges in its approach to remuneration for its staff. These include resolving a range of pay anomalies including London Weighting and a number of supplements and bonus payments, and putting in place adequate arrangements to ensure the recruitment and retention of the required skilled staff.

8.2 The budget of £314k includes provision for support to deliver its workforce development plan including one-off pay protection, supplements for hard to fill posts, job evaluation costs and back-dated pay compensation.

9. SOUTH KILBURN DEVELOPMENT

9.1 Work on the regeneration of South Kilburn is continuing. Following the financial downturn the Council reviewed the options to deliver the regeneration of South Kilburn. A series of staged stock transfers were considered but were rejected due to funding restraints. The Council was unsuccessful in its bid for round 6 Housing PFI. It has though been possible to take forward sites for vacant land transfer and these are in the final stages of an OJEU process to select a development partner for 280 homes on two sites. A further 75 homes are also being developed on sites not owned by the Council but will be used to decant our tenants. The Council completed the Granville New Homes Development, sold it to Brent Housing Partnership and were able to re-house 85 tenants in South Kilburn. The decanting of tenants will enable the creation of further vacant sites for development. The Council is also considering setting up a Joint Venture Vehicle to deliver further developments and long term management arrangements.

Projected spending in 2009/10 is line with the original budget of £570k. This has been used to fund work on the review of the delivery options as well as legal costs, independent advice for residents and other consultant fees. Provision of £600k has been made in 2010/11 to meet decant costs, negotiations with the preferred development partners, procurement of other development partners including legal costs, specialist consultant advice and ongoing independent advice for residents.

10. INVESTMENT IN INFORMATION TECHNOLOGY

10.1 From its inception in the mid-1990's the Systems Development Fund has been used to fund corporate initiatives including the migration from the mainframe, new IT investment for service areas and expenditure on Year 2000 issues.

10.2 Since 2002/03 the emphasis of the fund has shifted to the funding of the authority's E-Government programme and other major IT requirements.

10.3 The council has a range of needs for investment in IT to meet new requirements or upgrade existing systems. These range from upgrades to the Customer Relationship Management system and the development of a Client Index to a whole programme of service area projects. These projects have been funded by specific capital budgets, the Systems Development Fund, and ongoing revenue funding. The £820k in the 2010/11 budget is to be used to fund a small amount of new development, to pay the capital financing charges for previously implemented projects, and to meet the ongoing costs of maintenance and support.

11. INSURANCE FUND

11.1 The council operates an Insurance Fund in order to self insure its buildings and contents as well as to cover employee and third party legal liabilities and professional indemnity, though it does have insurance policies to limit the council's overall exposure. The authority has an excess of £307k on any particular claim and has a maximum exposure of £3.5m in any financial year. These arrangements are in place to minimise the council's costs as opposed to covering all costs through external insurance. Service areas are charged insurance premiums for buildings, contents and vehicles. The level of the Fund is reviewed against the known and potential level of liabilities for claims. Members have been informed in previous years that the amount in the Fund needed to be reviewed closely and significant on-going contributions would be required to ensure the Fund has resources to meet current and future claims.

11.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £100k for the last 4 years.

(ii) Tree Roots

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis and there are no insurance policies limiting the council's exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are now being fast tracked with the previous average of some three to four years in settling a claim being brought down to 18 months. Insurers have also been seeking 100% of the damages from local authorities. The councill has adopted an amended tree maintenance policy and work continues between the Insurance Section, Streetcare and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs. Estimated payments in 2009/10 are £1.1m which is a similar level to 2008/09. The number of claims now being presented is much lower.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. The number of claims was 286 in 2007/08, 316 in 2008/09 and are estimated to be 220 in 2009/10. In 2007/08, the cost of claims settled was £685k. For 2008/09 it rose to £886k and is expected to be at a similar level for 2009/10.

11.3 A budget of £1.8m is recommended for 2010/11 which is the same level as 2009/10.

12. CIVIC CENTRE/PROPERTY REPAIRS AND MAINTENANCE

12.1 The Executive has received a number of major reports on proposals for a new civic centre for Brent. The reports have incrementally developed a case for the construction of a multi-purpose centre. It is based on meeting the future needs of the community, significantly improving service delivery, including considerations of the focus on neighbourhoods, with a strong value for money justification. The *"once in a lifetime"* regeneration opportunities in Wembley provide the stimulus for the whole project.

12.2 It is clear that doing nothing is not an option given the accommodation issues facing the current municipal offices. The Town Hall which is the council's main public face fails to meet the standards of an acceptable modern headquarters building. Other buildings within the portfolio are becoming uneconomic to maintain, unable to cope with changes in technology and fail to provide modern working environments for staff and public alike.

12.3 The business case for the Civic Centre has always been based on the fact that it could be delivered without requiring additional resources compared with retaining existing stock at a reasonable standard. In fact the Civic Centre offers the opportunity for further efficiencies as the council moves forward. The 2010/11 provision of £1.868m, included within this budget, provides resources for a number of items of expenditure:

(i) The cost of professional advisors to support the delivery of the project.

(ii) The capital financing costs for those elements of the project that will be charged to the Capital Programme on an Invest to Save basis. This will include the land acquisition, design and construction. (See also Section 10)

(iii) An allocation, based on the increased revenue maintenance costs and debt charges, associated with keeping the existing building stock at a reasonable standard.

(iv) Allowance for lease rental increases and dilapidation claims on leasehold building.

12.4 Regular reports will be brought to the Executive as the project develops.

13. NEIGHBOURHOOD WORKING

13.1 The Neighbourhood Working Team of six people works closely with ward councillors to identify and address issues of concern with residents at ward level. The process is based on:

- Listening to residents through councillor walkabouts, attending local meetings, mini surveys etc.
- Identifying key issues for each ward with councillors.
- Identifying proposed actions, responsibilities and time scales with council departments and external partners..
- Reporting back to residents

13.2 To assist with this process, a budget of £850k was allocated in 2009/10. For 2010/11 the budget will remain at £850k. This includes a budget for each ward. In 2010/11 this will be £23k, including £3k for publicity and £20k for initiatives that would not otherwise happen and are not the statutory responsibility of any public body. In order to get most benefit from this money, it will be used for pump priming, pilot projects, match funding and to lever in other funds.

14. FREEDOM PASS SCHEME GROWTH

14.1 The Freedom Pass Scheme provides free off peak travel for all people in London aged 60 or over. People with disabilities are funded for 24-hour travel on almost all tube and bus services and off peak on National Rail and independently operated bus services in Greater London. There were 43,534 users in Brent in August 2009.

14.2 From April 2008, the government introduced free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK. A specific grant was paid to individual boroughs outside London and to London Councils within London to meet the additional cost of free off peak travel for non-residents. In London there was the added complication that pass-holders already enjoyed free travel in London boroughs other than their home borough.

14.3 The overall concessionary fares budget for London in 2009/10 was £257.4m with £56.7m met from government grant and £27.0m met from rebates and the use of reserves leaving £173.6m to be met from London Authorities. The use of rebates meant that the Authority's contributions fell from £7.863m to £7.000m. The costs of the Freedom Pass are met within the Adult Social Care budget with additional growth required provided within central items. In order to smooth out changes in the contribution, the funding within the Adult Social Care budget was kept at £7.863m in 2009/10, with £863k being put in reserve.

14.4 At the same time as the new arrangements for free travel for out-of-borough pass-holders was introduced, a proposal was made to change the basis for allocation of charges to boroughs from number of pass-holders to number of journeys. This change was opposed by a number of boroughs, including Brent, which lost out as a result of the change but, following arbitration, it was agreed that the new arrangements for charging would be introduced on a phased basis from 2009/10, with 40% of the charge based on number of journeys in 2009/10, 70% in 2010/11 and 100% in 2011/12.

14.5 In November 2009 the government issued a consultation on a revised formula for allocating the concessionary fares special grant. Under the proposals in the consultation London's grant would fall by £28.6m from £58.3m to £29.7m in 2010/11. The consultation closed on 30th December 2009 and government's response to the consultation was to further reduce London's grant funding by £1.6m.

14.6 Indicative figures from London Councils in November illustrate that the combined effect of the loss of grant and the phased introduction of the revised charging mechanism has led to an increase in Brent's contribution to £10.208m. The recent government announcement on the consultation means that we will need to increase this contribution to 10.258m to reflect the further loss of grant. The costs of the Freedom Pass are met within the Adult Social and the 2010/11 contribution will be funded by their current budget of £7.863m plus £863k held in reserve from the underspend in Adult Social Care's concessionary fare budget for 2009/10. In addition a further £1.532m of growth has been provided centrally to meet the shortfall in funding.

14.7 For 2011/12 the budgeted costs of the scheme will rise sharply due to there being no contribution from reserves and the continued phasing in of the revised charging mechanism. In addition negotiations continue to take place around increased fare charges by Tfl and these may well outstrip the assumptions included within London Council's indicative figures. There must also be doubts over future government funding for concessionary fares. In order to provide for these uncertainties the budget includes a further additional £500k per year of additional funding.

15. AFFORDABLE HOUSING PFI

15.1 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previous been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI. The budget increases gradually to 2011/12 as properties are delivered and then by 2.5% thereafter.

15.2 Phase 1 of the PFI which involved delivery of 215 units, including 20 learning disability units, reached financial close on 19th December 2008. Phase 2 is due to reach financial close later this calendar year and will involve delivery of a further 185 units. The costs of both phases should be containable within the budget provision that has been made although current financial market uncertainty means that there remain risks relating to delivery of Phase 2.

15.3 The council will incur costs related to delivery of Phase 2 which are not currently budgeted for. These costs will be met from the existing provision of £1,003k in 2010/11.

16. COUNCIL ELECTIONS

16.1 This is a budget to cover the costs of the 2010 local elections and £400k has been allowed in 2010/11. It is proposed that for future years, a £100k will be provided for each year and rolled up into a reserve which can be used to pay for the 2014 elections. It will also cover any costs of by-elections up to the time of the next local elections.

17. OTHER ITEMS

17.1 Details are set out below

17.2 The Future of Wembley

17.2.1 The council has published an ambitious Vision For Wembley, setting out an agenda for a once-in-a-lifetime regeneration opportunity for Brent. A £350k budget has been established under the control of the Chief Executive specifically to support the delivery of this vision. During 2009/10 the budget has been used to commission feasibility studies for the Copland School and Brent House sites, major transport improvements (eg. the reconnection of North End Road), a land acquisition study, and work associated with maximising the impact of the 2012 Olympics. Funding of £350k has been included in the 2010/11 budget and will continue to be used to commission work that maximises the council's ability to deliver community benefits in Wembley.

17.3 Capitalisation Adjustment

17.3.1 An additional £600k of capitalisation costs has been included in the budget to fund shortfalls in the Housing general fund and Corporate budgets in respect of recharges to HRA and BHP in connection with the management and maintenance of the HRA dwelling stock. These charges reflect and measure a reasonable charge for activity in relation to the HRA. As the number of properties within the HRA has reduced (15,081 in March 2000 to an estimated 9,220 in March 2010) the level of charges applicable has dropped accordingly.

17.4 Building Schools for the Future (BSF)

17.4.1 The Council received notification in December 2009 that it has been successful in getting accepted onto the Government's Building Schools for the Future national programme. This will result in investment from government of around £85m in the first instance to rebuild or remodel four Brent secondary schools. Future phases, subject to any changes to the programme would potentially deliver a further £200m to rebuild or remodel all remaining secondary schools.

17.4.2 At this stage this Council has been provided with an indicative funding allocation of £85m. This will be firmed up following the submission of the following documents our Strategy for Change, our Outline Business Case and finally our Final Business Case. This process will take between 12 to 18 months to complete from our remit meeting which is scheduled for March 2010.

17.4.3 The funding provided from the government for BSF is only for capital expenditure and would only start flowing to the Council once financial close has been reached with the successful construction consortia which is likely to be around August 2012. There are considerable programme management costs that the Council will incur between now and financial close and the government's expectation is that the Council should expect to spend around 3% of the total construction costs on programme management. The Council has already budgeted for £500k on an annual basis for this but as we are now on programme that is likely to escalate quite rapidly and it is expected that up to £900k will be required for 2010/11 though it is expected that £150k of this can be capitalised bringing the revenue contribution to £750k. The main areas of expenditure relate to staffing costs for the dedicated BSF Team that is currently being established and also for external financial, technical and legal advisers that we are required to appoint.

17.5 Positive Activities for Young People

17.5.1 Positive Activities for Young People has been allocated £369k which is being held centrally. Use of this funding will be decided following the completion of a review of the Youth Services and the priorities in the Borough.

17.6 Learning Skills Council (LSC) Transfer

17.6.1 Under the Apprenticeships, Skills, Children and Learning Bill local authorities will take over from April 2010, funding responsibilities for education and training for all 14-19 year olds from the Learning Skills Council. Local authorities will also take on the responsibility to plan and commission education and training for this age group. The bill also creates two new agencies, the Young People's Learning Agency (YLPA) which will allocate funding to local authorities and the Skills Funding Agency (SFA) will have the responsibility for funding students over 19.

17.6.2 Under the new arrangements local authorities, working closely with YLPA, will take full responsibility for strategic planning and commissioning of education for all 14-19 year olds in their area. This will include strategic provision, mapping and delivery, and overall funding responsibilities for 14-19 education in schools, colleges, resident young people in youth offending education and resident young people up to the age of 25 who have learning disabilities or difficulties.

17.6.3 Local authorities will also take over responsibility for the strategic planning and delivery of Education Business Links, Key Stage 4 Young Apprenticeships and Key Stage 4 School Engagement Programme.

17.6.4 From 2010 local authorities will fund sixth form colleges, school sixth forms and further education colleges.

17.6.5 As part of the transfer the DCSF have allocated resources through the area based grants to support the administrative duties associated with the transfer of responsibilities from the Learning Skills Council. For 2010/11 Brent has been allocated £244k of monies.

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ANALYSIS OF CENTRAL ITEMS 2010/11 -2013/14

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Coroners Courts	235	240	245	250
LGA	61	61	61	61
London Councils	221	226	231	236
LGIU Subscription	20	20	20	20
West London Alliance	30	30	30	30
Park Royal Partnership	25	25	25	25
Copyright Licensing	19	20	21	22
External Audit	490	505	520	535
Corporate Insurance	320	340	360	380
Capital Financing Charges	24,621	25,484	26,019	26,615
Net Interest Receipts	(1,632)	(1,399)	(1,818)	(2,271)
Levies	10,576	12,295	13,336	14,441
Premature Retirement Compensation	5,344	5,478	5,615	5,755
Middlesex House/Lancelot Road	526	565	607	652
Remuneration Strategy	314	314	314	314
South Kilburn Development	600	1,500	1,500	1,500
Investment in IT	820	820	820	820
Insurance Fund	1,800	1,800	1,800	1,800
Civic Centre/Property Maintenance	1,668	1,868	2,068	2,268
Neighbourhood Working	850	850	850	850
Freedom Pass Scheme Growth	1,532	4,140	5,280	6,455
Affordable Housing PFI	1,003	1,159	1,188	1,217
Council Elections	400	100	100	100
Future of Wembley	350	350	350	350
Capitalisation adjustment	(600)	(600)	(600)	(600)
Building Schools for the Future	750	1,500	1,500	1,500
Positive Activities For Young People	369	369	369	369
Learning Skills Council Transfer	244	244	244	244
Other Items	79	80	80	80
TOTAL	**51,035**	**58,384**	**61,135**	**64,018**

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A guide to the

Local Government Finance Settlement

(This guide replaces the ‘Plain English Guide to the Local Government Finance Settlement’ which was first issued in 1998)

Communities and Local Government

November 2009

A guide to the Local Government Finance Settlement

Introduction

Local government finance has a well-deserved reputation for being complicated and difficult to understand. Because of this, in 1998 the Government provided a "Plain English" guide to the aspects of English local government finance debated and agreed by Parliament. This guide has been updated and includes further information which the Government hopes will be helpful. It is not definitive.

A glossary of terms used in this guide can be found at the end of the document. Terms explained in the glossary are shown in **bold** type throughout the guide.

What is the local government finance settlement?

Central Government has set up three separate systems to fund the three main areas of local authority spending in England. These are:

- spending on capital projects such as roads or school buildings;
- revenue spending on council housing; and
- **revenue expenditure**, mainly on pay and other costs of running services other than council housing. Government supports local councils' revenue expenditure through formula grant, area based grant and specific grants. Together, formula, area based and specific grants total some £76 billion in 2010-11.

The annual *Local Government Finance Settlement* is concerned with the distribution of Formula Grant, which is made up of Revenue Support Grant, redistributed business rates and principal formula Police Grant. Formula Grant totals some £29 billion in 2010-11.

Area based and specific grants are not part of this annual settlement but are usually announced around the same time. These total some £47 billion in 2010-11.

Deciding the Overall Amounts of Grant

In its Spending Reviews, the Government decides how much it can afford to spend, reviews its expenditure priorities and sets targets for the improvements which are to be delivered from additional funding. Each Spending Review covers a three year period.

In October 2007, the Government announced the results of its latest Spending Review. This set the framework for Government grant support to local government in 2008-09, 2009-10 and 2010-11. 2010-11 is the third year of the current Spending Review.

The Spending Review determines the total level of grant to local authorities for the following three years.

Government grant (of all the kinds mentioned above) and business rates together are known as **Aggregate External Finance (AEF)**. **Formula Grant** (made up of Revenue Support Grant, redistributed business rates and principal formula Police Grant) is part of AEF. Councils also fund their spending by raising Council Tax.

Changes do occur between the plans laid out in the Spending Review and the grant available for distribution in any one year. This is because the responsibilities placed on councils by Government change. If a change involves more work for councils, then Government gives them more grant. If it involves less work, then grant is taken away. These changes in funding are often known as 'transfers'. The principle is that funding follows responsibility.

Different types of revenue grants

Formula Grant is distributed by formula through the Local Government Finance Settlement. There are no restrictions on what local government can spend it on.

Specific grants are distributed outside the main settlement. Some of these are known as **ring-fenced grants** which control council spending. These usually fund particular services or initiatives that are a national priority. For example, funding for schools is paid through the Dedicated Schools Grant reflecting the priority the Government place on education.

Other specific formula grants are **unfenced** and are sometimes called **targeted grants**. They are distributed outside of the annual settlement, because the general formulae are not appropriate. There are no restrictions on what councils can spend the money on.

From 2008-09, local authorities have also been provided with a new non ring-fenced general grant known as the Area Based Grant (ABG). ABG is made up of grant streams that were previously provided to local authorities as specific grants. ABG enables local authorities, working with their partners, to decide where best to invest their resources in the most effective and efficient routes to delivering local priorities.

A list showing examples of the main grants of each type, in the three years of the Spending Review, is shown below.

	2008-09 £m	**2009-10 £m**	**2010-11 £m**
FORMULA GRANT			
Revenue Support Grant*	2,854	4,501	3,122
National Non-Domestic Rates	20,500	19,500	21,500
Principal Formula Police Grant**	4,136	4,253	4,374
Total	27,490	28,254	28,996
EXAMPLE OF NON-RINGFENCED SPECIFIC GRANT			
Concessionary Fares	212	217	223
EXAMPLE RING-FENCED SPECIFIC GRANT			
Sure Start, Early Years and Childcare	1,281	1,392	1,549

* Excludes Specified Bodies Top-Slice
** Includes Metropolitan Police special payment

Allocating Formula Grant

In 2006-07, for the first time, the Government decided to produce forward allocations of most grants in multi-year settlements. The first full three year settlement was for 2008-09, 2009-10 and 2010-11.

The arrangements for allocating ring-fenced and other specific grants vary: some schemes use formulae or other rules on entitlement; others allocate funds on the basis of appraising bids. Formula Grant is allocated among authorities by mathematical formulae with the changes limited by 'floors'.

This process of allocating Formula Grant each year is known as the Local Government Finance Settlement, and the following sections give more detail about how this is done.

The Local Government Finance Settlement Timetable

This year the Government will announce final allocations for 2010-11. It was not possible for the Government to announce final 2010-11 formula grant allocations at the same time as the 2008-09 settlement without a change in the law. As a result, we continue to follow the timetable and process given below for the final 2010-11 settlement announcement. However, we do not expect to make changes to the 2010-11 allocations that were announced with the final 2008-09 settlement, except under entirely exceptional circumstances. 2008-09 was the first year in which Government announced settlements for a full three years in line with the Spending Review timetable.

The timing of the settlement announcement is constrained on the one hand by local authorities needing to have sufficient time to set their budgets for the start of the following financial year, and on the other by the need to use the most up-to-date information possible to determine grant allocations. To fit this timetable, the Secretary of State usually announces a provisional Finance Settlement to Parliament and to local authorities in late November or early December each year.

After the Secretary of State's announcement there is a period of consultation, when local authorities can put their views on the proposals to Government, and point out any errors that may have been made. Once all the points from local authorities have been considered and any amendments have been incorporated, the final Local Government Finance Settlement is approved by the House of Commons in late January or early February. This allows enough time for authorities to finalise their budgets for the next financial year.

Sharing out resources

From 2006-07 the Government introduced a new system to distribute Formula Grant. Under the new system the distribution of Formula Grant is determined wholly by the Relative Needs Formulae (and Police Grant formulae in the case of police authorities), the Relative Resource Amount, the central allocation (an amount per head) and the floor damping scheme. The way the system works is described in more detail below.

During 2007, a number of options for changes to the way in which grant is distributed were considered by the technical Settlement Working Group, which consists of representatives from both Central and Local Government. The options were mainly looking at updating and fine-tuning the existing system. Following this technical work, a full consultation exercise was carried out during the summer of 2007.

The outcome of the technical work and the consultation exercise informed decisions on the formula used for calculating grant allocations for the next three years.

Relative Needs Formula

To work out each council's share of Formula Grant the Government first calculates the **Relative Needs Formula** (RNFs). The RNF's are mathematical formulae that include information on the population, social structure and other characteristics of each authority.

The Government (in consultation with local government) has developed separate formulae to cover the major services which local authorities provide. RNF's are divided into these major service areas, because there are different factors influencing each service area. For example, the factors which appear to explain variations in the cost of providing social services for the elderly are very different from those which appear to explain variations in the cost of maintaining roads. These formulae apply to all authorities providing a particular service.

The funding blocks for services areas are shown in the following table:

Service Block	***Sub-block (where relevant)***
Children's Services	
Composed of:	*Youth and Community*
	Local Education Authority Central Functions
	Children's Social Care
Adults' Personal Social Services	
Composed of:	*Social Services for Older People*
	Social Services for Younger Adults
Police	
Fire	
Highway Maintenance	
Environmental, Protective and Cultural Services	
Composed of:	*Services provided predominantly by non-metropolitan district councils in non-metropolitan areas (District level EPCS)*
	Services provided predominantly by county councils in non-metropolitan areas (County level EPCS)
	Fixed Costs
	Flood Defence
	Continuing EA Levies
	Coast Protection
Capital Financing	

Relative Needs Formulae are designed to reflect the relative needs of individual authorities in providing services. They are not intended to measure the actual amount needed by any authority to provide local services, but to simply recognise the various factors which affect local authorities' costs locally. They do not relate to the actual monetary amount of grant that a council needs for providing services for its residents. The amount of grant a council will receive from Government depends also on the results of the other three blocks detailed below.

The formula for each specific service area is built on a basic amount per client, plus additional top ups to reflect local circumstances. The top ups take account of a number of local factors which affect service costs, but the biggest factors are deprivation and area costs.

Because the RNFs are only intended to reflect the relative differences in the cost of providing services in different areas, they are expressed as a proportion – or ratio – of the total relative needs in 2010-11.

Once we have calculated RNFs for the service blocks for all authorities, the next step is to use this to generate cash amounts that are correlated to the measure of relative need. To do this fairly, Government has to group the individual service formulae into six groups so that councils are only being compared to authorities providing the same range of services.

For example, an 'Upper tier RNF' is determined from the RNFs for Children's Services, Adults' PSS, Highways Maintenance, County level EPCS and Continuing Environment Agency Levies, as these are all provided by the same group of authorities (county councils, metropolitan district councils, unitary authorities, London boroughs, the City of London and the Isles of Scilly).

The table below shows which services are included in the six RNF service groups.

Service Block	***Service Group***					
	Upper Tier Services	***Lower Tier Services***	***Police Services***	***Fire Services***	***Mixed Tier Services***	***Capital***
Children's Services	√					
Adults' Personal Social Services	√					
Police	√		√			
Fire	√			√		
Highway Maintenance	√					
Environmental, Protective and						

Service Block	*Service Group*					
	Upper Tier Services	*Lower Tier Services*	*Police Services*	*Fire Services*	*Mixed Tier Services*	*Capital*
Cultural Services						
County level EPCS	√					
Continuing EA levies	√					
District Level EPCS		√				
Fixed Costs					√	
Flood Defence					√	
Coast Protection					√	
Capital Financing						√

The RNFs are added together to give a total RNF for each group. The total RNF for each service group is then divided by the total population for the council as measured by the population projections for the year in question. The minimum RNF per head across all councils providing the group of services is then subtracted from the RNF per head for each council. The sum of the RNFs above the minimum for each council is then calculated and this is then multiplied by the projected population. The control total for the Relative Needs Block is then distributed in proportion to this.

Relative Resource Amount

The Relative Resource Amount is a negative figure intended to take account of the fact that areas that can raise more income locally require less support from Government to provide services. The negative Relative Resource Amount is balanced against the positive Relative Needs Amount calculated for each authority.

This block recognises the differences in the amount of local income which individual councils have the potential to raise. This is done by looking at authorities' council taxbase data (a measure of the number of properties equivalent to Band D for council tax in an area). The greater an authority's taxbase the more income it can raise from a standard increase in band D council tax.

Negative Relative Resource Amounts are then generated using the amounts above the minimum council tax base per head. Again, to do this fairly, the Relative Resource Amount is applied to four separate groups of authorities depending on the services they provide. The four groups of authorities provide: upper tier services, lower tier services, fire services and police services.

Central Allocation

Once we have taken account of the Relative Needs and Relative Resources of local authorities, there is still an amount of money left in the overall grant pot for distribution to local authorities.

The Government shares this out on a per head basis. The per head amounts are based on the appropriate minimums for each authority already calculated for the needs and resources blocks. The per head amount is therefore dependent on the services that the authority provides.

Floor Damping Block

Following the calculations in the three blocks described above, each authority will have a grant amount allocated to it. However, Government ensures that a lower limit is set to any individual local authority's change in grant year-on-year. This guarantee is known as the floor.

It is important to note that all floor calculations (as with all the comparisons of grant that Government makes from one year to the next) are adjusted to make sure they are on a like-for-like basis. For instance, in 2009-10, the transfer of Student Finances out of formula grant meant that upper tier authorities needed less formula grant than before.

So when floors are calculated, the baseline year (2008-09, for the 2009-10 settlement) was adjusted to include the Student Finances transfer. That is why the quoted change in grant may not be the same as the change in the cash an authority receives. The Government knows that this appears to make the system more complicated – but local government agrees that it is fair.

Separate floor levels are set for four groups of authorities: authorities with education and social services responsibilities; single-service police authorities; single service fire authorities; and shire districts. Separate parts of the Formula Grant calculations for the Greater London Authority are included in the floor arrangements for police and fire authorities.

These groups are treated separately because each group receives a different overall change in grant, and the Government believes it would be wrong for groups of authorities with radically different responsibilities to cross-subsidise each other.

Levels of floors in 2010-11

The Government has set the floor levels to give the fairest distribution of the money available, and to ensure that all authorities receive a formula grant increase.

The levels for floors for 2010-11 are shown in the table below.

Type of Authority	2010-11 Floor
Education/social services authorities	**1.5%**
Police authorities	**2.5%**
Fire authorities	**0.5%**
Shire districts	**0.5%**

As all the Formula Grant to be paid to local authorities must come from within the finite overall pot, the cost of providing the guaranteed floor must also be met from this pot. In order to do this grant changes above the floor are scaled back. The amount of grant scaled back is then used to pay for the floor guarantee.

Local Government Restructuring

From the 1 April 2009, seven areas in England were restructured. These are: Bedfordshire, Cheshire, Cornwall, Durham, Northumberland, Shropshire and Wiltshire. In Bedfordshire, two unitary authorities were created – Bedford Borough Council and Central Bedfordshire District Council. In Cheshire, again two unitary authorities were created – Cheshire East District Council and Cheshire West and Chester District Council. In each of the other five areas, a single unitary authority was created from the County Council.

The Bedfordshire and Cheshire restructurings required splitting the county authority formula grant allocation. This was done, in part at least, by negotiation between the shadow authorities, and with the help of the predecessor county council. Since the shadow authority will normally only exist for a year prior to restructuring, we did not therefore have all the data necessary to calculate the grant settlements for years two and three (i.e.; 2009-10 and 2010-11) on a restructured basis at the time of the 2008-09 Settlement. The Provisional 2009-10 and Provisional 2010-11 Settlements were therefore issued on the basis of those authorities that were in existence as at 1 April 2008.

In order to ensure that those local authorities that are not directly involved in the restructuring did not have their provisional allocations altered as a result of restructuring, we constrained the amount of formula grant that went to any restructured area to the sum of the proposed formula grant for its predecessor authorities.

We then worked out the formula grant for the next 3-year period following restructuring on the new authority boundaries.

For Cornwall, Durham, Northumberland, Shropshire and Wiltshire we simply summed the provisional formula grant for the predecessor authorities to work out how much the new unitary authority would receive.

For the Bedfordshire and Cheshire authorities we:

a. recalculated the formula grant before floor damping for all authorities based on the new authority boundaries. This is known as indicative formula grant.
b. Then, for each of those areas, we split the sum of the provisional formula grant for those authorities pro-rata to the indicative formula grant worked out in (a) above.

Full details of how the calculations work are set out in the explanatory paper “Local Government Finance Settlement 2009-10 and 2010-11: Agreed Position for Bedford, Central Bedfordshire, Cheshire East and Cheshire West and Chester” available on our website.

Total Grant Allocation

The actual amount of Formula Grant which an authority receives is calculated using the four blocks detailed above. Full details of how the calculations work are set out in the Local Government Finance Report which is approved by Parliament each year.

Setting Council Taxes

Local authorities need to start preparing their budgets for the coming year several months before they know exactly what funding they will get from the Government. After the settlement, once an authority knows the level of funding, it can make final decisions on:

‰ how much it expects to spend in the coming year;

‰ what income, other than that from Government, it expects to raise next year; and

‰ how it can use its financial reserves to fund spending or keep down its Council Tax.

A local authority's planned spending, after deducting any funding from reserves and income it expects to raise (other than general funding from the Government and the Council Tax), is known as the **budget requirement**. The amount of Council Tax an authority needs to raise is the difference between its budget requirement and the funding it will receive from the Government.

Each local authority then sets its Council Tax at the level necessary to raise this amount.

Capping

The Government has powers to cap excessive council tax increases and has taken capping action against 34 authorities since 2004-05.

Keeping council tax under control remains a priority for the Government. For 2010-11 the Government has made clear to all authorities that it will not hesitate to use its capping powers as necessary to protect council taxpayers from excessive increases.

Amending Reports

The Government can amend a previous year's local government finance settlement, if changes need to be made to the original settlement after it has been approved. When such changes are needed, an Amending Report for the settlement year in question is issued. No Amending Report has been issued for the 2009-10 settlement.

Glossary

Aggregate External Finance (AEF)
The total level of revenue support the Government provides to local authorities for their core functions. This support is normally made up of Revenue Support Grant, police grant, area based grant, specific grants and the amount distributed from business rates.

Amending Report
The means of making changes in the distribution of a settlement after the settlement has been approved.

Area Cost Adjustment (ACA)
The scaling factor applied to RNF to reflect higher costs – mostly pay – in some council areas.

Billing authorities
These are the 326 authorities that collect Council Tax - district councils, London boroughs, and unitary authorities. Before 1 April 2009 there were 354.

Budget requirement
This is the amount each authority estimates as its planned spending, after deducting any funding from reserves and any income it expects to raise (other than from the Council Tax and general funding from the Government i.e. Formula Grant and sometimes in the past, certain special grants). The budget requirement is set before the beginning of the financial year.

Business rates
These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a central pool. The pool is then divided between all authorities.

Capping
When the Government limits an authority's budget requirement and hence its council tax where it judges the authority has set an excessive increase.

Control Totals
These are the totals of all authorities' Relative Needs Formulae for each major service area. They are set out in Annex E to The Local Government Finance Report.

Council Tax
A local tax on domestic property set by local authorities in order to meet their budget requirement.

Council Tax base
The Council Tax base of an area is equal to the number of band D equivalent properties. To work this out, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example,

one band H property is equivalent to two band D properties, because it pays twice as much tax. The amount of revenue which could be raised by Council Tax in an area is calculated allowing for discounts and exemptions but, for the purpose of the Formula Grant calculation, assuming that everyone pays. How this is calculated is set out in Annex C to the Local Government Finance Report.

Council Tax bands
There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below.

Council Tax Bands		
	Value of home estimated at April 1991	**Proportion of the tax due for a band D property**
Band A	under £40,000	66.7 %
Band B	£40,001 - £52,000	77.8 %
Band C	£52,001 - £68,000	88.9 %
Band D	£68,001 - £88,000	100.0 %
Band E	£88,001 - £120,000	122.2 %
Band F	£120,001 - £160,000	144.4 %
Band G	£160,001 - £320,000	166.7 %
Band H	over £320,001	200.0 %

Council Tax discounts and exemptions
Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, such as those lived in only by students.

Damping
'Damping' is used to describe the way limits are applied to the effect on grant funding of changes to the distribution formulae or data used. Lower limits, floors, on Formula Grant changes from one year to the next are now the damping mechanism.

Distributable Amount
This is the estimated total amount in the business rate pool that is available to be distributed to local authorities. The business rates are collected by local authorities and paid into a national pool and then redistributed to all authorities. The total amount is set out in Section 3 of the Local Government Finance Report. The basis for distribution is set out in Section 7 of the Local Government Finance Report.

Fixed Costs
An element of an authority's costs which do not vary with size; this mainly consists of the costs of running the corporate and democratic core of an authority, sometimes described as "the costs of being in business, not the costs of doing business".

Floor damping
A method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a lower limit to change in

grant. The grant changes of authorities who receive more than the floor are scaled back by a fixed proportion to help pay for the floor.

Formula Grant
Comprises Revenue Support Grant, redistributed business rates, and (for relevant authorities) principal formula Police Grant.

Indicators
In this context, information used in the calculation of the Relative Needs Formulae, such as projections of population, numbers of school children, numbers of elderly people or lengths of road. The indicators are generally defined in Annex D to the Local Government Finance Report.

The Local Government Finance Settlement
The Local Government Finance Settlement is the annual determination of formula grant distribution as made by the Government and debated by Parliament. It includes:

- the totals of formula grant;
- how that grant will be distributed between local authorities; and
- the support given to certain other local government bodies.

Lower Tier Authorities
Authorities that carry out the functions that, in shire areas with two tiers of local government, are carried out by shire districts. They are the same councils as **billing authorities**.

Net Revenue Expenditure (NRE)
This represents an authority's budget requirement and use of reserves.

Non-Domestic Rates
See business rates.

Precept
This is the amount of Council Tax income county councils, police authorities, the Greater London Authority, parish councils and fire authorities need to provide their services. The amounts for all local authorities providing services in an area appear on one Council Tax bill, which comes from the billing authority.

Precepting authority
This is an authority which sets a precept to be collected by billing authorities through the Council Tax bill. County councils, police authorities, the Greater London Authority, some fire authorities and parish councils are all precepting authorities.

Receiving authorities
These are the 421 authorities that are eligible to receive Revenue Support Grant.

Relative Needs Formulae (RNF's)
These are the first stage in the calculation the Government uses to distribute formula

grant. The relative needs formulae for each service block are set out in Section 4 of the Local Government Finance Report.

Reserves
This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Expenditure
Expenditure financed by AEF grants, council tax and use of reserves.

Revenue Support Grant (RSG)
A Government grant which can be used to finance revenue expenditure on any service. The total amount is set out in Section 2 of the Local Government Finance Report.

Ring-fenced grant
A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.

Specific Grants
Grants paid under various specific powers, but excluding formula grant or area based grant. Some specific grants are ring-fenced.

Specified Body
This is the term used for bodies (such as the Local Government Improvement and Development Agency and the National Youth Agency) that are directly funded from Revenue Support Grant, and that centrally provide services for local government as a whole.

COUNCIL TAX PROPERTY VALUATION BANDS

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

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

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

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COUNCIL TAX AND NNDR INSTALMENT DATES AND RECOVERY POLICY

Introduction

There are 109,000 domestic properties and 8,000 NNDR properties within Brent and the Revenues service is responsible for collecting Council Tax due for each of these properties. The revenue generated from Council Tax collection forms a significant proportion of the Authority's overall Revenue budget and as such we recognise our responsibility to maximise collection to protect the overall financial health of the Authority. We also recognise the diverse nature of Brent as a Borough, with pockets of affluence and large areas of deprivation. We aim to take account of differing customer needs and circumstances and to reflect these in our policies for recovering Council Tax. In overall terms, we aim to deal robustly with those who are wilful non payers and to deal sensitively with those who are willing to pay but are experiencing difficulties in doing so and to ensure that payment arrangements are fair. We are particularly aware of the financial difficulties some residents are facing due to the current recession.

1. COUNCIL TAX INSTALMENT DATES

1.1 For 2010/11, the instalments will be due on the following dates:

(a) Direct Debit payers

1st, 12th, 17th, or 28th, depending on the date selected by the Direct Debit payer. If no date is selected, the instalments will be due on the 1st. Instalments commence on the selected date in April and end in January 2011.

(b) Non Direct Debit payers

First instalment on the 1st April 2010, then on the 1st of each month to 1st January 2011.

2. NNDR INSTALMENT DATES

2.1 For 2010/11, the instalments will be due on the 1st of each month from 1 April 2010 to 1 January 2011, a total of 10 instalments.

3. BRENT POLICY FOR COUNCIL TAX RECOVERY

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

- Reminder(s)
- Summons for a Liability Order Hearing
- Pre Bailiff Letter including a means enquiry form and debt leaflet giving help and advice if customers are in debt

3.1.2 **Summons for a Liability Order Hearing**

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

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

3.1.3 **Inserts enclosed with a Summons**

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

The other insert encourages the customer to contact the council directly rather than attending the court.

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 council tax or housing benefit appeals, council tax complaints and some Council Tax correspondence. Where appropriate a summons is not issued giving the Benefits Department/Capita and the Claimant/Taxpayer time to resolve the enquiry.

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

a) there has been a delay by the taxpayer in providing the necessary supporting documentation with their benefit application or information required to assess the claim
b) the taxpayer is late in making an application and therefore all the arrears would not be cleared by an award of benefit
c) where it appears that there will not be any or full entitlement to benefit
d) the issue raised is frivolous with the intention of delaying the payment of Council Tax
e) the issue raised is not connected to the Council Tax liability.

3.2.3 In accordance with the revised Anti Poverty strategy any accounts where the tax payer has been identified as vulnerable will be considered for exclusion 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 find it difficult to manage their own affairs because of mental health difficulties or substantial literacy difficulties.
- Homeless customers
- Customers with severe sensory impairments

3.3 **Summons Arrangements**

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

3.3.2 Normally pay by three equal monthly instalments. This can be paid by cash or cheque to the Council. This arrangement must include total costs of £120.00, which includes those for a liability order.

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.

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

3.4 **Attachment of Earnings Orders**

Where employment details are available for taxpayers at any stage from a liability order being obtained to the point where bailiff action is commenced, an attachment may be applied. It may also be applied after a case has been returned by the bailiff if a debt remains outstanding. Deductions are made in accordance with current legislation, which determines the appropriate percentage of the individual's salary that may be deducted.

3.5 **Benefit Deductions**

A Liability Order must be obtained from the courts before deductions can start. Benefit deductions can be applied to state benefits such as Income Support, JSA, Pension Credit Guarantee Credit, Pension Credit Savings Credit and Employment Support Allowance.

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 bailiff. An arrangement for payment can still be made at this stage. Information is also given in relation to total costs, which includes the Liability Order costs. Inserts are also enclosed giving debt advice, requesting information in respect of employment or benefit entitlement. A means enquiry form is also enclosed for completion by the tax payer if they require an extended arrangement.

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

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

3.7 **Bailiff Action for Council Tax**

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

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

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

The bailiff may make charges in accordance with the Regulations.

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

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

(a) Newlyn Collection Services Ltd
(b) Equita

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

In cases where all other recovery methods have failed we will seek to obtain a charging order, bankruptcy order or seek the Taxpayer's committal to prison depending on individual circumstances.

3.9 Customers who are identified as experiencing financial hardship

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

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

If a customer contacts the Council following a recovery notice and advises that they cannot meet the payment demanded, consideration will be given to reinstating and extending their instalments.

4. BRENT POLICY FOR NNDR RECOVERY

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

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

4.2 **Summons for a Liability Order Hearing**

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

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

4.3 **Bailiff Action for NNDR**

4.3.1 The following cases will be subject to Bailiff action:

(a) No payment arrangement made

(b) Taxpayers defaulting on existing arrangements

(c) No contact made

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

The bailiff may make charges in accordance with the Regulations.

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

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

(a) Newlyn Collection Services Ltd

(b) Equita

5. SUMMONS COSTS AND LIABILITY ORDER COSTS

5.1 Taxpayers will incur costs from the moment a summons has been issued. Summons costs for Council Tax are currently £90.00. Summons costs for Non-Domestic Rates are £140.

5.2 Summons costs are applied for when the complaint is laid before the court and the costs are put on the account immediately after this. Both the summons and the summons insert give details of these costs. These summons costs will only be cancelled if the summons is withdrawn or in special circumstances where the costs are waived.

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

6. 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 Strategy is likely to also impact on this policy.

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Service Area Budgets (SABs)					
Children & Families	59,261	60,145	60,145	60,145	60,145
Environment and Culture	48,362	48,859	48,859	48,859	48,859
Housing and Community Care					
- Housing	14,136	27,665	27,665	27,665	27,665
- Adults Social Care	87,550	88,288	88,288	88,288	88,288
Business Transformation	10,470	10,441	10,306	10,306	10,306
Central Units	9,493	8,738	8,261	8,261	8,261
Finance & Corporate Resources	5,811	6,613	6,613	6,613	6,613
Total SABs	**235,083**	**250,749**	**250,137**	**250,137**	**250,137**
Savings					
Central		(350)	(350)	(350)	(350)
Improvement and Efficiency Action Plan		(4,365)	(4,365)	(4,365)	(4,365)
Management Posts		(2,014)	(2,014)	(2,014)	(2,014)
Total Savings		**(6,729)**	**(6,729)**	**(6,729)**	**(6,729)**
Growth for Service Areas					
'Inescapable' growth	0	0	7,086	13,382	19,407
Inflation Provision	0	300	5,478	10,775	16,193
Performance Reward Grant	1,600	2,100	0	0	0
Total provision for growth	**1,600**	**2,400**	**12,564**	**24,157**	**35,600**
Other Budgets					
Central Items	43,985	51,035	58,384	61,135	64,018
Area Based Grant - excluding Supporting People	(16,310)	(28,578)	(27,063)	(26,386)	(25,727)
Estimated Performance Reward Grant	(2,000)	(2,000)	0	0	0
Contribution to/(from) Balances	(522)	(1,408)	0	0	0
	25,153	**19,049**	**31,321**	**34,749**	**38,291**
Total Budget Requirement	**261,836**	**265,469**	**287,293**	**302,314**	**317,299**
Plus Deficit on the Collection Fund	1,154	1,162	1,162	1,162	1,162
Grand Total	**262,990**	**266,631**	**288,455**	**303,476**	**318,461**

Scenario A - Formula Grant Freeze					
Budget Gap at 0%, 1.5% and 3% Council Tax Increase					
Reductions required to achieve council tax increase of 0% in each year			**(21,569)**	**(36,333)**	**(51,062)**
Reductions required to achieve council tax increase of 1.5% in each year			**(20,028)**	**(33,227)**	**(46,356)**
Reductions required to achieve council tax increase of 3.0% in each year			**(18,496)**	**(30,078)**	**(41,520)**

Scenario B - Formula grant decrease of 2.5% per annum from 2011/12					
Budget Gap at 0%, 1.5% and 3% Council Tax Increase					
Reductions required to achieve council tax increase of 0% in each year			**(25,681)**	**(44,455)**	**(63,093)**
Reductions required to achieve council tax increase of 1.5% in each year			**(24,140)**	**(41,349)**	**(58,387)**
Reductions required to achieve council tax increase of 3.0% in each year			**(22,609)**	**(38,199)**	**(53,551)**

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Grant Calculation for Future Years					
SCENARIO A					
Formula Grant					
1.75% 2009/10, 1.5% 2010/11, and assumed 0% in 2011/12, 2012/13 and 2013/14	**162,095**	**164,489**	**164,489**	**164,489**	**164,489**
Council Tax Calculation for Future					
Brent Council Tax Requirement 95,279 in 2009/10, 96,457 in 2010/11 and 0.25% increase in subsequent years	**1,058.94**	**1,058.94**	**1,058.94**	**1,058.94**	**1,058.94**
% Increase in Brent part of CT	**2.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Balances					
Balances Brought Forward	**8,054**	**8,908**	**7,500**	**7,500**	**7,500**
Underspends/(Overspends)	**1,376**	**0**	**0**	**0**	**0**
Contribution to/(Use of Balances)	(522)	(1,408)	0	0	0
Balances Carried Forward	**8,908**	**7,500**	**7,500**	**7,500**	**7,500**
Grant Calculation for Future Years					
SCENARIO B					
Formula Grant					
1.75% 2009/10, 1.5% 2010/11, and assumed 2.5% reduction in 2011/12, 2012/13 and 2013/14	**162,095**	**164,489**	**160,377**	**156,367**	**152,458**
Council Tax Calculation for Future					
Brent Council Tax Requirement 95,279 in 2009/10, 96,457 in 2010/11 and 0.25% increase in subsequent years	**1,058.94**	**1,058.94**	**1,058.94**	**1,058.94**	**1,058.94**
% Increase in Brent part of CT	**2.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Balances					
Balances Brought Forward	**8,054**	**8,908**	**7,500**	**7,500**	**7,500**
Underspends/(Overspends)	**1,376**	**0**	**0**	**0**	**0**
Contribution to/(Use of Balances)	**(522)**	**(1,408)**	**0**	**0**	**0**
Balances Carried Forward	**8,908**	**7,500**	**7,500**	**7,500**	**7,500**

How the Budget Contributes to the Corporate Strategy

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
A Great Place					
– Give our community a greater say in what the council delivers	– One Stop Service – Voluntary Sector Grants – Chief Executive's Office – Communications and Diversity – Legal and Democratic – Policy and Regeneration				
– Work with the police and the community to reduce crime and fear of crime	– Streetcare – Parks – Housing Policy and Development Unit – Brent Housing Partnership – Community Safety – Communications and Diversity	– CCTV Programme	– Borough Command Unit Fund – Performance Reward Grant	– CCTV operational costs to support and maintain the network – Preventing Violent extremism grant monies – Additional support for the Youth Offending Service – Domestic Violence Prevention Programme – Diversionary activities for children at risk of getting involved in crime.	Safer, Stronger Communities Grant
– Implement improvements to the street scene and programmes that tackle enviro-crime such as graffiti, dumped rubbish and abandoned cars	– Streetcare – Parks – Parking – Environmental Health – Policy and Regeneration	– Section 106 programme – Streetscene / street trees	– Transport for London capital grant	– CCTV operational costs to support and maintain the network	

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Provide clean, well-designed and cared for streets and open spaces so that people feel good about the areas in which they live and work	– Streetcare – Parks – Planning service – Building Control – Health, Safety and Licensing – South Kilburn Regeneration	– Roads and pavements programme – Section 106 programme. – Streetscene / street trees – Parks infrastructure – Street lighting	– Transport for London capital grant	– Maintenance of children's play facilities as part of the Playbuilder Scheme – Additional streetlighting	– Playbuilder Scheme
– Promote environmentally sustainable practices	– Streetcare – Brent Energy Network – Information Technology – Communications and Diversity – Policy and Regeneration	– Streetscene / street trees – Salix fund works – Section 106 works	– Waste Performance and Efficiency Grant pooled across London	– Additional funding for streetcare contract to fund organic waste rounds – Introduction of sustainable green zones – Measures to help the community to reduce climate change	
– Provide a broad range of sports and leisure activities and ensure that they are accessible to all the community	– Libraries – Sports – Parks – BACES – Music Service – Youth Service	– Section 106 Programme – Parks Infrastructure – Investment in sports facilities		– Additional funding to support library book stock – Diversionary activities for children at risk of getting involved in crime. – Positive activities for Young People – Free Swimming Programme	

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Make our cultural services the forefront of community cohesion	– Libraries – Sports – Policy and Regeneration	– Section 106 Programme – Investment in community/ sports facilities – Neasden library – Harlesden library		– Additional funding to support library book stock	Harlesden library

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
A Borough of Opportunity					
– Provide high quality education and schooling that enables all our young people to meet their full potential	– BACES – Early years administration – Facilitating school improvement – Special educational needs – Education Welfare – Excluded Pupils – Support for students	– Investment to improve condition of existing schools – Investment in children's centres and extended schools – Investment in schools to provide for expansion – Investment in special educational needs provision – Section 106 programme	– DfES capital grants to schools – Surestart Capital Grant – Lottery Funding	– Additional grant funding for the extended schools programme – Early years increased funding to extend flexibility of entitlement for 2 year olds – Additional Ethnic Minorities Achievement Grant – Additional Surestart Grant – 1-2-1 Tuition – Aiming High for Disabled Children	– Children's centres Surestart grant phase 3 – Extended schools – Harnessing technology grant – Primary Capital Programme and additional grant – Building Schools for the Future Programme
– Create a place where businesses want to locate and can succeed	– Streetcare – Health, Safety and Licensing – Trading Standards – South Kilburn Regeneration – Policy and Regeneration – BACES – Schools	– Investment in roads and pavements – Regeneration projects – Section 106 programme – Estate access corridor	– London Development Agency/Transport for London – New Deal for the Communities		– Growth Area Funding for Wembley

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Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Reduce the significant levels of deprivation and low levels of income experienced by our most deprived communities	– Planning service – Supporting people – Working Neighbourhoods Fund – Policy and Regeneration – Revenues and benefits	– Regeneration projects	– Job Centre Plus – Government Office for London	– Additional funding for temporary accommodation – Support for people to receive benefits and allowances to which they are entitled	
– Ensure that housing in every sector and tenure is safe, secure and high quality and give all residents a stronger voice in housing management.	– Building Control – Planning Service – Private Housing Services – Housing Resource Centre – Bed and breakfast Inspections – Private Housing Information Unit – Travellers site – Temporary Accommodation – Supporting people	– Private sector renewal grant funding – HRA capital programme	– Homes and Communities Agency	– Additional funding for temporary accommodation – Funding for the affordable housing PFI – Funding of additional surveyor posts for disabled facilities grant work	– Place of Change Programme funding – Additional spending on disabled facilities grant – St Raphael's Affordable Housing Scheme – Health and Safety Work and redecoration to Council blocks
– Create the right environmental conditions for business growth and increase the opportunities for inward investment to the borough	– Streetcare – South Kilburn regeneration – Working Neighbourhoods Fund	– Regeneration funding – Wembley Estate and Stadium access roads. – Investment in roads and pavements	– London Development Agency/Transport for London – New Deal for the Communities		– Growth Area Funding for Wembley

Corporate Strategy element	Main budgets: Revenue	Main budgets: Capital	Partner budgets	Additional allocations within this year's budget: Revenue	Additional allocations within this year's budget: Capital
– Address the inequalities of health experienced across the borough	– Sports – Environmental health – Older peoples services – Physical Disabilities – Mental Health – Learning Disabilities – Emergency Duty Team – Children's Social Care Health Service Partnership	– Disabled Facilities Grant	– PCT – Performance Reward Grant	– Growth in adult social care purchasing budgets – Additional monies to support adult participation in sport – Use of free swimming grant	
One Community					
– Improve access to decent homes	– Planning Service – Temporary Accommodation – Private Housing Services – Private Housing Information Unit – Housing Policy and Development – Housing Advice Centres – One Stop Service	– Private Sector renewal programme – Disabled facilities in dwellings programme – Section 106 programme – HRA Investment programme	– Homes and Communities Agency	– Additional funding for temporary accommodation – Funding for the affordable housing PFI	
– Continue to deliver programmes to regenerate priority neighbourhoods and deliver the new and refurbished homes within the South Kilburn NDC	– Building Control – South Kilburn Regeneration	– S106 programme – HRA Investment programme – South Kilburn development programme – Regeneration funding	– Government Office for London funding – London Development Agency		

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Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Support children and young people in Brent to realise their full potential and succeed in life	– Schools – Youth Service – Libraries – Sports – Parks – One Stop Service – Family Support Services	– Schools improvements – Investment in children's centres and extended schools – Harlesden and Neasden Libraries – Sports – Parks infrastructure – Section 106 programme		– Additional funding to support library book stock – Increased children's centre funding – Early years grant funding increased free nursery hours – Use of free swimming grant – Positive Activities for Young People funding	– Playbuilder Scheme
– Introduce more early intervention and preventative services that support those children who experience the greatest barriers to learning	– Family Support Services – Excluded Pupils – Looked after Children		– NHS Brent	– Increased children's centre funding – Additional monies to safeguard and protect children – Additional Homes for Children with Disabilities	– Children's centres Surestart grant phase 3

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Provide tailored care packages for those with the greatest need and engage in preventative work	– Sports – Older Peoples Services – Learning Disabilities – Physical Disabilities – Mental Health – Emergency Duty Team – Family Support Services	– Disabled Facilities Grant	– Pooled Treatment Budget (PCT) – Section 31 monies – Improving Information management (capital grant) – Improving Care Home capital grant	– Increased funding for social care and increased emphasis on self directed support and assessment of care packages. – Funding of additional surveyor posts for disabled facilities grant work	– Additional spending on disabled facilities grant
– Empower residents to lead active, independent lives, providing services that enable them to do this	– Sports – Libraries – Older Peoples Services – Health, Safety and Licensing – Revenues and benefits – Information Technology – Communications and Diversity – Legal and democratic – Family support services	– Disabled Facilities Grant – Libraries		– Additional funding to support library book stock – Increased funding for all areas of social care and increased emphasis on self directed support and assessment of care packages. – Use of free swimming grant	

Corporate Strategy element	Main budgets		Partner budgets	Additional allocations within this year's budget	
	Revenue	Capital		Revenue	Capital
– Work in partnership with health services and the voluntary sector to promote independence, well-being and choice for vulnerable people	– Sports – Older Peoples Services – Learning Disabilities – Physical Disabilities – Mental Health – Emergency Duty Team – Voluntary sector rants – Supporting People – Policy and regeneration – Children's Social Care Health Service Partnerships – Family support services	– Disabled Facilities Grant	– Pooled Treatment Budget (PCT) – Section 31 monies	– Additional surveyors to support the allocation of the Disabled Facilities Grant – Social Care Reform grant – Increased funding for social care and increased emphasis on self directed support and assessment of care packages. – Increase in sports participation by disabled children	

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Activity Levels 2008/09 - 2010/11

	Actual 2008/09	Annual Target 2009/10	Forecast 09/10 Outturn	Annual Target 2010/11
Environment and Culture				
External income from planning	£1,331,000	£1,235,000	£1,305,000	£1,150,000
Land charge searches income	£368,000	£446,000	£380,000	£396,000
Percentage of waste recycled	28.8%	29.9%	30.9%	32.0%
Waste disposal tonnage incurring section 52(9) charges	103,009	101,615	97,562	97,562
BVPI recycled tonnage eligible for recycling credits	13,330	13,330	14,636	14,636
Expenditure on potholes and patching	£1,169,100	£1,193,300	£1,193,300	£1,193,300
Number of CCTV & Parking Control Notices issued	104,775	117,000	96,342	96,000
% of PCN & CCTV income collected @ discounted rate	47.2%	50.0%	46.0%	50.0%
On street meter income	£2,960,700	£3,404,300	£3,153,400	£3,214,300
Housing & Community Care				
Adult Social Care				
Older People - hours of homecare	626,886	650,000	656,798	617,500
Physical Disability - number in residential placements	86	80	85	81
Physical Disability - hours of homecare	153,204	123,000	103,521	119,310
Mental Health - number in residential placements *	82	67	101	68
Mental Health - hours of homecare	111	100	192	100
Learning Disability - number in residential and nursing placements	136	174	125	125
Learning Disability - hours of homecare	35,885	25,000	24,480	24,000
Older People - number in residential and nursing placements *	561	570	618	550
Meals on Wheels - number delivered	137,173	150,290	138,618	142,700
Number of people getting direct payments	341	530	545	750
Housing				
Numbers of Households in Temporary Accommodations(average)				
Families in bed and breakfast	143	130	140	N/A
Private sector dwellings returned to use or demolished	408	150	950	N/A
Number of non-LA owned vacant dwellings returned to occupation or demolished	99	60	60	N/A
Number of affordable homes constructed	705	458	460	N/A
Children and Families				
Number of children placed with independent foster agencies (average)	118	103	120	110
Number of children placed with in-house fosters (average)	89	121	84	90
Number of children in residential care (average)	70	72	72	74
Number of children placed for adoption (average)	12	14	14	16
Number of children placed with relatives/friends (average)	57	45	45	45
Number of children placed with parents (average)	17	14	14	12
Number of children living independently (average)	1			
Number in other placements (average)				
Total number looked after chlidren	*364*	*369*	*349*	*347*
Monthly placement costs - External Provision (average)	£1,082,381	N/A	1,177,824	N/A
Number of children in placements who are unaccompanied asylum seekers	37	40	40	42
SEN transport expenditure	£3.915m	£3.631m	£3.750m	£3.800m
Corporate				
Council tax/housing benefit caseload	36,435	38,257	39,025	42,000
Council Tax collection (% net debt collected)	95.4%	95.6%	95.6%	95.8%
HB Overpayment recovery	£3.848m	£4.000m	£4.000m	£4.000m
Number of telephone connections on the network	3,400	3,450	3,500	N/A
Number of pensioners paid by payroll	5,269	5,389	5,389	5,519
Number of Active Network Users	3,200	3,100	3,100	3,100
Number of permanent staff (Headcount)-Excluding Schools	3,186	3,096	3,244	N/A
Number of permanent staff (Full Time Equivalents)-Excluding Schools	2,884	2,819	2,944	N/A
Cost of permanent staff-Excluding Schools	£126.4m	£123.9m	£124.0m	N/A
Agency headcount	441	506	526	N/A
Cost of agency staff	£15.1m	N/A	£16.8m	N/A
Cost of overtime	£1.389m	£1.556m	£1.556m	N/A
Number of enquires dealt with by the One Stop Shop	201,272	N/A	180,000	N/A
Number of calls answered by the call centre	686,984	N/A	800,000	N/A

* Targets based on available budget provision

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Schools Budget 2009/10 & 2010/11

SERVICE	2009/10 BUDGET	2010/11 PROPOSED GROWTH	2010/11 ADJUSTS	2010/11 INFLATION	2010/11 BUDGET FORECAST
	£k	£k	£k	£k	£k
Individual Schools Budget (ISB)	193,244	2,633	-6,571	4,621	193,927
School Standards Grant - Expenditure	6,132			153	6,285
School Standards Grant - Income	-6,132			-153	-6,285
Threshold and Performance Pay 6th Form	317		-317	0	0
Threshold and Performance Pay	1,955		-1,955	0	0
Total Formula Funding	**195,515**	**2,633**	**-8,843**	**4,621**	**193,926**
Contingencies					
Statemented Pupils	1,284	912	277	33	2,506
Rising Rolls Contingency	1,414			30	1,444
DCSF Overestimated Pupil Nos contingency	2,678		-838	0	1,840
City Academy	257		214	6	478
Total Contingencies	**5,634**	**912**	**-347**	**69**	**6,268**
Items Outside CEL					
Standards Fund	0			0	0
Threshold and Performance Pay Non ISB	0			0	0
Total	**0**	**0**	**0**	**0**	**0**
Nursery Items					
Early Years Payments	2,809			59	2,868
E Years - EPS	206			4	210
Teachers' attached to Childrens' Centres	224			5	229
Retained Functions	148			3	151
Support for Non Maint Settings	194			4	198
Total Nursery Items	**3,580**	**0**	**0**	**75**	**3,656**
SEN					
Other SEN Units Directly Funded	170			4	174
A & I Directorate - Good practice	64			1	65
EPS re Statemented Support	106			2	108
Speech Therapy	195			4	199
Intervention - Non PRU support	160			3	164
Statemented Pupils in OB Mainstream	1,809			38	1,847
Looked After Children Team	205			4	209
Residential Placements	410			9	419
SEN Home to School Transport	256			5	262
Early Years Sencos	102			2	104
ECM - Lead Professionals	506		250	11	767
SEN PlacementsOut to In - Spend to Save	71			1	72
OLEA Day Special	1,439			30	1,469
OLEA Residential Special	102			2	104
Independent Day Special	2,780	600		58	3,438
Independent Residential Special	1,673			35	1,708
Recoupment Income	-648			-14	-662
Hospital Recoupment	123			3	125
Behaviour Support - Key Stage 4 PRU	615		14	13	642
New Key Stage 4 PRU	565		12	12	589
Behaviour Support - Key Stage 3 PRU	634		14	13	662
Behaviour Support - In year PRG	70			1	71
Tuition and Integration Service	1,514			32	1,546
Pupils Without a School Place	280			6	286
Portage	9			0	9
EPS re LSAs	54			1	55
Provision for Disabled Pupils	226			5	231
Total SEN	**13,488**	**600**	**290**	**283**	**14,662**
Other					
Schools causing Concern	181			4	185
Maternity	344			7	351
Schools Forum	33			1	34
Miscellaneous (Not more than 0.1% of SB)	0	100		0	100
Subscriptions	64			1	65
Free School Meals - Eligibility	47			1	48
School Admissions	377			8	385
Total Other	**1,046**	**100**	**0**	**22**	**1,168**
Total Non ISB	**23,748**	**1,612**	**-57**	**449**	**25,753**
TOTAL GROSS SCHOOLS BLOCK	**219,264**	**4,245**	**-8,900**	**5,071**	**219,679**
LSC Funding					
6th Form - Basic	-20,472		1853	-430	-19,049
6th Form - Threshold	-982			-21	-1,003
Other SEN	-1,028			-22	-1,049
Total LSC Funding	-22,482		1,853	-472	-21,101
TOTAL NET EXPENDITURE MET BY DSG	**196,782**	**4,245**	**-7,047**	**4,599**	**198,578**
DEDICATED SCHOOLS GRANT	**-196,782**				**-198,578**

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Brief Summary of 2010/11 Schools Budget Decisions by Schools Forum Meeting held on Monday 8th February 2010

Background

Schools Forum considered the Schools budget for 2010/11 in the meeting held on Monday 8th February 2010. Schools Forum was informed of the assumptions made in estimating the grant expected for 2010/11, which is a slight reduction on 2009/10. However, the Forum was advised that pupil figures still needed to be verified to ensure they were accurate and data from Early Years and alternative provision is still not available.

Formula Changes

There is one Formula Change on Early Years for 2010/11. The new formula for Early Years Single Funding for the provision of 15 hours free childcare for 3 & 4 year olds across all sectors.

Brent is currently awaiting a decision on their application for Pathfinder Status.

Growth Items – Within ISB

(1) A request to fund 4 Band 4 ghost places £85,000 at Vernon House to finance the creation of a new KS1 class. The class was created in 2009/10 with funding from Invest to Save. The LA will work closely with the school to manage the admissions process.

Schools Forum agreed to this funding for 2010/11 but if it is to continue beyond 2010/11, it is to be brought back to the Forum for further discussion and approval.

(2) A request for £48,000 to fund 0.8FTE Visual Impairment Teacher at the Brent Education Disabilities of Sight located at Mora. This is for outreach provision of specialist teaching, advice and support to pupil with hearing and visual impairment in Brent and to the school staff who work with them.

Schools Forum agreed to this funding as an ongoing provision.

Growth Items – for Central Expenditure

(3) A request for £12,000 to fund 0.2FTE Teacher for Brent Deaf and Hearing Impaired Service to provide service to the 10+ children with Hearing Impairments at Grove Park and Hay Lane Schools. The cost of this increase can be met from the savings arising from the closure of the ARP at College Green.

Schools Forum agreed this funding.

(4) A request for £900,000 for Statementing Contingency. This is to discontinue the formal statementing process for pupils in mainstream schools, except

where parents request that statutory procedures are followed. This brings forward funding to schools by approximately 6 months, thus requiring an increase in year to the central statementing contingency. This would then transfer to ISB in 2011/12.

Schools Forum agreed this funding.

(5) A request for £600,000 for Out Borough/Independent Special School Provision due to current pupils having more complex needs than previous cohorts and having to be placed in suitable but higher cost provision.

Schools Forum agreed this funding.

(6) A request for £55,000 for a contribution for Education Officer Post in the Youth Offending Team to support the educational issues that arise in the work the team does with young offenders.

Schools Forum agreed to this funding for 1 year subject to a more detailed report being brought to the June Schools Forum Meeting.

(7) A request for £45,000 for an Energy Advisor Post had been previously agreed at the June 2009 Schools Forum meeting for 2010/11 only.

A request from Schools Forum was made for a further report to be brought to the June 2010 Schools Forum meeting detailing how this post will be utilised and the energy savings identified with possible benefits returned to schools.

(8) Schools Forum requested information regarding the Teachers attached to Children Centres as 3 of the children centres are not benefiting from this.
It was suggested that a further £100,000 growth in Central Items be agreed for 3 additional teachers attached to Children Centres.

Schools Forum agreed this funding.

Central Expenditure Limit
The agreement of the above growth items means that the Central Expenditure Limit will be breached for 2010/11, which Schools Forum have been made aware of and are in agreement with.

HRA Probable Budget 2009-10 and Budget 2010-11

Description	(1) Original Budget 2009-10 £000's	(2) Probable Budget 2009-10 £000's	(3) Budget 2010-11 £000's
Provision For Bad Debts	200	200	200
Rent & Rates	2,374	2,374	622
Services	1,112	1,112	589
Capital Financing	22,738	22,850	21,512
Depreciation (Major Repairs Allowance (MRA))	7,556	12,956	2,363
HRA Subsidy (incl MRA)	-13,536	-20,500	-6,660
Rent Income	-47,127	-44,953	-44,552
Non Dwelling Rents	0	-385	-385
Other Income	-607	-607	-600
General Management	11,305	10,749	10,313
Special Management	5,072	5,455	5,352
Housing Repairs	13,158	13,213	11,746
Net Expenditure	**2,245**	**2,464**	**500**
Surplus B/Fwd	-2,645	-4,430	-1,966
To Earmarked Reserve (interest)	0	0	1,000
Surplus C/Fwd	400	1,966	466
Total	**0**	**0**	**0**

HRA Probable Budget 2009-10 and Budget 2010-11
Subjective Analysis

Description	(1) Approved Budget 2009-10 £000	(2) Probable Budget 2009-10 £000	(3) Budget 2010-11 £000
Employees	1,308	2,116	2,154
Premises	19,638	20,844	17,546
Transport	40	71	70
Supplies and Services	5,117	3,984	3,161
Third Party Payments	9,055	9,096	8,907
Tfr Payments/Capital Financing	29,687	35,199	23,275
Support Services	1,533	421	421
Total Expenditure	**66,378**	**71,731**	**55,534**
Direct Income	-63,823	-68,977	-54,744
Recharged Income	-310	-290	-290
Total Income	**-64,133**	**-69,267**	**-55,034**
Deficit (Surplus) for the Year	2,245	2,464	500
Surplus B/Fwd	-2,645	-4,430	-1,966
To Earmarked Reserve	0	0	1,000
Surplus C/Fwd	400	1,966	466
Total	0	0	0

CAPITAL PROGRAMME 2009/10 SUMMARY

General Fund

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Revised Monitoring Position £000	2009/10 Variance Revised to Quarter 2 £000
RESOURCES: GENERAL FUND						
Capital Grants and other contributions						
Government Grant - SCE (C)	(3,882)	(2,071)	(5,953)	(5,331)	(5,331)	0
Primary Capital Programme	(4,655)	0	(4,655)	(4,655)	(3,180)	1,475
Basic Need Grant - Additional Primary Places	0	0	0	0	0	0
Building Schools for the Future	0	0	0	0	0	0
Devolved Formula Capital	(4,615)	(4,427)	(9,042)	(10,858)	(6,335)	4,523
Other External Grant	(24,444)	(15,003)	(39,447)	(67,319)	(56,546)	10,773
Capital Receipts in Year - Right to Buy Properties	(250)	0	(250)	(250)	(250)	0
Corporate Property Disposals	(1,500)	0	(1,500)	(1,576)	(700)	876
Other Receipts	(200)	(250)	(450)	(450)	(450)	0
Capital Funding Account	0	(1,059)	(1,059)	(59)	(59)	0
Additional Contributions	(80)	(1,254)	(1,334)	(1,462)	(1,643)	(181)
S106 Funding	(10,138)	(10,151)	(20,289)	(20,289)	(9,078)	11,211
Borrowing						0
Supported Borrowing - SCE (R)	(5,917)	0	(5,917)	(5,917)	(5,917)	0
Unsupported Borrowing	(16,804)	(992)	(17,796)	(17,796)	(8,114)	9,682
Unsupported Borrowing - School Loan Scheme	0	0	0	0	(469)	(469)
Unsupported Borrowing (Self Funded)	(6,100)	(395)	(6,495)	(6,565)	(5,623)	942
Invest to Save Schemes						
External Grant Funding	(134)	(2,392)	(2,526)	(2,526)	(2,526)	0
Unsupported Borrowing (Self Funded)	(553)	(484)	(1,037)	(1,037)	0	1,037
Total Resources	(79,272)	(38,478)	(117,750)	(146,090)	(106,221)	39,869
EXPENDITURE: GENERAL FUND						
Children & Families						
School Schemes	28,577	9,521	38,098	43,206	43,244	38
Non-School Schemes	294	165	459	448	448	0
Ringfenced Grant Notifications	869	567	1,436	1,501	1,382	(119)
Childrens Centre Sure Start Grant	1,333	668	2,001	3,713	2,000	(1,713)
LEA Controlled Voluntary Aided Programme	2,578	952	3,530	3,530	3,530	0
Extended Schools	538	508	1,046	1,046	0	(1,046)
Devolved Formula Capital	3,333	3,145	6,478	7,856	3,333	(4,523)
Voluntary Aided Devolved Formula Grant	1,282	1,282	2,564	3,002	3,002	0
DCSF Specialist Schools Grant	0	118	118	118	118	0
Co-Location Capital Grant	0	0	0	600	100	(500)
Playbuilder Capital Grant	0	0	0	418	418	0
Practical Cooking Spaces	0	0	0	645	645	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	0	0	0	1,244	60	(1,184)
School Loans Scheme (Prudential Borrowing)	0	0	0	0	469	469
Total Children & Families	38,804	16,926	55,730	67,327	58,749	(8,578)
Environment & Culture						
TfL Grant Funded Schemes	4,500	0	4,500	4,500	4,500	0
Estate Access Corridor	0	2,235	2,235	2,235	2,183	(52)
Stadium Access Corridor	0	1,707	1,707	1,707	1,178	(529)
The Growth Fund - Programme of Development	2,553	2,000	4,553	0	0	0
Leisure & Sports Schemes	535	407	942	1,663	1,663	0
Environmental Initiative Schemes	247	609	856	848	848	0
Highways Schemes	4,100	85	4,185	4,185	4,185	0
Parks & Cemeteries Schemes	330	86	416	614	614	0
Library Schemes	1,501	1,135	2,636	2,636	2,636	0
S106 Works	5,059	8,732	13,791	13,621	5,485	(8,136)
Total Environment & Culture	18,825	16,996	35,821	32,009	23,292	(8,717)
Housing & Community Care: Adults						
Individual Schemes	0	232	232	232	232	0
Ringfenced Grant Notifications for Adult Care	89	250	339	400	400	0
Total Housing & Community Care: Adults	89	482	571	632	632	0
Business Transformation Unit						
Customer Services Schemes	0	0	0	98	18	(80)
Individual Schemes	0	0	0	6,454	4,841	(1,613)
Total Business Transpormation Unit	0	0	0	6,552	4,859	(1,693)
Housing and Community Care: Housing						
PSRSG and DFG council	6,162	88	6,250	6,250	5,250	(1,000)
New Units	287	140	427	287	287	0
Individual Schemes	1,250	126	1,376	1,126	1,126	0
S106 Works	498	0	498	498	1,000	502
Customer Services Schemes	84	14	98	0	0	0
Total Housing & Community Care: Housing	8,281	368	8,649	8,161	7,663	(498)
Corporate						
ICT Schemes	0	336	336	336	336	0
Property Schemes	2,068	917	2,985	2,985	1,924	(1,061)
PRU Schemes	1,000	1,000	2,000	5,665	5,665	0
Central Items	10,124	1,048	11,172	3,653	2,615	(1,038)
S106 Works	81	405	486	486	486	0
Total Corporate	13,273	3,706	16,979	13,125	11,026	(2,099)
Total Service Expenditure	79,272	38,478	117,750	127,806	106,221	(21,585)
Surplus carried forward	0	0	0	(18,284)	0	18,284
Deficit to be funded	0	0	0	0	0	0

CAPITAL PROGRAMME 2009/10 SUMMARY

Housing Revenue Account

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Revised Monitoring Position £000	2009/10 Variance Revised to Quarter 2 £000
RESOURCES: HOUSING REVENUE ACCOUNT						
Supported Borrowing						
Central Government - SCE (R)	0	0	0	0	0	0
Capital Grant	(14,191)	4,535	(9,656)	(15,108)	(15,108)	0
Contributions	(2,729)	0	(2,729)	(3,076)	(3,076)	0
Unsupported Borrowing	(2,600)	(6,474)	(9,074)	(10,168)	(10,168)	0
Total Resources	(19,520)	(1,939)	(21,459)	(28,352)	(28,352)	0
EXPENDITURE: HOUSING REVENUE ACCOUNT						
Housing Revenue Account						
ALMO	600	6,474	7,074	7,398	7,398	0
Decent Homes Capital Grant	2,035	0	2,035	2,035	2,035	0
Individual Schemes	16,885	(4,535)	12,350	18,919	18,919	0
Total Expenditure	19,520	1,939	21,459	28,352	28,352	0
(Surplus)/Deficit	0	0	0	0	0	0

CAPITAL PROGRAMME 2009/10 SUMMARY

Summary of Position

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Revised Monitoring Position £000	2009/10 Variance Revised to Quarter 2 £000
RESOURCES						
General Fund	(-79,272)	(-38,478)	(-117,750)	(-146,090)	(-106,221)	39,869
Housing Revenue Account	(-19,520)	(-1,939)	(-21,459)	(-28,352)	(-28,352)	0
Total Resources	(-98,792)	(-40,417)	(-139,209)	(-174,442)	(-134,573)	39,869
EXPENDITURE:						
General Fund	79,272	38,478	117,750	127,806	106,221	(-21,585)
Housing Revenue Account	19,520	1,939	21,459	28,352	28,352	0
Total Expenditure	98,792	40,417	139,209	156,158	134,573	(-21,585)
Surplus carried forward	0	0	0	(-18,284)	0	18,284
Deficit (to be funded)	0	0	0	0	0	0

CAPITAL PROGRAMME 2009/10

General Fund - Resources

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Supported Borrowing - General Fund:						
Central Government - SCE (R)	(5,917)	0	(5,917)	(5,917)	(5,917)	0
Central Government - SCE (C) (Modernisation Allocation)	(3,882)	(2,071)	(5,953)	(5,331)	(5,331)	0
Primary Capital Programme	(4,655)	0	(4,655)	(4,655)	(3,180)	1,475
Devolved Formula Capital	(3,333)	(3,145)	(6,478)	(7,856)	(3,333)	4,523
Voluntary Aided Devolved Formula Capital	(1,282)	(1,282)	(2,564)	(3,002)	(3,002)	0
Local Education Authority Controlled Voluntary Aided Programme	(2,578)	(952)	(3,530)	(3,530)	(3,530)	0
Sure Start Grant	(1,333)	(666)	(1,999)	(3,711)	(2,000)	1,711
Extended Schools	(538)	(508)	(1,046)	(1,046)	0	1,046
Partnership for Schools (Academy 2 Land)	0	(300)	(300)	(300)	(300)	0
Ark Academy (Additional DCSF Funding)	0	0	0	(21,977)	(19,500)	2,477
John Kelly (Crest Academies) - Environmental Improvement Government Grant	0	0	0	0	(320)	(320)
Specialist Schools Grant (Cardinal Hinsley School)	0	(118)	(118)	(118)	(118)	0
Popular Schools Initiative Grant (Preston Manor & Claremont High)	0	(1,390)	(1,390)	(1,390)	(1,390)	0
Youth Capital Fund	(154)	(130)	(284)	(284)	(284)	0
Local Authorities Short Breaks Funding	(140)	0	(140)	(140)	(140)	0
Environment Grant Income (Borough Spending Plan)	(4,500)	0	(4,500)	(4,500)	(4,500)	0
Safer Stronger Communities Grant	(112)	0	(112)	(112)	(112)	0
Free Swimming Programme (Capital Pot 3 & 4 Grant)	0	(57)	(57)	(155)	(155)	0
Gladstone Park Pitches (Football Foundation Grant)	0	0	0	(75)	(75)	0
Gladstone Park Netball Courts and MUGA (LMCT Grant)	0	0	0	(90)	(90)	0
Gibbons Recreation Ground Changing Rooms (Football Foundation Grant)	0	0	0	(363)	(363)	0
St Raphaels Estate (Contaminated Land Grant)	0	0	0	(29)	(29)	0
Disabled Facilities Grant	(1,562)	0	(1,562)	(1,562)	(1,562)	0
Places of Change Programme (Capital Grant)	(1,000)	0	(1,000)	(1,000)	(1,000)	0
Estate/Stadium Access Corridor Funding (SRB/LDA/S106etc)	0	(2,574)	(2,574)	(2,574)	(577)	1,997
New Deal for Communities Grant Funding	(3,000)	(65)	(3,065)	(2,000)	(2,000)	0
Additional Grant Notifications (Ringfenced):						
Children & Families - Youth Capital Grant	(869)	(51)	(920)	(51)	(51)	0
- Integrated Childrens System IT Capital	0	(44)	(44)	(94)	(94)	0
- Harnessing Technology Grant	0	(353)	(353)	(1,222)	(1,222)	0
- Other ICT	0	(119)	(119)	(119)	0	119
- Positive Activity	0	0	0	(15)	(15)	0
Housing and Community Care: Adults - Improving Information Management Grant	0	(250)	(250)	0	0	0
IT Infrastructure Capital Grant	(89)	0	(89)	(89)	(89)	0
Social Care SCP (C) (Framework-I Funding)	0	0	0	(164)	(164)	0
Mental Health SCP (C) (Framework-I Funding)	0	0	0	(147)	(147)	0
Co-Location Capital Grant	0	0	0	(600)	(100)	500
Playbuilder Capital Grant	0	0	0	(418)	(418)	0
Practical Cooking Spaces (via Standards Fund)	0	0	0	(645)	(645)	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	0	0	0	(1,244)	(60)	1,184
Targeted Capital Funding (TCF) (Education)						
St Mary Magdalen's Junior School Rebuild (TCF Funded)	0	(2,522)	(2,522)	(3,336)	(3,336)	0
The Avenue Primary School (TCF Funded)	(1,000)	(1,810)	(2,810)	(2,810)	(2,810)	0
Jesus and Mary Language College and Cardinal Hinsley RC High School (TCF) Funded	0	1	1	1	1	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	(2,000)	0	(2,000)	(2,000)	(300)	1,700
TCF - School Kitchen and Dining Areas	0	0	0	(746)	(600)	146
Capital Receipts in Year - Right to Buy Properties	(250)	0	(250)	(250)	(250)	0
Former LRB/Ex-GLC Properties	(200)	0	(200)	(200)	(200)	0
Corporate Property Disposals	(1,500)	0	(1,500)	(1,576)	(700)	876
Harlesden BACES	0	(250)	(250)	(250)	(250)	0
Capital Funding Account	0	(1,059)	(1,059)	(59)	(59)	0
S106 Agreements:						
Children and Families S106 Funding - General	0	(114)	(114)	(114)	(283)	(169)
- City Academy	(4,500)	0	(4,500)	(4,500)	0	4,500
Environment and Culture S106 Funding	(5,059)	(8,732)	(13,791)	(13,791)	(5,655)	8,136
Harlesden Library S106	0	(50)	(50)	(50)	(50)	0
Housing and Community Care: Housing S106 Funding	(498)	0	(498)	(498)	(1,000)	(502)
Corporate: Brent into Work S106 Funding	(81)	(405)	(486)	(486)	(486)	0
Estate Access Corridor S106 funding	0	(850)	(850)	(850)	(1,604)	(754)
New Opportunities Fund Expenditure	0	(248)	(248)	(248)	(70)	178
The Growth Fund	(2,553)	(2,000)	(4,553)	(4,553)	(4,553)	0
Harlesden Library - Big Lottery Fund	(1,016)	(181)	(1,197)	(1,197)	(1,197)	0
Harlesden Library - Learning & Skills Council	0	(631)	(631)	(631)	(631)	0

CAPITAL PROGRAMME 2009/10

General Fund - Resources

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Contributions:						
Grove Park/Hay Lane Revenue Contribution to Capital Outlay (RCCO)	0	(150)	(150)	(150)	(150)	0
South Kilburn Contribution (Hyde Housing)	0	0	0	0	0	0
Gwenneth Rickus - RCCO	0	(685)	(685)	(685)	(685)	0
Capitalisation of Equal Pay - Secretary of State Direction (Supported)	0	(419)	(419)	(419)	0	419
Doorway to Desktop - Revenue Contribution to Capital Outlay (RCCO) from Reserve	(80)	0	(80)	(80)	(80)	0
Form H Capitalisation - Revenue Contribution	0	0	0	0	(600)	(600)
Cemetery Improvements (funded from donation)	0	0	0	(128)	(128)	0
External Grant:				0	0	0
BACES	0	(35)	(35)	(35)	0	35
Performance Reward Grant	(2,000)	0	(2,000)	(2,000)	(2,000)	0
Unsupported Borrowing - General Fund	(16,804)	(992)	(17,796)	(17,796)	(8,114)	9,682
Unsupported Borrowing - Schools Loan Scheme	0	0	0	0	(469)	(469)
Unsupported Borrowing (Self Funded)	(6,100)	(395)	(6,495)	(6,565)	(5,623)	942
Invest to Save Schemes						
Salix Grant Funding	(50)	(191)	(241)	(241)	(241)	0
Local Partnership Strategy Agreement Funding	(84)	(2,201)	(2,285)	(2,285)	(2,285)	0
Unsupported Borrowing (Self Funded)	(553)	(484)	(1,037)	(1,037)	0	1,037
Total Resources	**(79,272)**	**(38,478)**	**(117,750)**	**(146,090)**	**(106,221)**	**39,869**

CAPITAL PROGRAMME 2009/10

Housing Revenue Account - Resources

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
RESOURCES						
Supported Borrowing - Housing Revenue Account:						
Main Programme Revenue Contribution to Capital Outlay (RCCO) (HRA)	(1,684)	0	(1,684)	(2,031)	(2,031)	0
Improving Homes Beyond the Decent Homes Standard (Regional Housing Board Capital Pot Grant 2008/09)	(2,035)	0	(2,035)	(2,035)	(2,035)	0
Health & Safety Works in South Kilburn (Unsupported Borrowing)	(2,000)	0	(2,000)	(2,000)	(2,000)	0
Health & Safety Works in South Kilburn (RCCO)	(1,045)	0	(1,045)	(1,045)	(1,045)	0
Decent Homes Reserve (HRA RCCO)	0	0	0	0	0	0
Major Repairs Reserve	(12,156)	4,535	(7,621)	(13,073)	(13,073)	0
Unsupported Borrowing - Housing Revenue Account:	(600)	(6,474)	(7,074)	(7,398)	(7,398)	0
Unsupported Borrowing - Self Funded Schemes	0	0	0	(770)	(770)	0
Total Resources	**(19,520)**	**(1,939)**	**(21,459)**	**(28,352)**	**(28,352)**	**0**

CAPITAL PROGRAMME 2009/10 TO 2012/13

General Fund - Business Transformation

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Customer Services Schemes						
Customer Services Strategy (Local Area Agreement Funding)	0	0	0	98	18	(80)
Total Customer Services Capital Programme	0	0	0	98	18	(80)
Individual Schemes						
Civic Centre (Self Funded)	0	0	0	6,454	4,841	(1,613)
Total Business Transformation Capital Programme	0	0	0	6,454	4,841	(1,613)
Total Business Transformation	**0**	**0**	**0**	**6,552**	**4,859**	**(1,693)**

CAPITAL PROGRAMME 2009/10

General Fund - Children and Families Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Devolved Capital	**3,333**	**3,145**	**6,478**	**7,856**	**3,333**	**(4,523)**
Voluntary Aided Devolved Formula Capital	**1,282**	**1,282**	**2,564**	**3,002**	**3,002**	**0**
Additional Grant Notifications (Ringfenced):						
Children & Families - Youth Capital Grant	0	51	51	51	51	0
- Integrated Childrens System IT Capital	0	44	44	94	94	0
- Harnessing Technology Grant	869	353	1,222	1,222	1,222	0
- Other ICT	0	119	119	119	0	(119)
- Positive Activity	0	0	0	15	15	0
Additional Grant Notifications (Ringfenced):	**869**	**567**	**1,436**	**1,501**	**1,382**	**(119)**
Children's Centre Sure Start Grant	**1,333**	**668**	**2,001**	**3,713**	**2,000**	**(1,713)**
Extended Schools	**538**	**508**	**1,046**	**1,046**	**0**	**(1,046)**
Local Education Authority Controlled Voluntary Aided Programme	**2,578**	**952**	**3,530**	**3,530**	**3,530**	**0**
Specialist Schools Grant - Cardinal Hinsley School	**0**	**118**	**118**	**118**	**118**	**0**
Co-Location Capital Grant	**0**	**0**	**0**	**600**	**100**	**(500)**
Playbuilder Capital Grant	**0**	**0**	**0**	**418**	**418**	**0**
Practical Cooking Spaces (via Standards Fund)	**0**	**0**	**0**	**645**	**645**	**0**
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	**0**	**0**	**0**	**1,244**	**60**	**(1,184)**
School Loans Scheme (Prudential Borrowing)	**0**	**0**	**0**	**0**	**469**	**469**
Total direct funded schemes	**9,933**	**7,240**	**17,173**	**23,673**	**15,057**	**(8,616)**
Access Initiatives	**451**	**20**	**471**	**471**	**471**	**0**
Targeted Capital Fund Grant (TCF)						
St Mary Magdalen's Junior School Rebuild (TCF Funded)	0	2,522	2,522	3,336	3,336	0
The Avenue Primary School (TCF Funded)	2,810	0	2,810	2,810	2,810	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	2,000	0	2,000	300	300	0
Schools Kitchens and Dining Areas	0	0	0	600	600	0
Targeted Capital Fund Grant	**4,810**	**2,522**	**7,332**	**7,046**	**7,046**	**0**
Popular Schools Initiative Grant (Preston Manor & Claremont High)		**1,390**	**1,390**	**1,390**	**1,390**	**0**
Individual School Schemes						
Ark Academy	4,500	2,759	7,259	7,259	2,759	(4,500)
Ark Academy (Additional DCSF Funding)	0	0	0	17,477	19,500	2,023
Alperton School Underpinning	0	21	21	21	21	0
Wembley Manor Re-build and Expansion	400	0	400	400	400	0
John Kelly (Crest Academies)	5,000	(26)	4,974	974	974	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	0	0	0	0	320	320
Wykeham School	0	247	247	247	247	0
Oliver Goldsmith	0	109	109	0	0	0
Schools share of capital receipts derived from sale of caretakers houses	0	203	203	279	279	0
Individual School Schemes	**9,900**	**3,313**	**13,213**	**26,657**	**24,500**	**(2,157)**
Asset Management Plan:						
Barham - window replacement phases 1 & 2	0	40	40	40	40	0
Braintcroft - window replacement phase 1	0	3	3	3	3	0
Park Lane - mechanical, heat distribution system	0	(1)	(1)	0	0	0
Furness - mechanical, heat distribution system + hot and cold water system	0	29	29	27	27	0
Uxendon Manor - mechanical, heat system phase1, boiler replacement	0	(1)	(1)	0	0	0
St Mary Magdelaine - Toilets	0	10	10	10	10	0
Health & Safety	550	222	772	362	362	0
Surveys and asbestos works	0	(14)	(14)	300	300	0
KingsBury Green Roof Replacement	0	689	689	89	89	0
Grove Park Roof Replacement	0	33	33	62	62	0
Lyon Park - Boilers	0	(28)	(28)	25	25	0
Lyon Park - Electrics	0	0	0	435	435	0
Leopold H & S works	0	0	0	15	15	0
Chalkhill Latent defects and other issues	0	0	0	293	293	0
Oliver Goldsmith School M&E	0	0	0	313	313	0
Stonebridge M&E	0	0	0	95	95	0
Small roofing projects	0	0	0	190	190	0
Braintcroft - Remedial works	0	0	0	180	180	0
Mora Roof	0	0	0	380	380	0
Stonebridge Roofing	0	0	0	142	142	0
Grove Park - Windows Emergency H& S works	0	0	0	55	55	0
Uxendon Manor Roofing	0	0	0	578	578	0
Asset Management Plan Works	2,803	(7)	2,796	174	174	0
Asset Management Plan Schemes	**3,353**	**975**	**4,328**	**3,768**	**3,768**	**0**

CAPITAL PROGRAMME 2009/10

General Fund - Children and Families Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Hut Replacement Programme:						
Preston Park	0	89	89	47	47	0
Oliver Goldsmith additional amount to meet government standards	0	95	95	0	0	0
Braintcroft (replacement of 3 huts with 2 due to asbestos)	0	14	14	14	14	0
Hut Replacement Works to be undertaken from Prioritised List	244	76	320	0	0	0
Hut Replacement Programme Schemes	**244**	**274**	**518**	**61**	**61**	**0**
New Opportunities Fund Works						
Gladstone Park - new changing pavilion	0	13	13	13	0	(13)
St Mary's CofE - multi use games area	170	(15)	155	0	0	0
Claremont High - pitch drainage	30	0	30	20	35	15
Preston Manor High - pitch drainage	0	2	2	2	0	(2)
Queens Park Community - fitness suite	0	111	111	35	35	0
Commitments carried forward from previous years	0	23	23	0	0	0
New Opportunities Fund Works	**200**	**134**	**334**	**70**	**70**	**0**
Primary Capital Programme (PCP grant)						
Anson	0	0	0	300	0	(300)
Islamia	0	0	0	781	0	(781)
Sudbury	0	0	0	434	0	(434)
High Priority Packaged Condition Works - Phase 1	0	0	0	0	3,160	3,160
High Priority Packaged Condition Works - Phase 2	0	0	0	0	20	20
Unallocated	4,655	29	4,684	0	0	0
Primary Capital Programme (PCP grant)	**4,655**	**29**	**4,684**	**1,515**	**3,180**	**1,665**
Expansion of Secondary/Primary School Places						
Expansion schemes by 2FE at secondary schools (Preston Manor Council Contrib')	600	790	1,390	0	0	0
Expansion schemes by 2FE at secondary schools (Claremont High School)	1,000	(16)	984	384	1,000	616
Expansion of Primary School places	0	0	0	0	0	0
Strategy for development of school places	100	263	363	100	100	0
Building Schools for the Future Capacity Building	**40**	**(52)**	**(12)**	**160**	**160**	**0**
Commitments carried forward from previous years	0	8	8	8	0	(8)
Preston Park - Modular Classroom	0	5	5	6	0	(6)
Sudbury - Modular Classroom	0	9	9	9	0	(9)
Two new temp primary classrooms for Sept 09	0	0	0	173	145	(28)
Stonebridge (2008/09 Expansion)	0	0	0	20	20	0
Park Lane Expansion	0	0	0	50	0	(50)
Sudbury School - ICT facilieties following expansion	0	0	0	15	0	(15)
Gwenneth Rickus - RCCO	685	0	685	685	685	0
Provision for school expansion	905	(655)	250	0	30	30
Expansion of Secondary/Primary School Places	**3,330**	**352**	**3,682**	**1,610**	**2,140**	**530**
Special Educational Needs Schemes						
Grove Park/Hay Lane joint Post 16 facility	170	17	187	37	37	0
Grove Park/Hay Lane Improvements	1,060	241	1,301	250	250	0
PRU conversion of ex Chalkhill Youth Centre	0	63	63	63	63	0
Manor School	100	0	100	0	0	0
Vernon House	50	8	58	58	58	0
Commitments carried forward from previous years	54	103	157	0	0	0
Special Educational Needs Schemes	**1,434**	**432**	**1,866**	**408**	**408**	**0**
Contingency for final accounts	200	80	280	210	210	0
Funding required for roof replacements in 2007/08	0	0	0	0	0	0
Capitalisation (Form H)	0	0	0	0	0	0
Total School Schemes	**28,577**	**9,521**	**38,098**	**43,206**	**43,244**	**38**
Additional S106 Works	**0**	**0**	**0**	**0**	**0**	**0**
Non School Schemes						
Youth Services	294	130	424	448	448	0
BACES	0	35	35	0	0	0
Total Non School Schemes	**294**	**165**	**459**	**448**	**448**	**0**
Total Children & Families Forecast Capital Programme	**38,804**	**16,926**	**55,730**	**67,327**	**58,749**	**(8,578)**

CAPITAL PROGRAMME 2009/10

General Fund - Environment & Culture Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Transport for London Grant Funded Schemes	**4,500**	**0**	**4,500**	**4,500**	**4,500**	**0**
Estate Access Corridor	0	**2,235**	**2,235**	**2,235**	**2,183**	**(52)**
Stadium Access Corridor	0	**1,707**	**1,707**	**1,707**	**1,178**	**(529)**
The Growth Fund - Programme of Development	**2,553**	**2,000**	**4,553**	**0**	**0**	**0**
Environment Individual Schemes						
CCTV	135	231	366	366	366	0
Bridgepark Works	0	40	40	40	40	0
Sports Centres Fitness Equipment (Self Funded)	0	0	0	0	0	0
Interim Transport Plan Schemes (Carry forward from 2003/04)	0	338	338	338	338	0
Safer Stronger Communities Grant	112	0	112	0	0	0
Gladstone Park Pitches (Football Foundation Grant)	0	0	0	75	75	0
St Raphaels Estate (Contaminated Land Grant)	0	0	0	29	29	0
Environment Programme Works						
Pavements and Roads	4,000	85	4,085	4,085	4,085	0
Streetscene/Street Trees	100	0	100	100	100	0
Roundtree Road Footbridge (exp agreed by cap board)	0	0	0	0	0	0
Parks & Cemeteries:						
Parks Infrastructure	290	86	376	376	376	0
Cemetery and Mortuary Service	40	0	40	40	40	0
Burial Vaults at Willesden New Cemetery (Self Funded)	0	0	0	70	70	0
Cemetery Improvements (funded from donation)	0	0	0	128	128	0
Leisure & Sports						
Delivering the Sports Strategy	535	350	885	600	600	0
Free Swimming Programme (Capital Pot 3 & 4 Grant)	0	57	57	155	155	0
Gladstone Park Netball Courts and MUGA:						
- London Marathon Charitable Trust Grant	0	0	0	90	90	0
- Main Programme (from Sports Strategy)	0	0	0	110	110	0
Gibbons Recreation Ground Changing Rooms:						
- Football Foundation Grant	0	0	0	363	363	0
- S106	0	0	0	170	170	0
- Main Programme (from Sports Strategy)	0	0	0	175	175	0
Total Environment Capital Programme	**5,212**	**1,187**	**6,399**	**7,310**	**7,310**	**0**
S106 Funded Works						
Environmental Health	30	41	71	71	71	0
Landscape & Design	205	330	535	535	480	(55)
Public Art	136	270	406	406	260	(146)
Parks	230	19	249	249	249	0
Planning	282	1,696	1,978	1,978	865	(1,113)
Street Care	95	(91)	4	4	4	0
Sports	164	618	782	612	642	30
Sustainable Strategy	9	0	9	9	9	0
Transportation	3,901	5,847	9,748	9,748	2,900	(6,848)
General	7	2	9	9	5	(4)
Total S106 Funded Works	**5,059**	**8,732**	**13,791**	**13,621**	**5,485**	**(8,136)**
Culture Individual Schemes						
Harlesden Library (Main Programme)	0	(18)	(18)	(18)	(18)	0
Harlesden Library (Capital Receipt)	0	250	250	250	250	0
Harlesden Library (Big Lottery)	1,016	181	1,197	1,197	1,197	0
Harlesden Library (Learning & Skills Council)	0	631	631	631	631	0
Harlesden Library (S106)	0	50	50	50	50	0
Installation of automation (RFID) across Brent's Libraries (Self Funded)	485	41	526	526	526	0
Total Culture Capital Programme	**1,501**	**1,135**	**2,636**	**2,636**	**2,636**	**0**
Total Environment & Culture Capital Programme	**18,825**	**16,996**	**35,821**	**32,009**	**23,292**	**(8,717)**

NOTE: The Growth Fund and Safer Stronger Communities transferred to Corporate as part of Quarter 2 monitoring

CAPITAL PROGRAMME 2009/10

General Fund - Housing and Community Care: Adults Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Additional Grant Notifications (Ringfenced):						
Improving Information Management Grant	0	250	250	0	0	0
Improving the Care Home Environment for Older People Grant	0	0	0	0	0	0
IT Infrastructure Capital Grant	89	0	89	89	89	0
Framework-I Implementation (Social Care/Mental Care SCP(C))	0	0	0	311	311	0
Individual Schemes						
Learning Disabilities Kiosk Project	0	106	106	74	74	0
Albert Road	0	4	4	4	4	0
Knowles House	0	122	122	122	122	0
Mahatma Ghandi House Refurbishments	0	0	0	0	0	0
Passenger Lift at Kensal Rise Senior Club	0	0	0	32	32	0
Total Housing & Community Care: Adults	**89**	**482**	**571**	**632**	**632**	**0**

CAPITAL PROGRAMME 2009/10

General Fund - Housing & Community Care: Housing & Customer Services Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Housing Schemes						
Private Sector Renewal Support Grant and Disabled Facilities Grant council	6,162	88	6,250	6,250	5,250	(1,000)
Information Technology	0	126	126	126	126	0
New Units	287	140	427	287	287	0
Disabled Facilities Adaptations to PFI Properties	250	0	250	0	0	0
Places of Change Programme (Capital Grant)	1,000	0	1,000	1,000	1,000	0
S106 Works	498	0	498	498	1,000	502
Total Housing Capital Programme	**8,197**	**354**	**8,551**	**8,161**	**7,663**	**(498)**
Customer Services Schemes						
Customer Services Strategy	84	14	98	0	0	0
Total Customer Services Capital Programme	**84**	**14**	**98**	**0**	**0**	**0**
Total Housing & Community Care: Housing Capital Programme	**8,281**	**368**	**8,649**	**8,161**	**7,663**	**(498)**

NOTE: Customer Services Schemes transferred to Business Transformation as part of Quarter 2 monitoring

CAPITAL PROGRAMME 2009/10

Housing Revenue Account - Housing Capital Programme

Programme Details	2009/10 Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Disabled Facilities Works (Unsupported Borrowing)	600	0	600	924	924	0
Arms Length Management Organisation Works and Initiatives	0	6,474	6,474	6,474	6,474	0
Improving Homes Beyond the Decent Homes Standard (Regional Housing Board Capital Pot Grant 2008/09)	2,035	0	2,035	2,035	2,035	0
Installation of Digital TV to Blocks (Unsupported Borrowing Self Funded)	0	0	0	770	770	0
Health & Safety Works in South Kilburn (Unsupported Borrowing)	2,000	0	2,000	2,000	2,000	0
Health & Safety Works in South Kilburn - Revenue Contribution to Capital Outlay (RCCO)	1,045	0	1,045	1,045	1,045	0
Major Repairs Allowance Works	12,156	(4,535)	7,621	13,073	13,073	0
Main Programme RCCO (HRA)	1,684	0	1,684	2,031	2,031	0
Total Housing Capital Programme	**19,520**	**1,939**	**21,459**	**28,352**	**28,352**	**0**
Total Housing Capital Programme	**19,520**	**1,939**	**21,459**	**28,352**	**28,352**	**0**

CAPITAL PROGRAMME 2009/10

General Fund - Corporate Capital Programme

Programme Details	2009/10 Forecast Capital Programme £000	2009/10 Re-phasing from 2008/09 £000	2009/10 Amended Capital Programme £000	2009/10 Quarter 2 Monitoring Position £000	2009/10 Quarter 3 Monitoring Position £000	2009/10 Variance Quarter 3 to Quarter 2 £000
Property Schemes						
Total Priority 1 Backlog Repairs	1,150	322	1,472	1,472	850	(622)
Other Cross Cutting Schemes:						
Disability Discrimination Act Works	0	4	4	4	4	0
Minor Works	100	61	161	161	161	0
Project Management - to provide additional resources to Service Areas	500	266	766	766	366	(400)
Asbestos Surveys	30	25	55	55	48	(7)
Compliance Surveys	0	13	13	13	13	0
Inspections of Non-Housing Property	80	40	120	120	94	(26)
Management Fees	110	0	110	110	110	0
Doorway to Desktop (Revenue Contribution to Capital Outlay from Reserve)	80	0	80	80	80	0
Security Measures in Town Hall & 3 Muniport Sites	0	30	30	30	0	(30)
Town Hall (Grand Hall) Stage Lighting	0	4	4	4	4	0
Dollis Hill Day Centre (Self Funded) (Stag Lane Refurb)	18	0	18	18	42	24
Brent House Generator	0	152	152	152	152	0
Total Property Schemes	**2,068**	**917**	**2,985**	**2,985**	**1,924**	**(1,061)**
PRU Schemes						
South Kilburn - Councils Contribution	1,000	1,000	2,000	1,000	1,000	0
The Growth Fund - Programme of Development	0	0	0	4,553	4,553	0
Safer Stronger Communities Grant	0	0	0	112	112	0
Total PRU Schemes	1,000	1,000	2,000	5,665	5,665	0
ICT Schemes						
Customer Relationship Management System	0	54	54	54	54	0
Financial Systems Integration	0	25	25	25	25	0
Credit Card Hotline Automation - Software package and set up costs	0	38	38	38	38	0
E-mail and Data Storage System (Self Funded)	0	144	144	144	144	0
MG House Cabling	0	75	75	75	75	0
Total ICT Schemes	**0**	**336**	**336**	**336**	**336**	**0**
Central Items						
Provision for Liabilities	190	508	698	698	698	0
Carbon Trust Works	100	346	446	446	446	0
Invest to Save Schemes (HR/payroll system)	0	283	283	283	283	0
Invest to Save Schemes (Local Partnership Strategy Agreement Funding Balance)	0	1,201	1,201	1,201	1,281	80
Civic Centre	6,100	354	6,454	0	177	177
Governmant Office for London Funded New Deal for Communities Works	3,000	65	3,065	2,000	2,000	0
Grange Road Acquisition	0	140	140	140	140	0
Surestart	0	42	42	42	42	0
Capitalisation of Equal Pay - Secretary of State Direction	0	419	419	419	0	(419)
Capitalisation	600	0	600	600	600	0
Performance Reward Grant	2,000	0	2,000	2,000	2,000	0
Total Central Items	**11,990**	**3,358**	**15,348**	**7,829**	**7,667**	**(162)**
Forecast Levels of Slippage in Year	**(1,866)**	**(2,310)**	**(4,176)**	**(4,176)**	**(5,052)**	**(876)**
Brent into Work - S106 Funded Works	**81**	**405**	**486**	**486**	**486**	**0**
Total Finance & Corporate Resources Capital Programme	**13,273**	**3,706**	**16,979**	**13,125**	**11,026**	**(2,099)**

NOTE: Civic Centre Scheme transferred to Business Transformation as part of Quarter 2 monitoring

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
RESOURCES: GENERAL FUND				
Capital Grants and other contributions				
Government Grant - SCE (C)	0	(2,500)	(2,500)	(2,500)
Primary Capital Programme	(8,508)	0	0	0
Basic Need Grant - Additional Primary Places	(1,938)	(12,828)	0	0
Building Schools for the Future	(150)	(33,857)	(33,857)	(17,873)
Devolved Formula Capital	(7,322)	(4,615)	(4,615)	(4,615)
Other External Grant	(38,816)	(10,661)	(7,093)	(7,093)
Capital Receipts in Year - Right to Buy Properties	(400)	(500)	(600)	(600)
Corporate Property Disposals	(1,800)	(3,585)	(3,630)	(3,630)
Other Receipts	(200)	(200)	(200)	(200)
Additional Contributions	(605)	(605)	(600)	(600)
S106 Funding	(3,025)	(8,262)	(11,523)	(16,364)
Borrowing				
Supported Borrowing - SCE (R)	(4,581)	(4,600)	(4,600)	(4,600)
Unsupported Borrowing	(18,042)	(6,467)	(6,714)	(6,699)
Unsupported Borrowing (Self Funded)	(20,808)	(48,301)	(36,452)	(17,416)
Invest to Save Schemes				
External Grant Funding	(50)	(50)	(50)	(50)
Total Resources	(106,245)	(137,031)	(112,434)	(82,240)
EXPENDITURE: GENERAL FUND				
Children & Families				
School Schemes	38,925	53,226	39,345	23,361
Non-School Schemes	481	0	0	0
Ringfenced Grant Notifications	1,054	0	0	0
Childrens Centre Sure Start Grant	4,100	0	0	0
LEA Controlled Voluntary Aided Programme	484	1,531	1,531	1,531
Extended Schools	1,554	0	0	0
Devolved Formula Capital	6,478	3,333	3,333	3,333
Voluntary Aided Devolved Formula Grant	844	1,282	1,282	1,282
Co-Location Capital Grant	1,317	0	0	0
Playbuilder Capital Grant	442	0	0	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	3,673	1,244	0	0
Additional S106 Works	0	3,473	4,738	7,583
Total Children & Families	59,352	64,089	50,229	37,090
Environment & Culture				
TfL Grant Funded Schemes	4,225	4,000	4,000	4,000
Leisure & Sports Schemes	535	535	535	535
Environmental Initiative Schemes	135	135	135	135
Highways Schemes	4,100	2,920	2,920	3,550
Parks & Cemeteries Schemes	335	85	80	165
Library Schemes	522	0	0	0
S106 Works	2,419	4,277	6,135	7,993
Total Environment & Culture	12,271	11,952	13,805	16,378
Housing & Community Care: Adults				
Individual Schemes	0	0	0	0
Ringfenced Grant Notifications for Adult Care	405	0	0	0
Total Housing & Community Care: Adults	405	0	0	0
Business Transformation Unit				
Individual Schemes	19,713	47,456	36,452	17,416
Total Business Transportation Unit	19,713	47,456	36,452	17,416
Housing and Community Care: Housing				
PSRSG and DFG council	6,162	5,162	5,162	5,162
Individual Schemes	2,118	1,869	0	0
S106 Works	139	263	386	509
Total Housing & Community Care: Housing	8,419	7,294	5,548	5,671
Corporate				
Property Schemes	3,257	1,720	1,720	1,720
PRU Schemes	1,513	1,000	1,000	1,000
Central Items	1,081	3,271	3,416	2,686
S106 Works	234	249	264	279
Total Corporate	6,085	6,240	6,400	5,685
Total Service Expenditure	106,245	137,031	112,434	82,240
Surplus carried forward	0	0	0	0
Deficit to be funded	0	0	0	0

CAPITAL PROGRAMME 2010/11 TO 2013/14

Housing Revenue Account

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
RESOURCES: HOUSING REVENUE ACCOUNT				
Supported Borrowing				
Capital Grant	(7,000)	(7,000)	(7,000)	(7,000)
Contributions	(1,684)	(1,684)	(1,684)	(1,684)
Unsupported Borrowing	(7,030)	(600)	(600)	(600)
Total Resources	(15,714)	(9,284)	(9,284)	(9,284)
EXPENDITURE: HOUSING REVENUE ACCOUNT				
Housing Revenue Account				
ALMO	600	600	600	600
Individual Schemes	15,114	8,684	8,684	8,684
Total Expenditure	15,714	9,284	9,284	9,284
(Surplus)/Deficit	0	0	0	0

CAPITAL PROGRAMME 2010/11 TO 2013/14

Summary of Position

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £001
RESOURCES				
General Fund	(-106,245)	(-137,031)	(-112,434)	(-82,240)
Housing Revenue Account	(-15,714)	(-9,284)	(-9,284)	(-9,284)
Total Resources	(-121,959)	(-146,315)	(-121,718)	(-91,524)
EXPENDITURE:				
General Fund	106,245	137,031	112,434	82,240
Housing Revenue Account	15,714	9,284	9,284	9,284
Total Expenditure	121,959	146,315	121,718	91,524
Surplus carried forward	0	0	0	0
Deficit (to be funded)	0	0	0	0

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Resources

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Supported Borrowing - General Fund:				
Central Government - SCE (R)	(4,581)	(4,600)	(4,600)	(4,600)
Central Government - SCE (C) (Modernisation Allocation)	0	(2,500)	(2,500)	(2,500)
Primary Capital Programme	(8,508)	0	0	0
Basic Need Grant - Additional Primary Places	(1,938)	(12,828)	0	0
Building Schools for the Future	(150)	(33,857)	(33,857)	(17,873)
Devolved Formula Capital	(6,478)	(3,333)	(3,333)	(3,333)
Voluntary Aided Devolved Formula Capital	(844)	(1,282)	(1,282)	(1,282)
Local Education Authority Controlled Voluntary Aided Programme	(484)	(1,531)	(1,531)	(1,531)
Sure Start Grant	(4,100)	0	0	0
Extended Schools	(1,554)	0	0	0
Ark Academy (Additional DCSF Funding)	(2,477)	(1,300)	0	0
Youth Capital Fund	(154)	0	0	0
Local Authorities Short Breaks Funding	(327)	0	0	0
Environment Grant Income (Borough Spending Plan)	(4,225)	(4,000)	(4,000)	(4,000)
Safer Stronger Communities Grant	(56)	0	0	0
Disabled Facilities Grant	(1,562)	(1,562)	(1,562)	(1,562)
St Raphaels Estate Affordable Homes (Homes & Communities Grant)	(1,023)	(1,024)	0	0
New Deal for Communities Grant Funding	(2,864)	0	0	0
Additional Grant Notifications (Ringfenced):				
Children & Families - Harnessing Technology Grant	(935)	0	0	0
- Other ICT	(119)	0	0	0
- ICT Mobile Technology	0	0	0	0
Housing and Community Care: Adults -				
IT Infrastructure Capital Grant	(94)	0	0	0
Social Care SCP (C) (Framework-I Funding)	(164)	0	0	0
Mental Health SCP (C) (Framework-I Funding)	(147)	0	0	0
Co-Location Capital Grant	(1,317)	0	0	0
Playbuilder Capital Grant	(442)	0	0	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	(3,673)	(1,244)	0	0
Targeted Capital Funding (TCF) (Education)				
The Avenue Primary School (TCF Funded)	(600)	0	0	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	(7,700)	0	0	0
TCF - School Kitchen and Dining Areas	(892)			
Capital Receipts in Year - Right to Buy Properties	(400)	(500)	(600)	(600)
Former LRB/Ex-GLC Properties	(200)	(200)	(200)	(200)
Corporate Property Disposals	(1,800)	(3,585)	(3,630)	(3,630)
S106 Agreements:				
Children and Families S106 Funding - General	(233)	(3,473)	(4,738)	(7,583)
Environment and Culture S106 Funding	(2,419)	(4,277)	(6,135)	(7,993)
Housing and Community Care: Housing S106 Funding	(139)	(263)	(386)	(509)
Corporate: Brent into Work S106 Funding	(234)	(249)	(264)	(279)
New Opportunities Fund Expenditure	(178)	0	0	0
The Growth Fund	(1,457)	0	0	0
Harlesden Library - Big Lottery Fund	(272)	0	0	0
Contributions:				
Form H Capitalisation - Revenue Contribution	(600)	(600)	(600)	(600)
Cemetery Improvements (funded from donation)	(5)	(5)	0	0
External Grant:				
Performance Reward Grant	(2,000)	0	0	0
Unsupported Borrowing - General Fund	(18,042)	(6,467)	(6,714)	(6,699)
Unsupported Borrowing (Self Funded)	(20,808)	(48,301)	(36,452)	(17,416)
Invest to Save Schemes				
Salix Grant Funding	(50)	(50)	(50)	(50)
Total Resources	**(106,245)**	**(137,031)**	**(112,434)**	**(82,240)**

CAPITAL PROGRAMME 2010/11 TO 2013/14

Housing Revenue Account - Resources

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
RESOURCES				
Supported Borrowing - Housing Revenue Account:				
Main Programme Revenue Contribution to Capital Outlay (RCCO) (HRA)	(1,684)	(1,684)	(1,684)	(1,684)
Major Repairs Reserve	(7,000)	(7,000)	(7,000)	(7,000)
Unsupported Borrowing - Housing Revenue Account:	(6,600)	(600)	(600)	(600)
Unsupported Borrowing - Self Funded Schemes	(430)	0	0	0
Total Resources	**(15,714)**	**(9,284)**	**(9,284)**	**(9,284)**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Business Transformation

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Individual Schemes				
Brent House acquisition/Civic Centre (Self Funded)	19,713	47,456	36,452	17,416
Total Business Transformation Capital Programme	19,713	47,456	36,452	17,416
Total Business Transformation	**19,713**	**47,456**	**36,452**	**17,416**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Children and Families Capital Programme

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Devolved Capital	**6,478**	**3,333**	**3,333**	**3,333**
Voluntary Aided Devolved Formula Capital	**844**	**1,282**	**1,282**	**1,282**
Additional Grant Notifications (Ringfenced):				
Children & Families - Harnessing Technology Grant	935	0	0	0
- Other ICT	119	0	0	0
Additional Grant Notifications (Ringfenced):	**1,054**	**0**	**0**	**0**
Children's Centre Sure Start Grant	**4,100**	**0**	**0**	**0**
Extended Schools	**1,554**	**0**	**0**	**0**
Local Education Authority Controlled Voluntary Aided Programme	**484**	**1,531**	**1,531**	**1,531**
Co-Location Capital Grant	**1,317**	**0**	**0**	**0**
Playbuilder Capital Grant	**442**	**0**	**0**	**0**
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	**3,673**	**1,244**	**0**	**0**
Total direct funded schemes	**19,946**	**7,390**	**6,146**	**6,146**
Access Initiatives	**451**	**451**	**451**	**451**
Targeted Capital Fund Grant (TCF)				
The Avenue Primary School (TCF Funded)	600	0	0	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	7,700	0	0	0
Schools Kitchens and Dining Areas	892	0	0	0
Targeted Capital Fund Grant	**9,192**	**0**	**0**	**0**
Individual School Schemes				
Ark Academy	4,500	0	0	0
Ark Academy (Additional DCSF Funding)	2,477	1,300	0	0
Wembley Manor Re-build and Expansion	100	0	0	0
John Kelly (Crest Academies)	4,000	0	0	0
Oliver Goldsmith	109	0	0	0
Individual School Schemes	**11,186**	**1,300**	**0**	**0**
Asset Management Plan:				
Health & Safety	200	0	50	50
KingsBury Green Roof Replacement	600	0	0	0
Asset Management Plan Works	0	0	197	197
Asset Management Plan Schemes	**800**	**0**	**247**	**247**
Hut Replacement Programme:				
Hut Replacement Works to be undertaken from Prioritised List	648	2,000	2,000	2,000
Hut Replacement Programme Schemes	**648**	**2,000**	**2,000**	**2,000**
New Opportunities Fund Works				
St Mary's CofE - multi use games area	155	0	0	0
Claremont High - pitch drainage	28	0	0	0
Queens Park Community - fitness suite	76	0	0	0
Commitments carried forward from previous years	5	0	0	0
New Opportunities Fund Works	**264**	**0**	**0**	**0**
Primary Capital Programme (PCP grant)				
High Priority Packaged Condition Works - Phase 1	8,246	0	0	0
High Priority Packaged Condition Works - Phase 2	1,400	8,800	0	0
High Priority Packaged Condition Works - Phase 3	800	4,028	0	0
Primary Capital Programme (PCP grant)	**10,446**	**12,828**	**0**	**0**
Expansion of Secondary/Primary School Places				
Strategy for development of school places	367	0	0	0
Building Schools for the Future Capacity Building	190	33,857	33,857	17,873
Two new temp primary classrooms for Sept 09	77	0	0	0
Park Lane Expansion	500	250	0	0
Provision for school expansion	3,287	2,340	2,590	2,590
Expansion of Secondary/Primary School Places	**4,421**	**36,447**	**36,447**	**20,463**
Special Educational Needs Schemes				
Grove Park/Hay Lane Improvements	1,060	0	0	0
Manor School	100	0	0	0
Commitments carried forward from previous years	157	0	0	0
Special Educational Needs Schemes	**1,317**	**0**	**0**	**0**
Contingency for final accounts	200	200	200	200
Total School Schemes	**38,925**	**53,226**	**39,345**	**23,361**
Additional S106 Works	**0**	**3,473**	**4,738**	**7,583**
Non School Schemes				
Youth Services	481	0	0	0
Total Non School Schemes	**481**	**0**	**0**	**0**
Total Children & Families Forecast Capital Programme	**59,352**	**64,089**	**50,229**	**37,090**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Environment & Culture Capital Programme

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Transport for London Grant Funded Schemes	**4,225**	**4,000**	**4,000**	**4,000**
Environment Individual Schemes				
CCTV	135	135	135	135
Environment Programme Works				
Pavements and Roads	4,000	2,895	2,895	3,500
Streetscene/Street Trees	100	25	25	50
Parks & Cemeteries:				
Parks Infrastructure	290	70	70	145
Cemetery and Mortuary Service	40	10	10	20
Cemetery Improvements (funded from donation)	5	5	0	0
Leisure & Sports				
Delivering the Sports Strategy	535	535	535	535
Total Environment Capital Programme	**5,105**	**3,675**	**3,670**	**4,385**
S106 Funded Works				
Environmental Health	83	102	121	140
Landscape & Design	139	277	414	552
Public Art	39	73	107	141
Parks	384	483	583	682
Planning	136	271	406	542
Street Care	128	96	64	32
Sports	120	231	342	453
Sustainable Strategy	8	10	13	15
Transportation	1,365	2,699	4,033	5,367
General	17	35	52	69
Total S106 Funded Works	**2,419**	**4,277**	**6,135**	**7,993**
Culture Individual Schemes				
Harlesden Library (Big Lottery)	272	0	0	0
Installation of automation (RFID) across Brent's Libraries (Self Funded)	250	0	0	0
Total Culture Capital Programme	**522**	**0**	**0**	**0**
Total Environment & Culture Capital Programme	**12,271**	**11,952**	**13,805**	**16,378**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Housing and Community Care: Adults Capital Programme

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Additional Grant Notifications (Ringfenced):				
IT Infrastructure Capital Grant	94	0	0	0
Framework-I Implementation (Social Care/Mental Care SCP(C))	311	0	0	0
Total Housing & Community Care: Adults	**405**	**0**	**0**	**0**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Housing & Community Care: Housing & Customer Services Capital Programme

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Housing Schemes				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	6,162	5,162	5,162	5,162
Disabled Facilities Adaptations to PFI Properties	250	0	0	0
St Raphaels Estate - Affordable Homes (Grant/Self Funded Borrowing)	1,868	1,869	0	0
S106 Works	139	263	386	509
Total Housing Capital Programme	**8,419**	**7,294**	**5,548**	**5,671**
Total Housing & Community Care: Housing Capital Programme	**8,419**	**7,294**	**5,548**	**5,671**

CAPITAL PROGRAMME 2010/11 TO 2013/14

Housing Revenue Account - Housing Capital Programme

Programme Details	2010/11 Revised Budget Position £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Disabled Facilities Works (Unsupported Borrowing)	600	600	600	600
Installation of Digital TV to Blocks (Unsupported Borrowing Self Funded)	430	0	0	0
Health & Safety Works to Housing Blocks (Unsupported Borrowing)	3,000	0	0	0
External decorations to Housing Blocks (Unsupported Borrowing)	3,000	0	0	0
Major Repairs Allowance Works	7,000	7,000	7,000	7,000
Main Programme RCCO (HRA)	1,684	1,684	1,684	1,684
Total Housing Capital Programme	**15,714**	**9,284**	**9,284**	**9,284**
Total Housing Capital Programme	**15,714**	**9,284**	**9,284**	**9,284**

CAPITAL PROGRAMME 2010/11 TO 2013/14

General Fund - Corporate Capital Programme

Programme Details	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000
Property Schemes				
Total Priority 1 Backlog Repairs	1,704	0	0	0
Other Cross Cutting Schemes:				
Minor Works	100	100	100	100
Project Management - to provide additional resources to Service Areas	706	400	400	400
Asbestos Surveys	37	30	30	30
Inspections of Non-Housing Property	100	80	80	80
Management Fees	110	110	110	110
Combined Property and ICT Initiatives	500	1,000	1,000	1,000
Total Property Schemes	**3,257**	**1,720**	**1,720**	**1,720**
PRU Schemes				
South Kilburn - Councils Contribution	0	1,000	1,000	1,000
The Growth Fund - Programme of Development	1,457	0	0	0
Safer Stronger Communities Grant	56	0	0	0
Total PRU Schemes	1,513	1,000	1,000	1,000
Central Items				
Provision for Liabilities	190	190	190	190
Carbon Trust Works	100	100	100	100
Governmant Office for London Funded New Deal for Communities Works	2,864	0	0	0
Capitalisation	600	600	600	600
Performance Reward Grant	2,000	0	0	0
Total Central Items	**5,754**	**890**	**890**	**890**
Forecast Levels of Slippage in Year	**(4,673)**	**2,381**	**2,526**	**1,796**
Brent into Work - S106 Funded Works	**234**	**249**	**264**	**279**
Total Finance & Corporate Resources Capital Programme	**6,085**	**6,240**	**6,400**	**5,685**

Key Activities and Outcomes from Capital Expenditure 2009/10 to 2013/14

The table below sets out the key activities and outcomes from spending on the capital programme between 2009/10 and 2013/14.

	2009/10 Target	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
Children & Families						
Total number of secondary school places	14,604	14,527	14,833	15,078	15,315	N/A
Increase in number of secondary school places	127	77	229	245	237	N/A
Total number of primary school places	22,758	22,826	23,074	23,322	23,570	N/A
Increase in number of primary school places	48	106	248	248	248	N/A
Percentage of school buildings accessible by people with disabilities.	87%	88%	88%	88%	88%	88%
Total maintenance backlog – schools	£33m	£27m	£31m	£29m	£28m	£28m
Priority 1 (urgent) maintenance backlog – schools	£12m	£6m	£7m	£6m	£5m	£4m
Percentage of school buildings which have poor suitability or are not fit for the purpose for which they are used	24%	19%	19%	19%	18%	18%
Percentage of sure start capital grant used	85%	80%	85%	100%	N/A	N/A
Percentage of other external capital grant used (excludes Devolved Formula Capital)	85%	85%	100%	100%	100%	100%
Percentage of schools programme running on time	100%	80%	100%	100%	100%	100%
Triggered S106 funding used	£1.412m	£0.283m	£0.233m	£3.473m	£4.738m	£7.585m
Transport – Roads & Pavements						
Kilometres of major carriage-way resurfacing on principal roads (funded by Transport for London)	1.92	1.44	1.8	1.8	1.8	1.8
Kilometres of major carriage-way resurfacing on classified non-principal roads	2.9	1.40	2.0	2.0	2.0	2.0
Kilometres of major carriage-way resurfacing on unclassified non-principal roads	13.6	13.2	14.4	14.4	14.4	14.4
Kilometres of major foot-way up-grades	9.8	11.4	10.2	10.2	10.2	10.2

	2009/10 Target	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
Percentage of principal roads in poor overall condition likely to require planned maintenance	7%	7%	8%	8%	7%	7%
Percentage of non-principal classified roads in poor overall condition likely to require planned maintenance	6%	6%	8%	8%	7%	7%
Percentage of unclassified roads in poor overall condition likely to require planned maintenance	21%	21%	18%	18%	17%	17%
Percentage of surface footway in poor overall condition likely to require planned maintenance	18%	18%	15%	14%	13%	12%
Percentage of pedestrian crossings with disabled facilities	92%	92%	93%	96%	100%	100%
Number of people killed or seriously injured on Brent’s roads	110	110	105	104	102	100
Number of children killed or seriously injured on Brent’s roads	13	13	13	13	13	13
Number of slight injuries on Brent’s roads	876	876	827	817	800	790
Number of pavement trip insurance claims	145	145	150	150	150	150
Number of access corridor land claims resolved	6	12	N/A	N/A	N/A	N/A
Percentage of Transport for London grant utilised	100%	100%	100%	100%	100%	100%
Percentage of projects running on time	100%	100%	100%	100%	100%	100%
Parks and Open Spaces						
Number of parks with Green Flag awards	2	5	N/A	N/A	N/A	N/A
Environment Other						
Number of CCTV cameras to be installed.	12	12	12	12	12	12
Number of street trees to be planted.	400	400	400	400	400	400
Housing						
Number of disabled facility grants completed	168	168	168	168	168	168
Number of empty private homes brought back into use.	100	100	100	100	100	100
Percentage of Improving Information Management Grant utilised	100%	100%	100%	100%	100%	100%
Number of non-HRA						

	2009/10 Target	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
small works grants awarded	323	330	400	400	400	400
Number of non decent homes (occupied by the vulnerable) made decent	283	166	175	175	175	175
Corporate						
Percentage of council buildings accessible by people with disabilities.	86%	86%	90%	90%	90%	90%
Reduction in total maintenance backlog on non-schools buildings	£10.3m	£9m	£8m	£7m	£6m	£5m
Reduction in Priority 1 (urgent) maintenance backlog on non schools buildings	£0m	£0	£0	£0	£0	£0
Percentage of operational properties (non schools) in poor or bad condition	4%	4%	3%	2%	1%	1%
Percentage of operational properties which have poor suitability or are not fit for purpose	4%	4%	3%	2%	1%	1%
Energy consumption kw per m² performing as expected (against comparable buildings)	220	220	200	180	170	160
Level of CO2 emissions from operational buildings (KG per m²)	62	62	57	53	48	43
Percentage of projects running on time	95%	95%	95%	96%	97%	97%
Percentage of projects running to budget	95%	95%	95%	96%	97%	97%
Increase in suitability of operational properties	7%	7%	7%	7%	7%	7%
Reduction in energy consumption in operational buildings	4%	4%	4%	4%	4%	4%

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London Borough of Brent
Disposals Schedule - 3 Year Rolling Programme.

DISPOSALS, 2009-2010

Wembley/Tokyngton Wayleaves
Barnhill Cottages
Elthorne Way
32, Townend Lane
Neasden/Alperton Wayleave
56, Christchurch Avenue
38, Craven Park
St Johns Church Land
301, Kilburn Lane
Mayo Road
201, Melrose Avenue

Possible Disposals 2010-2011

Bryan Avenue Stores
Coniston Gardens Scout Hut
32, Pitfield Way
Saxon Road
170a, Walm Lane
58, Peel Precinct

Possible Disposals Post- 2011

Albert Road Day Centre
11a, Marshall House
Dudden Hill Lane Open Space
Elm Gardens Allotment Site
37b, Hazel Road
Vestry Hall, Neasden Lane
58, Palermo Road
Kilburn Park Road Roundabout Site
15, Lyon Park Avenue
5, The Mead
29, Tubbs Lane
79, Tubbs Lane
Barham Park Caretakers Site
Salusbury Road Car Park
Church Road Car Park
Kenton Road Scouts Hut

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ANNUAL INVESTMENT STRATEGY 2010/11

1. Brent Council has regard to the Department for Communities and Local Government Guidance on Local Government Investments ("Guidance") and CIPFA's 'Treasury Management in the Public Services'.

2. Investment Principles

2.1 All investments will be in sterling. The general policy objective is the prudent investment of the council's treasury balances. The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

2.3 The Guidance maintains that the borrowing of monies purely to invest or on-lend to make a return is unlawful. The council will not engage in such activity.

3. Specified and Non-Specified Investments

3.1 Investment instruments identified for use in the financial year are listed in Appendices N(ii) and N(iii) under the 'Specified' and 'Non-Specified' investments categories. These are defined as follows:

a) Specified Investments (as set out in the Guidance) are those that offer high security and liquidity. Such investments will be in sterling, with a maturity of no more than one year, and will be made to bodies with high credit ratings – UK or local government, banks, building societies, money market funds, and supra-national institutions.

b) Non-specified Investments (as set out in the Guidance) are those that may either entail more risk or are more complex, such as gilts, certificates of deposit or commercial paper. In all cases where time deposits (loans with a fixed maturity date to banks, building societies etc) are not involved, external fund managers will take investment decisions within their Investment Management Agreements.

3.2 Appendices N(ii) and N(iii) also set out:

(a) the advantages and associated risk of investments under the category of "non-specified" category;

(b) the upper limit to be invested in each 'non-specified' asset category;

(c) which instruments would best be used by the council's external fund managers or after consultation with the council's treasury advisors.

4. Liquidity

4.1 Based on its cash flow forecasts, the council anticipates its fund balances in 2010/11 to range between £40m and £80m.

4.2 Giving due consideration to the council's level of balances over the next three years, the need for liquidity, its spending commitments and provisioning for contingencies, the council has determined that up to £30m may be held in 'non specified' investments during the year.

4.3 Appendices N(ii) and N(iii) set out the maximum periods for which funds may be prudently committed in each asset category. The duration of cash deposits has been shortened to three years (from five years) following severe volatility seen in the recent credit crisis. However, the current lending list will continue to use the shorter limit of one year to recognise that the banking system has not yet healed from the credit crisis.

5. Security of Capital: The Use of Credit Ratings

5.1 Credit quality of counterparties (issuers and issues) and investment schemes will, in the first instance, be determined by reference to credit ratings published by Fitch IBCA, Standard and Poor's, and Moody's *(*long-term/short-term, individual, support and sovereign), but the council will use the lowest ratings from the three companies. The Council will also use group and national limits to assist in proper diversification of investments, as well as duration limits. The external manager will use Brent Council's Lending List to establish authorised borrowers.

5.2 Monitoring of credit ratings:

- All credit ratings will be monitored continuously. Brent Council is alerted to changes in ratings through the adviser's (Butler) website and emails.
- If it is anticipated that a downgrading may occur following adverse economic developments; the Head of Exchequer & Investments or a dealer will have discretion to remove the counterparty from the lending list.
- If a downgrade results in the counterparty/investment scheme / country no longer meeting the council's minimum criteria, its further use as a new investment / investment venue will be withdrawn immediately.
- If a counterparty/investment scheme is upgraded so that it fulfils the council's criteria, the Director of Finance & Corporate Resources will consider including it on the lending list.
- The council will also use other sources of information to assess the credit worthiness of counter-parties and general market intelligence. Advice will be gleaned from financial publications, asset managers and Capital Economics. Access will also be available to the credit lists used by two investment managers used by the council.
- Dealers are expected to act prudently and may decline to use particular counterparties if there is any cause for concern.

6. Investments Defined as Capital Expenditure

6.1 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure. Brent Council will not use or allow its external fund manager to make, any investment which will be deemed capital expenditure.

7. Investment Strategy to be followed In-House

7.1 Investments will be made with reference to the core balance (£40m), cash flow requirements and the outlook for short and medium-term interest rates (i.e. rates for investments up to 3 years).

7.2 Once stability has returned, the council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest at potentially higher rates, while looking for longer-term opportunities when the market becomes too pessimistic about rising rates. Brent Council has identified 2% as an attractive trigger rate to consider 1-year lending and 5% for 2 and *3* year lending. The ‘trigger points’ will be kept under review and discussed with Butlers so that investments can be made at the appropriate time.

9. External Cash Fund Management

9.1 Brent Council’s funds are managed on a discretionary basis by Aberdeen Asset Management. The fund manager is contractually required to comply with this strategy.

9.2 Brent Council will discuss with its external fund manager on a regular basis, instruments that they consider may be prudently used to meet the council’s investment objectives. Brent Council will evaluate the risk-reward characteristics of asset categories to decide whether to permit the manager to use instruments that comply with the Guidance.

10 The role of the treasury adviser

10.1 The treasury adviser gives advice on debt restructuring opportunities, interest rate movements, economic forecasts, external treasury managers and current capital finance developments. The adviser also provides credit ratings, and details of changes / possible changes in ratings.

10.2 However, it is for the council to take decisions on whether or not to act on the advice given. Other sources of market information and intelligence will also be sought.

11 Borrowing in advance

11.1 The council has used the Capital Financing Requirement (CFR) as the most efficient measure of borrowing need. The CFR reflects the total capital expenditure of the authority.

11.2 The council plans that total borrowing should be at, or about, CFR at year end. However, the capital programme may be delayed, leading to total borrowing being above CFR. Other factors will also affect borrowing decisions. If it is expected that long-term rates may rise, borrowing may be undertaken early. This will be particularly important if there is a major project being undertaken, such as the new Civic Centre. If long term rates are high, but short term rates very low (as at present), borrowing may be delayed to reduce funding costs.

11.3 If borrowing is undertaken in advance of need, the balance will be placed with a secure counterparty. If large sums are involved, consideration will be given to purchasing an appropriate government gilt, to preserve capital.

12 Staff training

12.1 There are three main treasury management training ‘areas’. First, dealing, requiring understanding of cash flow issues, information systems, the lending list, dealing and settlement of deals. Second, authorisation of deals, requiring knowledge of the lending list and information systems. Third, management requires an understanding of the market, treasury management codes, economic background, and current treasury management policies and strategies.

12.2 Staff training is reviewed on an ongoing basis to ensure that trainee accountants are given an initial treasury induction, and that dealers / managers are given access to market developments and technical updates on treasury issues (particularly changes to the lending list) and regular dealing practice.

12.3 Training needs are met through a variety of methods. New dealers are given on the job induction training, to enable them to deal competently, as well as attendance at relevant external seminars. Ongoing learning is through seminars provided by the main treasury organisations, CIPFA and economics consultancies. The principal treasury officer is undertaking the course in Treasury Management organised by the Association of Corporate Treasurers and CIPFA.

LOCAL GOVERNMENT INVESTMENTS
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Debt Management Agency Deposit Facility	No	Yes	Govt-backed	No	In-house	1 year
Term or callable deposits with the UK government or with UK local authorities	No	Yes	High security although local authorities are not credit rated.	No	In-house and by external fund manager	1 year
Term or callable deposits with credit-rated deposit takers (banks and building societies)	No	Yes	Yes-varied	No	In-house and by external fund manager	1 year
Certificates of Deposit issued by credit-rated deposit takers (banks and building societies)	No	Yes	Yes-varied	No	To be used by fund managers	1 year
Gilts : with maturities up to 1 year	No	Yes	Govt-backed	No	In house and by external cash fund manager subject to the management agreement	1 year
Money Market Funds (i.e. a highly rated collective investment scheme)	No	Yes	Yes- *minimum : AAA*	No	In-house and by external fund manager subject to the management agreement	*Subject to cash flow and liquidity requirements*

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Forward deals with credit rated banks and building societies	No	Yes	Yes- varied	No	In-house and fund manager	1 year in aggregate
Commercial paper *[short-term obligations generally with a maximum life of 9 months issued by banks and other issuers]*	No	Yes	Yes- varied	No	External fund managers subject to the management agreement	9 months
Treasury bills [*Government debt security with a maturity less than one year*]	No	Yes	Govt- backed	No	External fund manager subject to the management agreement	1 year
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government	No	Yes	Govt- backed	No	External cash fund managers subject to management agreements	1 year
Bonds issued by multilateral development banks	No	Yes	AAA	No	External cash fund managers subject to management agreements	1 year

LOCAL GOVERNMENT INVESTMENTS

NON-SPECIFIED INVESTMENTS

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Term deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B)(i) Liquid : as a general rule, but cannot usually be traded or repaid prior to maturity. (ii) Return is fixed even if interest rates rise after making the investment. (iii) Credit risk : potential for greater deterioration in credit quality over longer period	No	No	Yes-varied	No	In-house, authorised by senior management	100%	*3 years*
Certificates of Deposit with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A)(i) Although tradable, can be illiquid in a credit crisis. (B)(i) 'Risk that price may fall during the life of the CD, so that there may be a capital loss if the instrument is sold early.	No	Yes	Yes-varied	No	To be used by fund manager	80%	*3 years*
UK government gilts with maturities in excess of 1 year	(A)(i) Excellent credit quality. (ii) Very Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	Govt backed	No	External cash fund manager only subject to the management agreement	50%	*10 years*

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Sovereign issues, excluding UK government gilts : any maturity	(A)(i) Excellent credit quality. (ii) Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	AAA	No	External cash fund manager subject to the management agreement	50%	*10 years*
Forward deposits with credit rated banks and building societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	(A)(i) Known rate of return over period the monies are invested ~ aids forward planning. (B)(i) Credit risk is over the whole period, not just when monies are actually invested. (ii) Cannot renege on making the investment if credit rating falls or interest rates rise in the interim period.	No	No	Yes - varied	No	To be used in-house, authorised by senior management	50%	*3 years*
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government	(A)(i) Excellent credit quality. (ii) Relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.	Yes	Yes	AAA / government guaranteed	No	External cash fund manager, subject to the management agreement	80%	*3 years*

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Bonds issued by multilateral development banks	(A)(i) Excellent credit quality. (ii) Relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity). (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.	Yes	Yes	AAA or government guaranteed	No	External cash fund manager , subject to the management agreement	80%	*3 years*

* **The prohibition on the use of derivatives** : This prohibition effectively relies on the judgement of the House of Lords in the case of Hazell v The Council of the London Borough of Hammersmith and Fulham and Others in 1991. Their Lordships held that local authorities have no power to enter into interest rate swaps and similar instruments.

Our treasury adviser, Butlers, believes that as this ruling still stands and was not rescinded by the introduction of the Local Government Act 2003, local authorities do not have the power to use derivative instruments.

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ADVICE FROM THE BOROUGH SOLICITOR

1. INTRODUCTION

This appendix sets out in some detail Members' individual responsibilities to set a legal budget and how Members should approach the task. It also reminds Members about the rules concerning personal and prejudicial interests.

The paper concludes with specific legal advice over aspects of the budget which potentially give rise to difficulties.

2. WHEN THE BUDGET MUST BE SET

Under Section 32 of the Local Government Finance Act 1992, budget calculations have to be made before 11th March, but they are not invalid merely because they are made on or after 11th March. However, delay in setting the Council Tax will have very serious financial consequences. It will render the Council vulnerable to legal proceedings requiring it to set the tax. In any event, it is important that the tax is set well in advance of 1st April as no sum is payable for Council Tax until 14 days after the date of posting bills. Serious financial losses will accrue very soon from a late setting of Council Tax as income is delayed and interest is foregone.

An important feature of Council Tax is that the statutory budget calculation must be followed exactly. If not the Council Tax resolution will be invalid and void. Detailed advice will therefore be available at the Council meeting.

3. NOTICE

There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days. There is also a duty to consult with representatives of Non-Domestic Ratepayers about the proposed revenue and capital expenditure before the budget requirement is calculated.

4. CAPPING

The Local Government Finance Act 1992 and Local Government Act 1999 contain powers on the part of the Secretary of State to cap the Council's budget requirement. The cap is applied to the budget requirement and not to the final level of Council Tax requirement, and so it is a means by which the Secretary of State can directly control the Council's expenditure. An authority can be designated for capping if the amount it calculates as its budget requirement is considered to be excessive either intrinsically or in relation to the previous year's calculation. It is considered that the Secretary of State could cap the budget requirement even if it does not exceed the amount of its Relative Needs Formula. In practice no Secretary of State has done this. The Secretary of State can insist that the authority revises its budget for the year within such lower amount as he determines, or he can set a notional amount for the year which is taken into account in determining capping decisions for the following year. If the decision is for the authority to revise its budget for the year, the capped authority must then in effect re-set its budget and Council Tax at an appropriate level. Any reduction in budget must be passed on in full by way of a reduced Council Tax.

The same legislation applies to the Greater London Authority whose budget could be capped which would require Brent, as the billing authority, to issue new bills.

5. MEMBERS' FIDUCIARY DUTIES

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.

Within this overall framework, there is of course considerable scope for discretion. Members will bear in mind that in making the budget commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments however impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes.

Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored. A Member who votes in accordance with the decision of his or her political group but who does so after taking into account the relevant factors and professional advice will be acting within the law. Party loyalty and party policy are capable of being relevant considerations for the individual Member provided the member does not blindly toe the party line without considering the relevant factors and professional advice and without properly exercising any real discretion.

Under the Brent Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the Chief Finance Officer (the Director of Finance and Corporate Resources) and the Monitoring Officer (the Borough Solicitor). If the Council should fail to set a budget at all or fail to set a lawful budget, contrary to the advice of these two officers there may be a breach of the Code by individual members if it can be demonstrated that they have not had proper regard to the advice given.

6. ARREARS OF COUNCIL TAX AND VOTING

In accordance with section 106 of the Local Government Finance Act 1992, where a payment of Council Tax that a member is liable to make has been outstanding for two months or more at the time of a meeting, the Member must disclose the fact of their arrears (though they are not required to declare the amount) and cannot vote on any of the following matters if they are the subject of consideration at a meeting:

(a) Any decision relating to the administration or enforcement of Council Tax.

(b) Any budget calculation required by the Local Government Finance Act 1992 underlying the setting of the Council Tax.

(c) Any recommendation, resolution or other decision which might affect the making of the Annual Budget calculation.

Members should note the following points:

(i) These rules are extremely wide in scope. Virtually any Council decision which has financial implications is one which might affect the making of the budget underlying the Council Tax for next year and thus is caught. The former DoE (now DCLG) shared this interpretation as it made clear in its letter to the AMA dated 28th May 1992.

(ii) The rules do not apply just to full Council meetings but extend to committees and sub-committees of the Council and to the Executive and its Highways Committee.

(iii) Members who make a declaration are not entitled to vote on the matter in question but are not prevented by the section from taking part in the discussion. However, where questions of enforcement are under consideration, Members with any arrears of Council Tax are likely to have a prejudicial interest under the Brent Members Code of Conduct. In these circumstances Members are disentitled from taking part in discussions as well as from voting, and must declare an interest whether or not their arrears have been outstanding for two months and must leave the room.

(iv) Members will have a defence under section 106 if they did not know that the section applied to them (i.e., that they were in arrears to the relevant extent) at the time of the meeting. Thus unwitting Members who for example can prove that they did not know and had no reason to suppose at the time of the meeting that their bank has failed to honour a standing order will be protected should any prosecution arise.

(v) It is not enough to state that a benefit application has been submitted which has not yet been determined, as Members remain liable to pay pending determination.

(vi) Breach of the rules is a criminal offence under section 106 which attracts a maximum fine of £1,000.

7. PERSONAL AND PREJUDICIAL INTERESTS

Under the new code of conduct, a member will have a personal interest in an item of business if a decision in relation to that business might reasonably be regarded as affecting his or her well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision.

A relevant person is (a) a member of your family or any person with whom you have a close association; or (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or (d) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority or any body (aa) exercising functions of a public nature; (bb) directed to charitable purposes; or (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Any member with such an interest will, generally, have to declare that interest at the start of the agenda item. However, the business of the meeting relates to or is likely to affect any of the following categories of people then you need only disclose to the meeting the existence and nature of that interest if you actually address the meeting on that business:

i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;

ii) any body exercising functions of a public nature.

Members will receive more detailed advice prior to the meeting about the interests they may or may not need to declare at the meeting but members should seek early advice to avoid any confusion on the night of the meeting.

A personal interest will also be a prejudicial interest if it is one that members of the public, knowing the facts, would reasonably regard as so significant as to be likely to prejudice the Member’s judgement of the public interest. However, under the new code, a member will not have a prejudicial interest if the business under consideration — (a) does not affect your financial position or the financial position of a connected person (listed in paragraph 8 of the Code) nor (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any connected person or body. There are other specified exemptions relating to school meals, council tenancies, allowances, etc.

If a member does have a prejudicial interest then the Member concerned must withdraw from the meeting and leave the room. A failure to comply with the Code puts the member at risk of suspension or disqualification. Again, members will receive more detailed advice on this prior to the meeting but if any member is aware of any interest that may amount to a prejudicial interest then he or she should seek advice well before the meeting in question in order for the issues to be considered fully.

Dispensations

Dispensations are available in respect of prejudicial interest under the Brent Code of Conduct but only in very limited circumstance and only from the Standards Committee. As the dispensation now has to be given by the Standards Committee and not the Secretary of State there are also time limits to be considered which are new. The Standards Committee can only meet on 5 clear days notice and, unless certified as urgent, business can only be transacted if 5 clear days notice of it has been given. There is no Standards Committee meeting currently fixed before the budget setting meeting.

8. RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER AND AUDITORS' POWERS

Chief Financial Officer and Monitoring Officer

Section 114 of the Local Government Finance Act 1988 places the Chief Financial Officer under an obligation to prepare a report (to full Council) if it appears to him that the expenditure the Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure. A failure to take note and act on such a report could lead to a complaint to the Standards Board. Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears to him or her that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration.

Under section 25 of the Local Government Act 2003 the Chief Financial Officer is now required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Executive is required to determine and submit to Full Council and are contained within this report. However, if the Council were minded to agree a budget based on different estimates e.g. if Council did not agree with the estimates provided by the Executive then those estimates which the Council would adopt would effectively become 'the estimates' for the purpose of Section 25 and as such should be subject to a report by the Chief Financial Officer.

External Auditors' Powers

Section 91 of the Local Government Act 2000 provides that an External Auditor may issue an "Advisory Notice" if he has reason to believe that an Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both.

While the advisory notice has effect it is not lawful for the authority to implement or take the course of action in question unless it has considered the issues raised in the notice and given the auditor notice that it intends to proceed with that course of action in a specified period and that period has expired.

In addition, it is also open to the Auditor to apply for judicial review on any decision of an Authority or failure to act which it is reasonable to believe would have an effect on the accounts of an Authority.

9. SPECIFIC BUDGET ADVICE

Balances and Other Budget Calculations

A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. Members will need to pay careful attention to the advice of officers here.

In addition to advising on the robustness of the estimates as set out above, the Chief Financial Officer is also required to report on the robustness of the proposed financial reserves. The same advice applies to these as to the other calculations required to be made by the Council. The Director of Finance’s view of the level of reserves is contained within the report.

Having considered the officer’s report the Council is then required to *"have regard to the report"* but it is not required to adopt the recommendations in it. However, Members must demonstrate they have acted reasonably if they do not adopt the recommendations.

Alternative Proposals

If alternative proposals to those contained in this report are moved at the budget setting meeting, the Chief Financial Officer will need to consider if the estimates or proposed financial reserves contained in this report are affected and whether a further report (which may be oral) is required under section 25 of the Local Government Act 2003. If the Chief Financial Officer is unable to report on the estimates or the reserves because of the lateness of the alternative proposals then he will not be able to comply with this statutory requirement. The Act does not say what happens if this duty is not fulfilled and nor does it say whether the Council can set the budget without that advice. It follows from this then that there is no express statutory prohibition. However, the authority is at risk of a Judicial Review by an interested person e.g. a resident or the Audit Commission if the Council has failed to have regard to a report of the Chief Financial Officer on the estimates and reserves used for its budget calculations.

Capital Programme

The requirements of the *"Prudential Code"* established in the Local Government Act 2003 are set out in the report.

Expenditure Charged to the Housing Revenue Account

Members will be aware that the Housing Revenue Account (HRA) is by law to be maintained separately from the General Fund and there are strict rules which determine to which account any expenditure must be charged. There are only very limited areas of discretion here. Members should bear in mind that if they wished to review any current determination which affects the apportionment of charges between the General Fund and HRA, they would need to do so on the basis of an officers' report and specific legal advice. The Housing Revenue Account must be maintained in balance throughout the year by Section 76 Local Government and Housing Act 1989.

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Scheme of Transfers and Virements under Standing Order 17(a)

Definitions

Unless specified to the contrary within the specific paragraphs, each of the following words within this Scheme of Transfers and Virements has the precise meaning assigned to it in this scheme.

Accounts – For the purposes of this scheme, the Council shall be considered to be operating three "accounts" – the General Fund, the Housing Revenue Account, and the Capital Programme.

Budget – The Council's budget agreed by Full Council for a financial year is set at a Council meeting at the same time as the Council Tax levels are set for the financial year and is amended from time to time in accordance with this scheme or other relevant powers.

The budget includes planned expenditure and income for the Accounts, as well as transfers into and out of Reserves and Provisions.

The General Fund budget for each financial year for each service area is summarised in the General Fund Budget Summary Appendix of the Report. The matrices in the Service Area Budget Summary Appendix of the Report show budget heads within each service area.

The Housing Revenue Account budget for each financial year is set out in the Housing Revenue Account Appendix of the Report.

The Capital Programme is set out in Capital Programme Forecast Appendix of the Report. This is set in the context of the Prudential limits set out in of the Report.

Full Council may amend the Budget at any time during the financial year, and the amended budget will replace the budget set at the budget setting Council meeting held before the start of the financial year.

Reserves and Provisions – The Council sets aside amounts from its Accounts from time to time to meet potential future specific or general liabilities or risks. Collectively the cumulative values of these amounts are called the Council's Reserves and Provisions.

The values of Reserves and Provisions which are subject to the Transfer provisions of this scheme are those that appeared in the Council's accounts as at 31st March of the previous financial year in respect of that year (for example, the values for 2007/08 were the values for 2006/07 as they appeared in the accounts as at 31st March 2007) as amended by appropriations contained in the other elements of the budget.

Reserves and Provisions Established by the Director of Finance and Corporate Resources - The Director of Finance and Corporate Resources may agree that reserves be established by a Service Area at the end of the Financial Year for a specified purpose, where the Service Area has sought permission from the Director of Finance and Corporate Resources to apply some of all of that reserve to expenditure for that specified purpose in the next Financial Year and the Director of Finance and Corporate Resources is of the opinion that this is a reasonable and prudent use of the resources.

The Report - References to the “Report” are references to the “Budget and Council Tax” report as agreed by Full Council at the budget setting meeting held to set the budget before the start of the current financial year.

Virements – A virement is an increase in any budget or budgets or part of a budget or budgets that is matched by an equal and opposite decrease in any other budget or budgets or part of budgets within the same Account, such that when the total changes are aggregated the net change across all budgets within that Account is zero.

Schedule of Earmarked Reserves and Provisions - the Schedule of Earmarked Reserves and Provisions approved by Full Council at the budget setting meeting held before the start of the financial year.

Transfers – For the purposes of this scheme, a Transfer is a movement of funds from any reserve, provision or Account to any other reserve, provision or Account.

New Spending – Any increase in gross expenditure or reduction in gross income above the aggregates included in each Account is considered to be *“new spending”* for the purposes of this scheme.

Earmarked Supported Borrowing – A permission to borrow issued by a Department of State limited to a specific purpose and coming with a commitment to include the financing charges within the calculation of Revenue Support Grant or Housing Subsidy.

GENERAL PROVISION

1. Except where explicitly stated to the contrary, no virement, transfer, or new spending is authorised by this scheme if it is in conflict with the Policy Framework or if it conflicts with anything specifically agreed by Full Council as part of the budget setting process other than by a decision of Full Council.

TRANSFERS

General

2. Spending on any Account above that allowed for in the Budget, or a shortfall in income below that estimated in the Budget will result in a charge to Reserves unless compensating changes are made. This follows from the Accounting Code of Practice, which has Statutory force. It is acknowledged that such transfers may result in a conflict with the Policy Framework. Statute provides procedures for dealing with such transfers, especially where the resultant transfers exhaust Reserves and Provisions. This scheme does not deal with these transfers, although limits are placed on the Executive’s action to minimise the chance that such circumstances arise.

3. In certain circumstances where such overspends on Accounts arise, there is a choice as to which Reserve the charge should be made. There may also be circumstances in which Provisions can be used to prevent Reserves being exhausted. These are matters that are reserved to Full Council.

Earmarked Reserves and Provisions for Specified Purposes

4. Certain reserves and provisions have been established to aid the smooth running of the Council's finances, and it will be normal to charge costs to those reserves and provisions subject to financial regulations and local procedures and policies. These are listed in Part A of the Schedule of Earmarked Reserves and Provisions, and officers may make transfers from these reserves and provisions up to the amounts in them for the specified purposes.

5. Part B of the Schedule of Earmarked Reserves and Provisions lists those other reserves and provisions from which transfers may only be made on the authority of the Executive, up to the limits of the amounts in them and for the purposes for which they were established.

6 Transfers from Reserves and Provisions Established by the Director of Finance and Corporate Resources may be made by the Director of Finance and Corporate Resources up to the amount of £250k. Transfers of any greater amount may only be made on the authority of the Executive.

7. Transfers from Reserves and Provisions not included in the Schedule of Earmarked Reserves and Provisions or transfers from Reserves and Provisions for purposes other than those for which they were established require the approval of Full Council, unless otherwise allowed by this scheme.

Executive Powers

8. The Executive shall have the power to approve any Transfer that does not result in New Spending across Accounts, on the recommendation of the Director of Finance and Corporate Resources, for the purposes of the efficient management of the Council's affairs.

9. For the purposes of maintaining Reserves at a prudent level (as determined by the Executive on advice from the Director of Finance and Corporate Resources,), the Executive may make any Transfer from any Account to the appropriate Reserve if there is a reported saving in that Account.

10. The Executive may make one or more Transfers up to a total of £500,000 in the financial year from any Reserve to any appropriate Account for the purposes of New Spending provided that:
    (a) Reserves are maintained at a prudent level after considering the effect of the Transfer and any risks that fall upon Reserves;
    (b) The Account to which the Transfer is to be made is not immediately prior to making the transfer forecast to overspend; and

(c) The New Spending is for an objective contained within the Policy Framework, the Corporate Strategy, a legislative requirement or a contractual obligation.

VIREMENTS – GENERAL FUND

Officers

11. Officers may make any virement within a budget line in a service area (i.e. within any one line in the Service Area Budget Summary Appendix of the Report).

12. Subject to paragraph 12, officers may agree any virement within their area of responsibility which:
   (a) Is designed to keep function and finance together (as determined by the Director of Finance and Corporate Resources); or
   (b) Increases the budget of a unit that is overspending by reducing that of a unit that is underspending.

13. Virements in paragraph 11 may only be agreed by officers provided that:
   (a) They do not result in a commitment which would itself lead to an increased overspend in the current financial year or give rise to unfunded expenditure in future years;
   (b) They are consistent with the Service Plan;
   (c) They do not conflict with any prior decision made or policy or plan or strategy adopted by the Executive; and
   (d) They are reported to the Director of Finance and Corporate Resources.

14. The Director of Finance and Corporate Resources may agree any virement between areas of responsibility of different Officers whose effect falls within the criteria set out in paragraph 11 subject to the constraints in paragraph 12(a) to 12(c).

Executive

15. Subject to paragraph 15, the Executive may agree any virement either within or between any Service Area which:
   (a) Falls within the purposes of paragraph 11;
   (b) Helps to maintain prudent levels of Reserves; or
   (c) Helps to keep expenditure within the overall budget totals; or
   (d) Finances new initiatives supporting the Policy Framework or the Corporate Strategy but not explicitly included in the Service Development Plan and Budget.

16. The Executive may only agree virements under paragraph 14 if it has received advice from the Director of Finance and Corporate Resources that after the virement:
   (a) Reserves remain at prudent levels; and
   (b) No unfunded expenditure commitments arise in future years.

New Spending

17. Where additional resources arise during the year and these are limited for a specific use (e.g. because of grant conditions), then officers may commit the New Spending provided that:
    (a) There is no unfunded spending commitment for future years;
    (b) Any match funding for the current year is met from identified underspends; and
    (c) The Director of Finance and Corporate Resources certifies that the criteria in paragraph 15 apply.

18. Where additional resources arising from additional income, grant not limited for a specific use, or underspends of budgets are identified, then the Executive may agree New Spending, subject to the criteria in paragraphs 14 and 15.

VIREMENTS - CAPITAL PROGRAMME

General

19. The Capital Programme consists of individual projects and sums allocated for work of a particular type. Financial Regulations dictate that the latter type of expenditure can generally only be spent after approval by Executive of project schemes within that type.

20. Capital projects often span more than one year, and include provisions for contingencies, provisional sums and the like. This generates a degree of flexibility available for managing the overall programme and this scheme takes advantage of that flexibility.

21. Many funding streams for Capital projects are limited to particular types of projects. Nothing in this scheme allows virement between projects if the funding stream cannot be vired because of some other condition or limitation restricting or precluding a virement.

22. The Capital Programme is funded by a combination of capital receipts, grants and other direct external contributions and borrowing. The total amount of permitted borrowing can be varied during the financial year under the terms of Local Government Act 2003 and relevant regulations. Apart from any contingencies agreed in the Budget, this scheme does not permit any increase in the level of permitted borrowing beyond that agreed in the Budget. Such increases require approval by Full Council in the context of advice from the Director of Finance and Corporate Resources and subject to CIPFA's *"The Prudential Code for Capital Finance in Local Authorities."*

Officers

23. Officers should make such virements as are necessary to ensure that the overall capital spend is kept within the sums allocated for that purpose within their area of responsibility provided that:

(a) They do not stop or significantly change projects approved by Full Council or the Executive except where as part of project approval the Full Council or Executive has delegated authority to officers to revise or reschedule such projects;

(b) They do not commit expenditure beyond resources available in future years; and

(c) They report changes to the Director of Finance and Corporate Resources.

Executive

24. The Executive may make such virements within the Capital Programme as are necessary to ensure that overall spending is within the resources available, and it can bring forward, delay or stop projects as necessary to achieve this.

25. The Executive may vire funding from one set of capital projects to another without limit provided that:

(a) Reductions are not made to funding of projects below the level that is contractually committed;

(b) Spending commitments in future years are not made beyond the resources available to fund them.

New Spending

26. Where new Capital resources, not limited to specific purposes, are identified during the year, the Executive may commit new expenditure from the reserve list, where such a list exists, in its own priority order providing that:

(a) The Capital Programme is not projected to overspend its resources;

(b) Spending commitments in future years are not made beyond the resources available to fund them.

27. Where new Capital resources, not limited to specific purposes, are identified during the year, and the reserve list has been fully funded, the Executive may commit new expenditure on other capital schemes provided that:

(a) The Capital Programme is not projected to overspend its resources;

(b) Spending commitments in future years are not made beyond the resources available to fund them;

(c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.

28. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do not require matched funding, the Executive may commit new expenditure provided that:

(a) Spending commitments in future years are not made beyond the resources available to fund them;

(b) If the new funding is by Supplementary Credit Approval, a report is received from the Director of Finance and Corporate Resources indicating that the cost of the new borrowing is affordable;

(c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.

29. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do require matched funding, the Executive may commit new expenditure on that match funding provided that:
   (a) The Reserved List, where such a list exists, has been fully committed and there are sufficient capital resources available to meet the match funding requirements directly or by virement, OR additional revenue resources have been identified to meet the match funding requirements;
   (b) Spending commitments in future years are not made beyond the resources available to fund them.

VIREMENTS – HOUSING REVENUE ACCOUNT

30. The Director of Housing and Community Care may make any virements necessary for the efficient running of the Housing Revenue Account within the Account, including the use of revenue resources for capital purposes, provided that:
   (a) Spending commitments in future years are not made beyond the resources available to fund them; and
   (b) The changes are reported to the Director of Finance and Corporate Resources.

REPORTING ARRANGEMENTS

31. Subject to paragraph 30, all Transfers, Virements and New Spending are to be reported to Full Council whether or not they require Full Council's approval. Normally this will be done by means of the regular expenditure monitoring reports made by the Director of Finance and Corporate Resources. The reports will classify changes by whether Officer, Executive or Full Council approval was required.

32. Virements within one line of the Service Area Budget Summary Appendix of the Report, Transfers falling within Part A of the Schedule of Earmarked Reserves and Provisions and Virements within the HRA will not normally be reported to Full Council but will be reported if the Director of Finance and Corporate Resources or the monitoring officers consider that a report should be submitted.

33. Any failure to report to or notify the Director of Finance and Corporate Resources on any matter as required under this scheme will not invalidate the decision by virtue of that failure to report or notify alone.

Schedule 1

Earmarked Reserves and Provisions

PART A Officers have the authority to make transfers from these reserves and provisions up to the amounts in them for the specified purpose.

- Standards Fund
- Single Regeneration Budget
- NNDR Revaluation Refunds
- Middlesex House and Lancelot Road
- Systems Development
- JFS
- Care for the Elderly
- Nurseries
- Willesden Sports Centre PFI
- Supporting People
- Viewstar Replacement
- Long Term Sickness
- Granville Plus
- Property and Accommodation Reserve
- Local PSA
- Brent Performance Fund
- Local Housing Allowance
- Dedicated Schools Grant Balance
- Wembley Youth and Community Centre
- Boiler Refurbishment
- Local Development Framework
- South Kilburn Delivery
- Stonebridge Housing Acton Trust
- Remuneration Strategy
- Transformation Programme
- Working Neighbourhood Fund
- Capital Finance
- Area Child Protection
- Destination Wembley

PART B Transfers may only be made on the authority of the Executive.

- Section 106 and Commuted Car Parking
- Capital Funding
- Chalkhill Community Building
- Brent tPCT Settlement

NI179 - Annual Efficiency Indicator for the period 2008/09 - 2009/10

Service/Unit	2008/09 Forecast £	2008/09 Actual £	2009/10 Forecast £	Cumulative Total
Children & Families	1,584,138	1,160,369	1,205,000	2,365,369
Housing (General Fund + Housing Revenue Account)	1,601,065	2,294,265	2,669,000	4,963,265
Adult Social care	2,274,000	2,643,272	1,881,000	4,524,272
Environment	641,000	1,178,801	1,041,000	2,219,801
Finance and Corporate Resources	2,880,797	1,730,593	1,022,000	2,752,593
Central Units	379,000	578,950	306,000	884,950
Procurement		102,750	1,340,000	1,442,750
Business Transformation			236,000	236,000
Total	**9,360,000**	**9,689,000**	**9,700,000**	**19,389,000**

Compared against 2007-2008 Baseline £	%	%	%	%
352,045,667	2.66	2.75	2.76	5.51

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Improvement and Efficiency Action Plan - Target Savings in 2010/11

Project Title	Target Saving 2010/11 £'000	Main Method of Delivery
Finance Modernisation	400	Establishment of a shared service centre to provide transactional services with business partner model in service areas. Around 30 posts to be lost. On target for delivery September 2010.
Revenues and Benefits	560	Utilisation of *"Lean"* methodology to change processes and reduce non-value added customer contact. Customers see assessors directly and claims processed immediately where possible. There will be reductions in One Stop Shop staff of around 20. Implementation date 1st July
Remuneration and Performance	1,000	Introduction of a range of measures to control staffing costs. These include: (i) Establishment of vacancy controls. (ii) Targeted agency worker recruitment freeze. (iii) Managed overtime.
Strategic Procurement	1,000	4 main strands of work: (i) Reviewing structures and functions of staff currently undertaking procurement and contract management. PwC highlighted we may be over-resourced compared with other authorities. (ii) Seek to drive savings from forthcoming contract lets which are valued in excess of £20m. (iii) Rolling review of current high value contracts to ensure all terms being appropriately applied. This includes payments and penalties. (iv) Full adoption of category management which will help ensure the Council utilises its full purchasing power with single contracts across the whole Council or with partners.
Strategic Property Review	750	Establishment of a single property function by 1st April will facilitate strategic rationalisation of property portfolio. This includes main office sites and operational buildings. The opportunity to do this is enhanced by more effective use of space and methods of working being introduced as part of the Civic Centre programme. Target also assumes savings to capital financing charges generated by additional capital receipts.
Review of lower priority activities	100	This review will be completed by April and provide a number of options for Members to consider.
Staffing and Structure Review	2,250	The target assumes a half year effect for the loss of 150 posts after any redundancy costs. With staff turnover of around 10% and over 500 agency staff compulsory redundancies should be minimised.
Other - Brent business support function - Children's services transformation - Re-shaping customer contact - Adult social care transformation - Income generation - Waste and recycling contract review - Energy supply and costs	1,100	A number of these projects will deliver additional savings but further work is required to confirm the targets.
Risk Adjustment	-2,760	This is around a 40% allowance to mitigate risks that the programme will not be delivered on time and the target saving not achieved.
NET SAVINGS TO BE DELIVERED	**4,400**	

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Improvement and Efficiency Action Plan - Non-Financial Benefits

Project	Non-Financial Benefits
Civic Centre	• Community centrepiece • Jobs for local residents • Boost for local economy • Attract and retain staff
Structure and Staffing Review	• Flatter, more consistent management structure • More efficient ways of working • Reduced duplication of functions
Brent Business Support	• Leaner back office structure • Reduced duplication • More efficient ways of working
Remuneration and Performance	• Generic job descriptions • Improved flexible working • Improved performance management • Greater responsiveness to service peaks
Transforming Learning in Brent	• Improving underperforming schools • Increasing provision for children with special educational needs • Improved attainment • Provision of good quality modern schools
Children's Services Transformation	• Improved stability of placements for looked after children • Improved quality of placements • Smoother transitions to adults for young people with disabilities • A more stable workforce able to spend more time on priority safeguarding work
Waste and Recycling	• Improved recycling rate • Increase in recyclable items • Wider service coverage for recycling • Reduction in CO_2 emissions
Adult Social Care Transformation	• Increased self-directed support • Improved assessment process • Modernised transport services • Modernised day care service
Finance Modernisation	• Improved management information • Improved strategic planning and reporting • Decreased effort in regulatory compliance • Improved financial controls
Re-shaping Customer Contact	• Clear and consistent standards for customer contact in Brent • Easier for residents
Strategic Property Review	• Better use of the council's buildings • Rationalisation in the run up to the civic centre • Joint asset strategies with key partners
Strategic Procurement Review	• Greater ability to influence the market • Better positioning for partnership performance • Category management giving expertise in procurement • Maximising value from current contracts

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BACKGROUND INFORMATION

2009/2010 Revenue Budget and Council Tax - Report to Council on 2nd March 2009.

Budget Process 2010/11 – Report to the Executive on 14th July 2009

First Reading Debate on the 2010/11 to 2013/14 Budget Report – Report from Director of Finance and Corporate Resources to Council on 23rd November 2009.

Performance and Finance Review Quarter 2 - Report to Executive on 14th December 2009.

Collection Fund Surplus/ Deficit at 31st March 2010 Report - Report to Executive on 14th December 2009.

Calculation of Council Tax Base 2010/11 - Report to General Purposes on 26th January 2010.

Fees and Charges 2010/11 – Report to the Executive on 15th February 2010.

Housing Revenue Account Budget Report 2010/11 - Report to the Executive on 15th February 2010.

2010/11 Budget and Council Tax - Report to the Executive on 15th February 2010.

Local Government Finance Settlement 2010/11 - Various Papers

Budget Guidelines, 2010/11 - 2013/14.

CIPFA Code of Practice for Treasury Management in Local Authorities.

Treasury Management Policy Statement and Systems Documentation.

General Budget Working Papers.

Any person wishing to inspect these documents should contact Duncan McLeod, Director of Finance and Corporate Resources, Room 114, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. (020) 8937 1424.

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