



## Cabinet – budget report and appendices

**Monday 23 February 2015 at 7.00 pm**

Board Room 4 - Brent Civic Centre, Engineers Way,  
Wembley HA9 0FJ

### Membership:

#### Lead Member Councillors:

#### Portfolio

Butt (Chair)  
Pavey (Vice-Chair)  
Crane  
Denselow  
Hirani  
Mashari  
McLennan  
Moher

Leader of the Council  
Deputy Leader of the Council  
Lead Member for Environment  
Lead Member for Stronger Communities  
Lead Member for Adults, Health and Well-being  
Lead Member for Employment and Skills  
Lead Member for Regeneration and Housing  
Lead Member for Children and Young People

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**The press and public are welcome to attend this meeting**

# Agenda – budget report and appendices

Introductions, if appropriate.

Apologies for absence.

Item	Page
<b>5 Budget 2015/16 and Council Tax</b>	<b>1 - 176</b>

On 15 December 2014 Cabinet considered the council's overall financial position and a set of draft budget proposals. Cabinet agreed that:

*"...consultation be carried out with residents, the voluntary and community sector, local businesses and other groups as necessary on the draft savings proposals and their consequences."*

Cabinet is now required to recommend a budget for Full Council to consider at its meeting of 2 March 2015. This report therefore presents a summary of the further work that has been undertaken in order to reach the budget now proposed, and the reasons for the proposals. Where appropriate the financial information previously presented has been updated, and those remaining uncertainties (as at the date of despatch) are highlighted and addressed.

**Ward Affected:**  
All Wards

**Lead Member:** Councillor Pavey  
**Contact Officer:** Mick Bowden, Operational  
Director, Finance  
Tel: 020 8937 1460 [mick.bowden@brent.gov.uk](mailto:mick.bowden@brent.gov.uk)

**Date of the next meeting: Monday 16 March 2015**



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- The meeting room is accessible by lift and seats will be provided for members of the public.



**Cabinet**  
23 February 2015

## **Report of the Chief Finance Officer**

Wards affected:  
ALL

### **Budget and Council Tax 2015/16**

#### **1. INTRODUCTION**

- 1.1. On 15 December 2014 Cabinet considered the council's overall financial position and a set of draft budget proposals. Cabinet agreed that

*"...consultation be carried out with residents, the voluntary and community sector, local businesses and other groups as necessary on the draft savings proposals and their consequences."*

- 1.2. Cabinet is now required to recommend a budget for Full Council to consider at its meeting of 2 March 2015. This report therefore presents a summary of the further work that has been undertaken in order to reach the budget now proposed, and the reasons for the proposals. Where appropriate the financial information previously presented has been updated, and those remaining uncertainties (as at the date of despatch) are highlighted and addressed.
- 1.3. The 15 December report contained a detailed explanation of the funding settlement and analysed its consequences for Brent. This information is not repeated in the main body of this report, but is attached at Appendix A for those wishing to refer to it.
- 1.4. Members will recall that the key feature of the financial position was that savings of £53.9m were required over the next two years, with an increasingly challenging financial outlook beyond then. Members will recall that the December report put forward an overall package of proposals which, if all agreed, would have reduced expenditure by £58.7m in the next two years. After taking account of one-off technical

adjustments this meant that proposals of £6m could be rejected and the budget would still be balanced for the next two years.

1.5. Members are reminded that the future funding outlook is extremely challenging and remains uncertain. As a result savings proposals not agreed as part of this budget are likely to have to be revisited in future years.

1.6. In summary, the key features of the budget now proposed are that:

- Council tax is frozen at its 2014/15 level, which would be the sixth consecutive year that the Council has not increased it; and
- The following proposals from the original 15 December list are not agreed and hence not to be implemented. The amounts that would have been saved in each year are also shown in the table below.

Reference	Description	Amount saved		Total saved
		2015/16	2016/17	Total
		£'000	£'000	£'000
ASC11	15 minute home care visits	(600)	(620)	(1,220)
ASC17	Reduce front line staff	0	(450)	(450)
ASC2.1	Reductions to respite care	(450)	0	(450)
ASC8	Reductions in day care	(520)	(520)	(1,040)
ASC7	New Millennium (part)	(150)	0	(150)
CYP16	Closing 10 children's centres	(1,465)	263	(1,202)
CYP17	Closing youth services	(1,246)	900	(346)
CYP4	Cut Connexions	(522)	0	(522)
ENS13	Bulky waste (part)	(74)	0	(74)
ENS24	Closing CCTV	(400)	(100)	(500)
ENS25	Closing a leisure centre	(350)	(50)	(400)
ENS26	Cuts to public realm	(400)	0	(400)
ENS2	Free swimming	(60)	0	(60)
R&G40	Closing rough sleeper services	(190)	0	(190)
R&G38	Reduce civic centre opening hours	(250)	0	(250)
	<b>Total</b>	<b>(6,677)</b>	<b>(577)</b>	<b>(7,254)</b>

1.7. All other proposals from the 15 December list therefore are agreed and to be implemented according to the timescales set out in the detailed papers.

1.8. Savings of £51.5m are therefore proposed, of which £28.1m fall in 2015/16 and £23.4m in 2016/17. The budgets proposed for 2015/16 and 2016/17 are, in financial summary, represented by the table overleaf.

	2015/16		2016/17	
Description	£m	£m	£m	£m
Savings required (per Dec report)		35.8		18.1
Technical adjustments (see section 4)		(3.9)		2.3
Final financial targets		31.9		20.4
Total savings proposed (Dec) *	(34.7)		(24.0)	
Savings rejected	<u>6.6</u>		<u>0.6</u>	
Savings now proposed		(28.1)		(23.4)
<b>Sub total – balance to be found</b>		<b>3.9</b>		<b>(3.0)</b>
One off collection fund surplus		(3.9)		3.9
<b>Balance to be found</b>		<b>0.0</b>		<b>0.9</b>

\* Excludes £5.9m savings that would not take effect until 2017/18

- 1.9. The report also sets out the council's planned capital programme to 2016/17. Where additional government grants have been awarded, principally for school places, the programme has been updated to reflect this. The proposed capital programme set out in this report has also been constructed on the basis that the recommendations of two other reports on this agenda, the housing revenue account budget and the s106 allocations, are agreed.
- 1.10. Given the pressures on the capital programme, as asset sales decline as a source of potential finance, it will be necessary to limit new investments principally to those that generate a sufficient return through future savings. It is also proposed that Cabinet update the capital programme following the national spending review later this year.
- 1.11. The report also sets out, at an appropriate level of technical detail, the ring fenced Dedicated Schools' Grant, Housing Revenue Account and Prudential Treasury Indicators. For ease of reading and completeness most of the technical detail is contained in various appendices. All of these are relevant and important, but the covering report highlights the key issues for Members' consideration. Members should also note the advice from the Chief Legal Officer as set out in Appendix M.

## 2. RECOMMENDATIONS

**Subject to the final confirmation of the GLA precept the Cabinet is asked to approve the following recommendations for Full Council at its meeting on 2 March 2015:**

- 2.1 Agree that there is no increase in the Council's element of council tax for 2015/16.
- 2.2 Agree the General Fund revenue budget for 2015/16, and note the indicative budget for 2016/17, as summarised in appendix B.

- 2.3 Agree the Service Area budgets including the cost pressures and savings detailed in Appendices C and D and dedicated schools' grant as set out in section 6.
- 2.4 Agree the budgets for central items as detailed in Appendix G.
- 2.5 Agree the Housing Revenue Account budget set out in Appendix I(ii).
- 2.6 Agree the 2015/16 to 2016/17 capital programme as set out in Appendix J.
- 2.7 Agree the Treasury Management Strategy and the Annual Investment Strategy for 2015/16 set out in Appendix K.
- 2.8 Agree the Prudential Indicators measuring affordability, capital spending, external debt and treasury management set out in Appendix L
- 2.9 Note the report from the Chief Finance Officer in Appendix E in respect of his statutory duty under Section 25 of 2003 Local Government Act.
- 2.10 Note the advice of the Chief Legal Officer as set out in Appendix M.
- 2.11 Note the levels of unsupported borrowing forecast for 2015/16, based on the borrowing levels agreed by the Council on 3 March 2014
- 2.12 Agree the instalment dates for council tax and NNDR for 2015/16, and the recovery policy for council tax as set out in Appendix H(ii).
- 2.13 Agree that decisions on individual applications for reducing Council Tax payable in accordance with section 13A(1)(c) of the Local Government Finance Act 1992 be delegated to the Chief Finance Officer.

#### **For Council**

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

- 2.14 In relation to the council tax for 2015/16 we resolve:

That the following amounts be now calculated by the Council for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

- (a) 995,477,173      being the aggregate of the amount that the Council estimates for the items set out in Section 31A(2) of the Act.

- (b) 907,798,000 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £87,679,173 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.
- (d) £1,058.94 being the amount at (c) above, divided by the amount for the taxbase specified above calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands

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

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

- 2.15 That it be noted that for the year 2015/16 the proposed Greater London Authority precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, in respect of the Greater London Authority, for each of the categories of dwellings are as shown below:

Valuation Bands

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
196.67	229.44	262.22	295.00	360.56	426.11	491.67	590.00

- 2.16 That, having calculated the aggregate in each case of the amounts at paragraph 2.14(e) and 2.15, 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 2015/16 for each of the categories of dwellings shown overleaf:

### Valuation Bands

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
902.63	1,053.06	1,203.50	1,353.94	1,654.82	1,955.69	2,256.57	2,707.88

2.17 That it be noted that the Chief Finance Officer has determined that the Council's basic amount of Council Tax for 2015/16 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Act 1992.

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



### 3. THE 2015/16 REVENUE BUDGET

#### The process for developing the 2015/16 budget

- 3.1 Proposals in this budget have been developed by the members of the Cabinet, taking account of the advice of officers. The key processes for doing this were, in summary, as follows:

- Development of the budget approach, based on the revised Borough Plan and the updated medium term financial outlook which was considered by the Cabinet in October 2014;
- Meetings involving Cabinet and Corporate Management Team members to consider the key service and budget issues likely to affect the council in future years;
- Development by officers, in consultation with relevant Lead Members, of budget proposals for individual services within the context of the Borough Plan and the MTFS;
- The First Reading Debate at Full Council;
- The publication of a detailed list of savings proposals at Cabinet in December 2014;
- Public consultation events on 13 January 2015 and presentations and question and answer sessions at each Brent Connects meeting;
- Debates through the Budget Task Group of the Scrutiny Committee;
- Considering feedback from the public, whether received by the general 'consultation@brent.gov.uk' email address or other direct representations;
- Receipt of petitions from the public and representations from other interested parties, such as recognised trades unions; and
- Conducting Equality Impact Assessments of proposals, where appropriate, in order to ensure that their consequences were properly understood.

- 3.2 Section four of the report provides updated technical financial information and sections five and six set out in detail the reasons why the key choices on the budget have been made and the factors that have been taken into account. These take into account the overall equalities implications, which are included at section seven of the report, and the findings from consultation which are summarised at section eight. The formal construction of the council tax proposed for 2015/16 is at section nine, followed by the relevant information on the capital programme, treasury management and financial risks at sections ten and eleven.

## **4 Technical changes to financing assumptions since December**

- 4.1 The provisional local government finance settlement was announced on 18 December 2014, with the final settlement published on 3 February 2015. The report to Cabinet for 15 December 2014 was therefore based on estimates of what would be contained within the settlement, and it is therefore necessary to update these assumptions in setting the final budget.
- 4.2 The local government settlement was a one-year settlement for 2015/16 only. It did not contain information on which to base assumptions about the settlements for 2016/17 and future years. In common with many other London boroughs, Brent's officers' longer-term forecasts are informed by financial modelling projections produced by the LGA and London Councils, which includes assumptions about future public expenditure distributions, drawing on the Autumn Statement and other relevant information.
- 4.3 The Autumn Statement was announced by the Chancellor of the Exchequer in December 2014. This revised central government departmental expenditure figures downwards which, based on the experience of recent years, indicates a further worsening of funding for local government and other unprotected areas of public spending. It will not be possible to undertake accurate forecasting of the impact on local government until the Spending Review that follows the forthcoming General Election. However there is the potential for Brent's funding settlement in 2016/17 and future years to be significantly worse than had been previously assumed.
- 4.4 In addition, the final budget now needs to take account of:
- updated figures for the council tax base and collection rates;
  - revenue support grant allocations within the local government finance settlement;
  - new burdens funding provided for the anticipated costs relating to the Care Act; and
  - funding announced in the final settlement for dealing with pressures in local welfare and health and social care.
- 4.5 Decisions of external bodies affect the budget process. Notifications from levying bodies, including the West London Waste Authority, are taken into account in this report. The precept for the GLA is due to be confirmed by the Greater London Assembly on 23 February 2015.

## **5 Proposed council tax and the reasons for it**

- 5.1 The council's financial position has been set out in this report and Members are under a legal obligation to set a balanced budget. In doing so they are obliged, under normal administrative principles, to take into account the various relevant factors, particularly in respect of consultation and equalities. In doing so Members are, of course,

entitled to exercise their political judgement, paying regard to the relevant factors rather than being absolutely determined by them.

- 5.2 The Cabinet has published possible proposals that could be enacted in order to prepare a balanced budget. These totalled £64.6m, of which £58.7m would take effect in 2015/16 and 2016/17, on which years the financial planning has been focused.
- 5.3 As has been set out in section four, subject to the various assumptions that are inherent in budget setting, Members are therefore able to select £6.3m of options that will not be recommended in the budget for Council whilst still achieving the objective of proposing balanced budgets for 2015/16 and 2016/17. The budget actually proposed rejects slightly more proposals than this, leaving a small gap to be filled in 2016/17.
- 5.4 The value of savings required is affected by the assumption made about council tax. This is a matter for local determination. The budget has been constructed on an assumption that council tax will be frozen at its 2014/15 level in 2015/16 and 2016/17 and that a 'freeze' grant of 1% will be payable in each of these years for councils that do not increase their council tax and that this funding will be rolled into base funding in future years.
- 5.5 The council could choose to increase council tax instead. This is a decision for elected Members. The table below shows the effect on the savings required in three scenarios: the existing freeze, a 2% increase in 2015/16 followed by a freeze in 2016/17 and a 2% increase in each of these years.

	15/16-16/17 £m
<u>Freeze</u>	
Savings proposed	58.7
Savings required	52.4
Savings not required	6.3
<u>2% increase in 2015/16</u>	
Net additional income	0.7
Savings not required	7.0
<u>2% increase in 2016/17</u>	
Net additional income	0.7
Savings not required	7.7

- 5.6 After evaluating the results of consultation and other factors leading Members have instructed officers to prepare a budget based on a council tax freeze for 2015/16.
- 5.7 Increasing council tax would increase the level of resources available to the council, and hence enable more of the proposed savings to be rejected. However, leading Members are of the view that the consistent feedback from the doorstep has been that residents are

against the idea. Supporting this view, the residents' attitude survey indicated that only 18% of residents would support paying additional council tax to protect services.

- 5.8 A small number of residents have proposed council tax increases at Brent Connects meetings. In addition, of the 35 responses to the formal consultation address, five referred to council tax. Of these, four proposed an increase (one of which proposed a referendum) and one proposed improvements to enforcement.
- 5.9 Members are of the view that many families in Brent are living close to the poverty line and that even a small increase in council tax would squeeze already tight living standards. There is clear evidence from the consultation undertaken for the borough plan that protecting the most vulnerable should be a key priority for the council, and protecting those on the lowest incomes from further financial pressures would be consistent with this. The operation of the freeze grant is also relevant: a council tax increase would charge residents £1.7m, but only generate net additional income for the council of £0.7m.
- 5.10 Brent's council tax in 2014/15 is at the median level across London taken as a whole. However, looking only at other outer London boroughs it is the 4<sup>th</sup> lowest. The LGIU recently reported that 43% of councils nationally plan to increase council tax in 2015/16, but it is not certain how reliable this estimate is.
- 5.11 Leading Members have balanced these factors, and ultimately exercised their political judgement in requesting that officers prepare the draft budget on the basis of a council tax freeze.

## **6 Proposals from December not to include in the budget and the reasons for these choices**

- 6.1 In deciding between the budgetary options presented to them, Members have consistently stressed that they regard many of the choices as unpalatable. Members are under a legal obligation to set balanced budgets, but the impact of funding settlements has required them to consider difficult choices in order to meet this duty. This section therefore sets out those proposals from December about which most concern has been expressed, from local councillors, members of the public, special interest groups and others, and also those with the most significant consequences in respect of the council's equalities duty. Where a proposal is not specifically referred to this does not mean that no concerns were expressed, merely that the level of concerns expressed were, relatively speaking, less than for other proposals.
- 6.2 For administrative convenience this section of the report is grouped by department. This does not imply that a certain number of contentious proposals within each department must or must not be accepted.

Members' legal duty to set a balanced budget refers to the entire council budget rather than that for any individual department.

- 6.3 For the avoidance of doubt, any proposal not referred to in this section is included in the proposed budget. Appendix D(ii) lists all of the proposals to be included in the budget.

### **Adult Social Care**

- 6.4 Significant concerns have been raised about five proposals in this area and it is therefore these proposals that Members need to review most carefully in making their decisions. In doing so Members should be mindful that the proposals for adult social care generally attracted significant comment in the various public consultation exercises.

- 6.5 These proposals are:

- ASC2.1 – Cuts to respite care
- ASC7 – closure of day services, including the New Millennium and Kingsbury Day Centres
- ASC8 – Reductions in day care
- ASC11 – 15 minute homecare visits
- ASC17 – 20% cut in adult social care staff.

- 6.6 Option ASC 2.1 proposes saving £0.45m in 2015/16 by restricting the respite care available to carers. As described in the detailed pro forma there is no suggestion of removing statutory support, but the presumption is that rarely, if ever, would support above the statutory minimum level be provided, although carers would be sign posted towards services in the private and voluntary sectors.

- 6.7 The written public feedback has not specifically identified this proposal as a concern, other than the general comments about adult social care taken as a whole, but some adverse comments have been made at Brent Connects meetings. Caring for someone with a disability can be a demanding responsibility and for many who choose to take it on, often for a family member, the provision of a level of respite care to allow carers a break is an important element in that choice. A key risk, then, in considering a proposal to restrict respite care is that it might have the effect of preventing the disabled person from continuing to live with their family rather than in an institution, increasing long-term costs irrespective of any consequences of perceived quality of service provision.

- 6.8 In addition, the Care Act comes in to force from April 2015, which places additional responsibilities on the Council in relation to support for carers. Evidence from other authorities that have gone down this route is not conclusive, but it may be significant to consider whether reducing respite care is sustainable at the same time as the introduction of new responsibilities under the Act. Furthermore, the EIA for this proposal identifies a significant negative impact.

- 6.9 The residents' survey indicates generally that the council should seek to preserve services for the most vulnerable. It also indicates support for encouraging and incentivising voluntary activity, and the council's overall commissioning strategy contains a theme around incentivising the voluntary sector and individuals to take up the strain of reducing council services. Whilst this proposal will preserve statutory minimum levels of service it does risk running counter to this general strategy.
- 6.10 Taking all of this into account leading Members have requested that officers draft the budget for Cabinet on the basis that **proposal ASC 2.1 is not agreed.**
- 6.11 Option ASC 7 includes proposals to save £0.905m through the closure of New Millennium Day Centre and Kingsbury Resource Day Centre, and to re-provide day care provision through the range of voluntary sector day care provision in the Borough. Very strong representations have been received in relation to the closure of New Millennium Day Centre, stressing the value of the centre to the community of its users. In the written consultation this proposal attracted more adverse comments than any other single alternative.
- 6.12 It is important to stress that this proposal is about changing the location of the service provision, not the level of service provided. The intention would be to work closely with service users and carers through a formal consultation (March – May 2015) to identify alternatives which reflect not only the person's eligible social care needs, but also other important factors such as friendship groups. Alongside this work with individuals and their friendship groups, officers would also work with the service users and carers, and the local community to identify alternative uses for the building, potentially identifying a different use for a valuable asset.
- 6.13 These are important considerations, and reasonable for Members to consider. It is equally important to consider the impact on vulnerable service users. Even if services of a similar standard could be provided elsewhere users of the centre are understandably concerned to keep an important reference point in their lives.
- 6.14 Taking all of this into account leading Members have requested that officers prepare the draft budget for Cabinet on the basis that the consultation on the future of New Millennium Centre explores options to keep it open as a community resource, but for the avoidance of doubt the budget will be constructed on the basis of ongoing council funding for the centre, which will therefore remain open. Other aspects of the proposal will proceed as originally set out. This reduces the value of the planned saving by £0.15m. The remaining saving of £0.755m would be delivered through the closure of the Kingsbury resource centre, subject to consultation, by continuing to develop John Billam as a centre of excellence, reducing the costs of day opportunities support for people with complex needs, and consulting on de-registering Tudor

Gardens so that it becomes supported living accommodation - it is currently a residential home.

- 6.15 Option ASC8 proposes a £1.04m saving through a 40% reduction in day care. This proposal would achieve savings by reducing the number of people of people who receive day care and the number of hours of day care provided per week. Any reduction in support would be subject to a full review of individual needs, and the council would continue to meet assessed need and hence its statutory obligations.
- 6.16 The people who currently access day care in Brent are either socially isolated, without families and friends, unable to get out independently, or people who live with their families. Their families may rely on the day care in order to maintain their jobs and their role as carer. The risk associated with accepting this proposal is that there is an increase in social isolation, leading to greater pressure being put on carers. Significant representations have been made by members of the public and service users as to the value of these services, and it is not in dispute that agreeing this proposal would lead to a reduction in the level of service provided to vulnerable adults. However, it is also important to bear in mind that the nature of the review process means that, of the population of vulnerable adults, it will be those with relatively fewer and less complex needs whose services might be withdrawn, or see the hours of service provided reduced.
- 6.17 This proposal has also been identified as one with the most significant adverse equalities implications.
- 6.18 Taking all of this into account leading Members have requested that officers prepare the draft budget for Cabinet on the basis that **proposal ASC8 is not agreed.**
- 6.19 Proposal ASC11 identified how savings of £1.22m could be achieved, over two years, by reviewing cases and care packages provided, and introducing 15 minute care packages. At present Brent does not provide care packages less than 30 minutes in length except in extra care accommodation.
- 6.20 The Association of Directors of Adult Social Services does not in principle oppose the use of 15 minute care packages. Their view is that they can be appropriate in certain circumstances as long as they do not undermine the dignity of the service user and the additional travel demands on care workers do not undermine legal obligations, particularly in relation to the national minimum wage.
- 6.21 National evidence seems to suggest that more councils use 15 minute care packages than do not, but it is unclear, for those councils already using such packages, whether they use them to the extent envisaged by this proposal, which would be that all reviews would explore the possibility of users ending up with at least one of their current home care visits being 15 minutes long.

- 6.22 Public feedback through the borough planning process identified support for the most vulnerable as a core value, albeit that only one response to the written consultation specifically identified this proposal as problematic. The overall EIA also shows that this proposal, if implemented, would impact on those service users with the highest level of need, who are most profoundly disabled or have weaker support networks. The Council is also currently signed up to the Unison Ethical Care Charter, which states that *'15-minute visits will not be used as they undermine the dignity of the clients'*.
- 6.23 Taking all of this into account leading Members have requested that officers draft the budget for Cabinet on the basis that **proposal ASC11 is not agreed**.
- 6.24 Proposal ASC17 involves a saving of £0.9m through a 20% reduction in social work staff. Social workers carry out the assessments and reviews which allocate services and support to vulnerable adults. Any reduction in staff numbers would be, in the first instance, managed through natural wastage, avoiding the need for compulsory redundancies where possible.
- 6.25 A reduction in staff could lead to an increase in waiting times for assessments, and could impact on joint working with health around hospital discharges. However, the department is already working to introduce online self assessments, and to further streamline processes to mitigate the impact of any reductions, but it should also be noted that due to legislative changes (Care Act 2014) there will be additional demands for assessments from:
- April 2015 because of the additional responsibilities introduced for carers; and
  - October 2015, assuming the second phase of the Care Act, for self funders, is implemented, it has been estimated that double the number of service user assessments might be required.
- 6.26 However, it is important, in considering the budget in the round, to bear in mind that the Cabinet, in October 2014, identified the need to allocate growth funding to the adult services department to take account of the Care Act. This therefore provides some mitigation against the issues identified above.
- 6.27 Taking all of this into account leading Members have requested that officers prepare the draft budget for Cabinet on the basis that **proposal ASC17 is partially agreed**. A saving of £0.45m is to be built into the budget for 2015/16, as originally envisaged in the December report, which equates to a 10% reduction in headcount. However, the further saving of £0.45m in 2016/17 is not agreed and will be withdrawn from the council's financial plans.



## Children's Services

- 6.28 Significant concerns have been raised about four proposals and it is therefore these proposals that Members need to review most carefully in making their decisions. In doing so Members should be mindful that the proposals for children's services attracted very little comment in the written public consultation exercise. However, at Brent Connects public meetings significant representations were regularly made about some proposals, and the borough plan consultation on spending priorities clearly identified public concern to prioritise some children's services.
- 6.29 The four proposals are:
- CYP4 – Cuts to Connexions Service
  - CYP8 – Cease funding the Brent Play Association at Stonebridge
  - CYP16 – Close 10 children's centres Day Centres
  - CYP17 – Close all youth services.
- 6.30 Proposal CYP4 proposed reduction in the Connexions service, which provides employment and training advice for young people, to provide them with opportunities in life. These would have resulted in about half of the existing budget being cut, with the remaining balance used to finance, principally, the contract with Prospects. The existing intensive personal support advisers would be deleted.
- 6.31 While Brent does not have high levels of young people not in education, employment or training (NEETs), it has high numbers of young people seriously at risk of becoming NEET, in particular young people who are gang affected and those with special educational needs and disabilities. The EIA shows that there are a disproportionate number of young black men and young disabled people who would be affected by this proposal.
- 6.32 Taking all of this into account leading Members have requested that officers draft the budget for Cabinet on the basis that **proposal CYP4 is not agreed**.
- 6.33 Proposal CYP8, which would lead to the closure of the Stonebridge Adventure Playground, has attracted significant public reaction. There is a separate report on the agenda at this meeting, which sets out in detail the proposed way forward as regards the contract with Brent Play Association. Members are advised to refer to that report. Leading Members have requested that officers draft the budget for Cabinet on the basis that, subject to the Cabinet decision on the other report, **proposal CYP8 is agreed**, the contract with Brent Play Association terminated and savings of £0.118m achieved.
- 6.34 Proposal CYP16 would save £1.2m by closing 10 children's centres. However, it is important firstly to understand the financial context for this. Savings of £0.5m have been also proposed (reference CYP1) through implementing a partnership model for the running and

management of children's centres. No significant representations have been made against proposal CYP1, which is predicated on the existing estate of 17 centres and could not be achieved if a majority of these were to be closed.

- 6.35 Children's centres provide important early help to young people and their families, and cutting the level of provision by more than half would impact significantly on this service. Public feedback has reinforced this view, not just through the overall budget consultation but, in addition, the consultation on the future of the children's centres has emphasised how much they are valued by more vulnerable families. Strong representations have also been made at several Brent Connects meetings.
- 6.36 Members should bear in mind the forecasts of future funding projections referred to elsewhere in this report. As long as the assets remain open they will represent a significant expenditure item in the budget, and there is therefore merit in considering now whether the full estate of 17 centres can be provided indefinitely. The advantage of implementing a partnership model now, whilst keeping all the centres open, may be that it facilitates the identification of other, longer-term, funding solutions.
- 6.37 Taking all of this into account leading Members have requested that officers draft the budget for Cabinet on the basis that **proposal CYP16 is not agreed**. For the avoidance of doubt, proposal CYP1 is agreed, and is intended to proceed as set out in December.
- 6.38 Proposal CYP17 would save £1.3m by closing all youth services. However, the budget also contains a proposal, CYP3, which would take £1m out of the cost of the current service through working with the Cabinet Office to find new means of service provision in partnership with the voluntary sector and other groups. No significant representations have been received against proposal CYP3, and it is important to understand that CYP17 would therefore save £0.35m over and above CYP3.
- 6.39 Closing all youth services would present significant challenges. A number of representations have been made, for example at Brent Connects meetings and from the leaders of the Brent Youth Parliament. The borough plan consultation has also identified the importance of preserving services for the young and the risks of increased long-term costs for the public sector without these preventative services. A petition has been received, with, as at 7 February 2015, 117 signatures, calling on the council, amongst other things, to:

*“...consult with young people effectively before making any cuts to any youth provision in the borough” and to “...scrutinise existing provision to ensure that these resources are appropriate and effective...”*

- 6.40 The existing proposal CYP3 creates the space to do this and to transform youth services in the borough. This will in time lead to a lower cost model with less direct council control, but with significant services still commissioned. Cutting services dramatically and in the short term could have many other unpredictable and negative consequences.
- 6.41 Taking all of this into account leading Members have requested that officers draft the budget for Cabinet on the basis that **proposal CYP17 is not agreed**. For the avoidance of doubt, proposal CYP3 is agreed and is intended to proceed as set out in December.

### **Environment and Neighbourhoods**

- 6.42 Within this department public consultation and other feedback has identified that the proposals listed below are the most difficult and controversial:
- ENS2, to end the existing free swimming offer
  - ENS13, to charge for bulky waste collection
  - ENS18, to transfer the management of libraries to a trust
  - ENS21, to cease funding school crossing patrols
  - ENS24, to close the CCTV room and cut all CCTV services
  - ENS25, to close a leisure centre
  - ENS26, to reduce public realm services.
- 6.43 Proposal ENS2 is to cease the free swimming currently available to young people, disabled people and older people with a saving of £0.06m. A new programme of free swimming and water related activities has recently been introduced using public health funding which will allow some people to remain active at no cost. However, many people who currently swim for free during lane swimming sessions or school holiday sessions will no longer swim for free. This will have some equality issues and may impact on those with low incomes.
- 6.44 Taking all of this into account leading Members have instructed officers to prepare the budget on the basis that **proposal ENS2 is not agreed** for 2015/16. Officers will continue to seek sponsorship or other sources of funding to preserve this service into the future.
- 6.45 Proposal ENS13 would save £0.174m by charging residents for bulky waste collections. The precise details of the proposed charging policy are included in the published description of the proposal. Many boroughs in London operate charging policies for bulky waste, with pricing policies either broadly similar to that proposed to be introduced in Brent, or in some cases they charge considerably more than that

proposed here. Adopting the proposal would not therefore result in Brent becoming out of step with other London boroughs.

- 6.46 A consequence of charging for bulky waste may be an increase in fly-tipping in the borough and the saving has been calculated to provide some additional resource to cover this. However, additional fly-tipping will have a detrimental environmental effect on the borough and may lead to even further levels of fly-tipping.
- 6.47 The equality analysis for this proposal has highlighted some negative impacts in relation to older residents and disabled people. Any new charge should reflect ability to pay, in line with the charge for green garden waste.
- 6.48 Taking all of these factors into account leading Members have requested that officers prepare the draft budget on the basis of an alternative proposal. This would save £100,000, instead of the £174,000 originally envisaged, and would allow residents one free collection a year, after which they would be charged £25 for each collection.
- 6.49 Proposal ENS18 is to transfer the management of the library service to an established trust (or conceivably a new model that would share similar features) with an associated saving of £0.16m. At one level this proposal is a very simple operational efficiency. If put into practice the council's net business rates liability will be reduced, generating the saving. The budget directly available to fund services would not be affected. Put solely in these terms the logic is powerful, especially in the context of the other decisions that the council is forced to confront.
- 6.50 It is also relevant that this is an approach that is now being taken by a number of different councils. A range of different models are in place, as there are with trusts managing sports centres. Initial soft market testing has suggested there would be an interest from Trusts in this proposal. If the proposal is agreed a comprehensive and transparent procurement process would need to be undertaken to ensure that a suitable partner with relevant experience could be engaged. Against this it is clearly the case that changes to how the library services are provided are often controversial and attract strong and often negative public opinion. However, on this occasion the written responses to consultation have not generated this response.
- 6.51 Taking all of this into account leading Members have requested that officers prepare the budget on the basis that **proposal ENS18 is agreed**. Clearly, substantial consultation on the final model selected will be required.
- 6.52 Proposal ENS21 relates to school crossing patrols (SCPs). This proposal would save £0.177m by ceasing council funding for SCPs. These patrols attract very strong public support and are highly valued by parents and carers, even when other safety measures provide a

high level of accident mitigation. Following previous cuts to the SCP service in 2012, patrols that the council continues to fund tend to be in locations where road safety risks are higher than the norm.

- 6.53 A petition has been received by the council against this proposal, with 404 signatures as at 7 February 2015. It calls on the council to:

*“...review the proposed plan to sack all School Crossing Patrols in the borough. We want to protect School Crossing Patrols from cuts to ensure the safety of children travelling to and from school and encourage children to walk and cycle rather than be driven...”*

- 6.54 A further petition from Leopold Primary School has also been received, with 295 signatures, requesting that their school crossing patrol is maintained.

- 6.55 At the Brent Connects and other public meetings there have been consistently strong representations made as to the value to be placed on the SCPs, as a good road safety device and also as they facilitate a degree of community spirit. Equally, the written consultation exercise attracted significant support for retaining this service.

- 6.56 Against this strong expression of public opinion, it is also the case that many primary school children travel to school in the company of an adult parent or carer. Where they do travel on their own they will usually be at the older age range for primary school children, and often key road crossings will be made in the presence of other adults taking their own children across roads. This offers some, but by no means full, mitigation against the safety risks.

- 6.57 It is also relevant to consider the funding source for this proposal. The council, in considering this, is proposing to withdraw its funding for these patrols. The council has, as with other proposals in this report, no objection in principle to other groups stepping in to provide the funding or for community based volunteers providing an alternative (such as parent-led "walking buses" in this context). Perhaps, more pertinently, it is open to the schools to fund this service and all schools which currently have a school crossing patrol have been contacted about this option. It is relevant to note the disparity in funding levels between the council and its schools. This is referred to elsewhere in the report, and the three key points to bear in mind are that:

- Schools' balances, at 31 March 2014, were £17.6m, nearly 50% higher than the council's general reserve of £12m
- Total DSG funding of £206m in 2014/15 was greater than core unring fenced government funding for general fund services of £175.3m, and over twice the main RSG
- This disparity will only increase over time. Funding for schools generally has increased in real terms over the last five years and is anticipated to continue to do so, whereas council funding is decreasing.

- 6.58 Seven schools have now offered to retain the patrols at their expense. The remaining twenty four who currently benefit from this service (most schools in Brent do not have any service) have not yet made such an offer.
- 6.59 Taking all of this into account leading Members have requested that officers prepare the budget on the basis that **proposal ENS21 is agreed**. Where schools are prepared to fund the service the council will work with them to facilitate this in the most administratively appropriate arrangement.
- 6.60 Proposal ENS24 would save £0.5m by ceasing to provide a CCTV service. The service provides a proactive and a reactive presence across the borough. Community confidence would be greatly impacted by this decision. Residents generally agree with the use of CCTV by local authorities, although there are some strong national lobby groups against its use. To remove this service could increase the fear of crime across the borough. Cessation of this service would remove the proactive ability to identify incidents and allocate resources as they occur, leading to a greatly reduced ability to control emerging incidents. Brent's Emergency Planning processes rely on the use of CCTV to monitor and manage situations as they occur. Without this resource the ability to respond to emergencies would be severely hampered.
- 6.61 Equally, the borough would lose the ability to provide evidence for criminal investigations and court cases, which would impact on the ability of the criminal justice system to achieve positive outcomes to prosecutions. However, the council could reasonably adopt a policy position of seeking to achieve savings through contributions to the cost of the service from other agencies, such as the Police and Crown Prosecution Service, each of which has a strong interest in the provision of CCTV services, but it is uncertain whether or not such contributions would be forthcoming.
- 6.62 The national stadium at Wembley hosts up to 37 major events per annum, with up to 90,000 spectators visiting the site on each occasion. The stadium relies on an integrated CCTV network to manage crowds during these events. This ability would be severely hampered and may affect the success of the borough bidding for major future events. Brent's CCTV network is also integrated with that of Transport for London and there is mutual access to the cameras of each organisation. This symbiotic relationship assists both organisations in maintaining public safety on the transport network.
- 6.63 Public feedback on this issue has been limited, with one response to the written consultation opposing it. Some residents also expressed concerns about the proposal at Brent Connects meetings.
- 6.64 Taking all of this into account leading Members have requested that officers prepare the draft budget for Cabinet on the basis that **proposal ENS24 is not agreed**.

- 6.65 Proposal ENS25, if agreed, would save £0.4m by closing a leisure centre. If this went ahead Members would need to determine which leisure centre should actually close and resolve the various operational and contractual issues. Two of the current leisure centres are managed via a contract with third party providers, one of which is a long term PFI contract. The other is part of a contract in partnership with two other London boroughs. In both cases, ceasing the contract arrangements are likely to have considerable associated costs, the one-off costs of which would need to be taken into account if this proposal were to be adopted.
- 6.66 Leisure centres are valued by residents, and four comments were received against this proposal in the written public consultation. For many residents, leisure centres are a way of keeping fit and healthy and an important element of residents' social lives. The centres provide many services and activities specifically targeted at under-represented groups and there would be a significant negative equalities impact of closing a centre. Whilst some of this work may be picked up at a different facility many people may cease participating in physical activity as a result.
- 6.67 It is the case that agreeing this proposal would, relatively speaking, impact a fairly high number of residents relative to some other difficult proposals. As some leisure services are charged for the net savings from closing a centre, whilst substantial, must take account of income foregone. The savings of £0.4m set out, for example, would equate to approximately £1.4m reduction in expenditure, offset by £1.0m reduction in income: in other words the value of services that would be withdrawn is significantly greater than the saving that would actually accrue.
- 6.68 Members also need to bear in mind that the council is not the only provider, or commissioner, of leisure services in the borough. There is an active private market, from gym and fitness clubs to sports facilities. Withdrawing council provision would therefore not be the same as withdrawing all provision, as would be the case with some of the other challenging decisions that the council is faced with.
- 6.69 Taking all of this into account leading Members have requested that officers prepare the draft budget for Cabinet on the basis that **proposal ENS25 is not agreed**.
- 6.70 Proposal ENS26, if agreed, would save £0.4m through reductions in the service specification for the public realm contract. This proposal is made up of three elements, each of which, taken in isolation, would save between £0.1m and £0.15m. Two elements, to cease the use of pavement mechanical sweepers and to end the weekend litter collection service in parks. This latter service has only been reintroduced into parks since September 2014 under the new public realm contract arrangements. Prior to this date, the service was

removed in April 2011 when the provision of static parks wardens was removed from larger parks. This resulted in a significant number of complaints during the summer months and a resulting loss of grounds maintenance work when those staff had to cover litter on a Monday morning.

- 6.71 The third element of the proposal is to end/reduce the litter clearing on residential streets. Whilst the council has a duty to provide a cleansing service across the whole borough how this is achieved is not set in statute. It will be necessary to keep roads clean of litter and refuse as far as reasonably practicable in a way that will meet the relevant EPA grade. This may mean a greatly reduced service, rather than no service at all. This may result in significant resident dissatisfaction and would have a clear impact on the public realm. Against this, it is important to understand the standard of service that would remain. Streets would still be cleaned, which in itself necessarily implies that rubbish and litter are swept. If these proposals were agreed as savings, then the public realm contract allows for a review of the contract targets in relation to cleansing and customer satisfaction. It is likely that the contractor would reasonably negotiate lower target levels to reflect the lower budget available.
- 6.72 Taking all of this into account leading Members have requested that officers prepare the budget on the basis that **proposal ENS26 is not agreed.**

### **Regeneration and Growth**

- 6.73 Within this department public consultation and other feedback has identified that the proposals listed below are the most difficult and controversial:
- R&G27a, to reduce further the budget for supporting people services
  - R&G38, to cut the civic centre opening hours
  - R&G40, to cut rough sleeper services.
- 6.74 Proposal R&G27a would reduce the supporting people budget by £1m in 2016/17. This would be in addition to proposal R&G27, which would reduce the budget by £1.8m over two years. The current budget is £7.1m.
- 6.75 This additional saving would mean a significant reduction or selective cessation of services to provide supported housing and floating support to vulnerable individuals and families to assist them to maximise their independence and prevent homelessness. The service provides support to individuals with mental health needs, homeless families, ex-offenders, victims of domestic violence, young people at risk and isolated older people.
- 6.76 However, these services are not statutory requirements. There may be potential for VCS organisations to take on a greater burden of support



for these client groups but it is very doubtful that there is capacity to do so to the extent implied by this saving in addition to the significant savings identified elsewhere in this area.

- 6.77 Supporting People services is a catch-all term for a variety of housing support services aimed at people who do not meet the council's eligibility threshold for social care services. The services provided are intended to prevent clients developing greater care needs by addressing housing issues. No significant comment has been received from the general public on this proposal, although this may be because the term 'supporting people' is not well understood.
- 6.78 Taking all of this into account leading Members have requested that officers prepare the budget on the basis that **proposals R&G27 and R&G27a are agreed.**
- 6.79 Proposal R&G38 relates to reducing opening hours for Customer Services Centre (CSC) at the civic centre with a saving of £0.25m. As online services develop more and more councils, and other organisations, are seeking to reduce their face to face customer offer. This is normally predicated on the basis that services can continue to be provided, at lower cost. In this case the council would reduce, not discontinue, its face to face offer, and because an appointment service would be in operation any resident wishing to access council services face to face could still choose to do so.
- 6.80 However, the council's online offer is not yet highly sophisticated. This is being addressed through the new Community Access Strategy which includes plans to support the migration of contact to digital channels but this is at an early stage of implementation and premature restrictions to face to face access will create hardship for many who rely on this. Homelessness applications, which are currently handled by way of face to face interviews in the CSC, are not currently available on line. A fundamental review of the current housing service model is planned for 2015/16 which will include incorporation of an on line application and plans to broker private sector tenancies for those in crisis at an early stage in the process. In the interim the Council will need to continue to provide a responsive service to those in housing crisis and by definition these cannot be restricted unreasonably.
- 6.81 The majority of other visits to the CSC relate to benefits and council tax. Although benefit customers can claim on line and are doing so successfully, approximately 50% require help to claim on line and need access to CSC self service facilities to access the internet. Additionally there is a requirement to bring in proof of identity for every claim and 30% of claims also require validation of income and savings by way of original documents. The new web portal is due to go live in July 2015 and this will provide residents with on line access to their Council Tax account and the ability to manage their account on line. Once live efforts will be made to migrate as many contacts as possible on line but this will take time to achieve.

- 6.82 The CSC is currently undergoing redesign to incorporate a significant increase to self service facilities. The new Willesden library will incorporate some self service facilities however customers requiring assistance will need to visit the Civic Centre. This will mean that there will be additional reliance on face to face facilities at the Civic Centre from July 2015 when the temporary CSC at Harlesden ceases and the new Willesden library opens. There would therefore be significant risks in moving quickly away from making face to face services available five days a week. It is also important to bear in mind the demographic of Brent. Needs are relatively high compared to other outer London boroughs, although perhaps not at the level seen in some inner London boroughs. The EIA has also identified significant negative aspects of this proposal.
- 6.83 Taking all of this into account, leading Members have instructed officers to prepare the budget on the basis that **proposal R&G38 is not agreed.**
- 6.84 Proposal R&G40 identifies a saving of £0.19m from ceasing council-led rough sleeper services. Over 320 people have been found sleeping rough in Brent over the first three quarters of 2014/15. This is a rise of a fifth from last year, following three years of rapidly rising numbers.
- 6.85 The ending of the current outreach and resettlement services would increase the time individuals spend sleeping rough and the consequent health and welfare problems that they experience. The last year has seen a significant increase in the number of economic migrants sleeping out in parks in the borough with associated problems or perceived problems of anti-social behaviour. The service has played an important role in mitigating this problem, which would be lost if it ceased.
- 6.86 This is a very vulnerable group of people, and continuing to support them would be consistent with the overall findings from the public consultation that protecting the vulnerable should be a high priority.
- 6.87 Against this Members should consider whether this is an absolutely essential service and as such spending priority. The provision of rough sleeping services is not a statutory obligation. If the borough made this saving a minimal service would continue to be provided by the GLA funded London Street Rescue service which operates across the capital, but is restricted to rough-sleepers who have not previously been contacted.
- 6.88 The causes of rough-sleeping are complex and include wider issue of housing market failure and the impact of welfare reforms. It may not be financially sustainable for the council to provide the safety net of this provision in response to these wider factors that are largely outside of the Council's control. The EIA has also identified significant negative aspects of this proposal.

- 6.89 Taking all of this into account leading Members have requested that officers prepare the budget on the basis that **proposal R&G40 is not agreed**.
- 6.90 Some concerns have also been expressed about the Council's support for Energy Solutions. The intention is that this and other voluntary sector groups should seek to become self-financing or, at the least, less dependent on ongoing Council funding. Recognising this, the base budget cut to the grant to Energy Solutions will proceed as planned. However, one-off support of £50k will be provided in 2015/16 from the R&G budget to enable the transition.
- 6.91 Based on the budget as set out above the budgets for 2015/16 and 2016/17 are as summarised below.

	2015/16	2016/17
	£'m	£'m
Service Budgets	250.1	235.8
Central Items	40.7	43.0
Centrally held government grants	(26.5)	(26.0)
Growth and inflation	13.8	7.4
Savings	(28.1)	(23.4)
Additional savings to find	(0.0)	(0.9)
<b>Net Budget</b>	<b>250.0</b>	<b>235.9</b>

### Central Items

- 6.92 Central items are items not included in individual service cash limits. The total of central items is £40.7m in 2015/16. The total budget for external interest and principal in 2015/16 is anticipated to be £28.5m. The council has been careful not to enter into new borrowing to avoid further pressure on this budget. Interest rates are very low at present, with long-term loans available from the PWLB at between 2.5% and 3.5% for 20 to 50 year money.
- 6.93 As interest rates are very low at present the premia that would be charged on early redemption of any existing debt are not realistically affordable. For illustrative purposes, an existing loan of £9.2m from the PWLB would cost £10m in early redemption fees to repay, in addition to the principal.
- 6.94 The central items budget also contains the ongoing revenue cost of pensions caused by premature retirements, which took place primarily up to 31<sup>st</sup> March 1994 (£5.5m), levies to other bodies (£2.6m) and the cost of insurance (£2.6m). Further details of the items are included in Appendix G.

### HRA

- 6.95 The detailed HRA budget is set out in a separate report to the Cabinet and is summarised in Appendix I. The proposals reflect an overall

average rent increase of 2.8% which is consistent with the previously agreed rent policy and enables the investment in the Council's housing stock as set out in the HRA asset management plan.

## Schools Revenue Budget

- 6.96 The Schools Budget is funded directly from a Dedicated Schools' Grant (DSG) which is ring-fenced and does not appear as part of the Council's overall budget requirement. Schools are also allowed to build reasonable levels of reserves which are also ring-fenced.
- 6.97 As at 31 March 2014, Brent's maintained schools held £17.6m in balances, more, in aggregate, than the council's entire general reserve and the 11<sup>th</sup> highest figure in London.
- 6.98 In July 2014, the Department for Education announced additional national funding of £390m for 2015-16 to provide further resources for the least fairly funded local authorities. Brent's schools will benefit from this by £10.6m. Overall, DSG funding will increase by 11% in 2015/16 as presented by the allocations below (which includes academies).

	<b>£'000</b>		
<b>Blocks</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Increase</b>
Schools	190,707	220,009	29,302
High Needs	55,544	55,831	287
Early Years *	26,398	26,738	340
Other	0	58	58
<b>Total DSG</b>	<b>272,649</b>	<b>302,636</b>	<b>29,987</b>

\*2015/16 Early Years funding is based on estimates

- 6.99 This increase represents in part to an 8% increase in funding per pupil in Secondary education and a 6% increase per pupil in Primary education.

<b>Per Pupil Funding</b>	<b>2014/15</b>	<b>2015/16</b>
Primary	£4,596	£4,864
Secondary	£5,813	£6,258

## 7 Equalities Implications

- 7.1 This section highlights any significant or disproportionate impacts on equality arising from the full package of savings originally proposed in the December report to Cabinet. All of these proposals have been reviewed to assess their potential impact on equality for service users and staff. The collective set of proposals has also been analysed to identify the most significant equalities pressures confronting each of the council's main service areas and to calculate the cumulative impact of all the proposed changes on equality.
- 7.2 Under the Public Sector Equality Duty (PSED) in the Equality Act 2010, Brent Council is required to pay due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups when making decisions. The PSED

supports the council to make decisions in a fair, transparent and accountable way that takes into account the diverse needs of all our local communities. It does not prevent us from making difficult decisions in the context of the requirement to achieve a significant level of savings across all operations.

- 7.3 Members are reminded that the budget can be described as a financial plan of the Council's current operational intent. Where known, the equality impact of change is disclosed. However there are a number of individual decisions that will arise over the period of the 2015/16 budget. These will each be subject to a specific and appropriate equality analysis in line with the Council's current protocols and guidance.
- 7.4 The proposals for budgetary savings are extensive and will affect everyone living and working in Brent. The Council has already made extensive efficiencies and is now at a point where it is not possible to achieve the level of savings required without impacting on service delivery. It is inevitable that there will be a significant impact on those vulnerable people who are the greatest users of council services, particularly older people, disabled people and children. Many of the proposals would also have some negative differential impacts in relation to ethnicity or gender; one or two proposals would have a severe impact on lesbian, gay, bisexual and transgender people and in relation to pregnancy and maternity. The collective set of proposals will only have minimal impacts in relation to religion or belief.
- 7.5 Some of the proposals will have a negative impact on large numbers of people, regardless of their equality characteristics. Although these proposals will be unwelcome and are likely to attract significant public reaction, they are not considered to be problematic from an equalities perspective as they will not unfairly impact on any equality group.

#### **Council tax rates**

- 7.6 The council could choose to increase council tax instead of implementing some of the budget proposals. Increasing council tax would generate additional revenue. This would have the effect of enabling the council to reject more savings proposals, which, depending on those chosen, could reduce the adverse equalities impact. Against this, increasing the council tax would increase the financial pressure particularly on those earning just above the threshold to qualify for council tax support in which group BAME residents are disproportionately represented. Decisions on council tax are therefore broadly neutral from an equalities perspective.

#### **Adults Social Care (ASC)**

- 7.7 The most significant equalities pressures facing ASC relate to providing services to a growing elderly population with a more complex range of

needs who have already been heavily affected by national cuts to welfare reform and health and social care.

7.8 The majority of the proposals focus on driving organisational efficiencies through new operating models to limit the impact on service users. Officers will regularly review and update the equality analyses for these proposals and conduct further consultation with service users to ensure that they are implemented in a fair and accessible way. Some of these proposals, notably ASC2 (increasing extra care/supported living accommodation), are likely to have a highly positive impact on disabled residents.

7.9 The proposals which are likely to have the most significant negative equalities impact are set out below. These proposals will all impact on those service users with the highest level of need, who are most profoundly disabled or have weaker support networks:

- ASC2.1 (reduction in respite care);
- ASC8 (reduction in day care);
- ASC11 (reduction in home care); and
- ASC17 (reduction in front line staff).

In all these cases, Brent has a statutory obligation to provide sufficient services to meet the individual needs of service users, as identified through an assessment using national criteria. Fulfilling this statutory responsibility should limit the impact of these proposed changes on the most vulnerable service users.

7.10 It is also worth noting that the collective set of budget proposals would have a cumulative negative impact on elderly, disabled and frail people by: limiting access to face to face customer services (RG38); ceasing the Energy Solutions Grant which will affect those at risk of fuel poverty (ENS5 & RG24); and affecting these groups' confidence and opportunities to go out within their local communities (ENS2, ENS9, ENS10, ENS11 and ENS26).

### **Children and Young People (CYP)**

7.11 The majority of proposals from CYP focus on driving organisational efficiencies through new operating models to limit the impact of budgetary savings on the experiences of children and young people.

7.12 The proposals which are likely to have the most significant equalities impact are set out below:

- CYP16 (closure of ten children's centres) would impact heavily on children, families, pregnancy and maternity, race and sex
- CYP 17 (cessation of youth services) would impact heavily on young people, gender identity, race, sex and sexual orientation. The loss of the Mosaic LGBT Youth Service would have a particularly severe impact as there are unlikely to be other local service providers who could fill the gap of providing a supportive environment for lesbian, gay, bisexual, transgender and questioning young people.

For clarification, the related proposals CYP1 and CYP3 would not have these negative impacts on equality.

- 7.13 CYP4 (changes to the Connexions service) would affect the opportunities of young people, especially young black men and disabled young people who are most likely to experience barriers to getting into employment in Brent and nationally.
- 7.14 It is also worth noting that the collective set of budget proposals would have a cumulative negative impact on children and young people by: limiting children's access to play and leisure facilities and opportunities (CYP8, ENS1a, ENS2, ENS3 & CYP9, ENS4, ENS20 and ENS25); and affecting children's safety (ENS9, ENS10, ENS11, ENS21 and ENS24).

### **Environment and Neighbourhood Services (ENS)**

- 7.15 The proposals which are likely to have the most significant equalities impact are set out below:
- ENS5 (ceasing Energy Solutions grant) would affect older people, children, disabled people and residents from black ethnic groups who are most likely to be at risk of fuel poverty
  - ENS25 (closure of one of the council's three sports centre) would impact on children, older people and on ethnicity, depending on the location of the sports centre which is closed. The customer base of each sports centre has a different ethnic profile which reflects the diversity of the local community. Taken together with the proposal to remove free swimming (ENS2), these proposals could exacerbate local health inequalities.
- 7.16 Overall, the ENS proposals could have a cumulative negative impact on elderly, disabled and frail residents (see paragraph 7.10) and on children and young people (see paragraph 7.14). Although many of the remaining ENS proposals have been identified as having some negative impacts on equality, the levels of impact are minimal in comparison to other proposals and can usually be mitigated against or justified in the context of the requirement to achieve significant savings.

### **Regeneration and Growth (RG)**

- 7.17 The majority of proposals from RG focus on driving organisational efficiencies and income generation through new operating models to limit the impact of savings on service users. Some of these proposals are likely to have a highly positive impact on many equality groups, notably RG32 (the Community Access Strategy) which will enable officers to focus assistance on the most vulnerable service users by offering a greater range of channels to access council services.
- 7.18 The proposals which are likely to have the most significant equalities impact are set out below:
- RG24 (energy solutions) – see ENS5 in paragraph 7.15 above.



- RG27a (supporting people services) would have a significant impact on highly vulnerable people including victims of domestic abuse, people with serious mental health issues, isolated older people and other groups who would not qualify for other forms of support from the council and would increase their risk of being made homeless.
- RG38 (reducing face to face customer services at the Civic Centre to two days a week operating on an appointments basis) could restrict access to customer services to all vulnerable residents who cannot access digital and telephone services without assistance. The Council would need to consider ways to provide more assistance for disabled service users where necessary, as a failure to make anticipatory reasonable adjustments for disabled service users would be considered to be discrimination on grounds of disability under the Equality Act 2010.
- RG40 (ending services to rough sleepers) would have a severe impact on a small group of people with complex needs, predominantly with mental health problems and from an Eastern European background. This proposal would be likely to lead to an increase of rough sleepers in Brent parks, which could be intimidating for other park users.

### **Corporate services**

- 7.19 Proposed changes to the Partnerships and Engagement team, the Ward Working budgets and Voluntary Sector grants are not expected to have any negative impact on equality. These changes should be designed and delivered with a focus on building the capacity and resilience of the voluntary and community sector, which is a key priority to mitigate against many of the negative equality impacts of other proposals.
- 7.20 The majority of the remaining proposals in corporate services will impact on staff. Given the scale of staffing reductions, there is potential for these proposals to have a significant impact on all levels of the workforce. It is important to ensure that changes will not have a disproportionate impact on any equality groups. Brent's Managing Change Policy and Procedure provides a framework to be followed during times of organisational change to minimise the risk of a negative impact on any equality groups. The Managing Change Policy requires that staffing changes undergo equality analysis to ensure that the restructure process is conducted in a fair, transparent and non-discriminatory manner. The Equality Team will review the cumulative impact of restructures on the workforce diversity profile once their outcome is known.

## **8 Consultation**

- 8.1 The Council has consulted on the budget options in a variety of ways. The results of consultation are something that Members must have due regard to in making budget decisions. However, consultation need not

necessarily be the single or even most significant determining factor in choosing between difficult options.

- 8.2 The results of different forms of consultation cannot simply be evaluated against one another. It is not possible to state on an entirely objective basis, for example, whether the number of written representations made against a particular proposal should have greater or lesser weight in the decision making than the objections made verbally by groups of service users at a Brent Connects meeting. Members must use their judgement in assessing these various factors in order to help make choices about the budget.
- 8.3 The council has consulted on the budget and borough plan, which are interlinked, as summarised below.
- 8.4 A key part of preparing the next Borough Plan 2015 -2019 and the budget has been an extensive programme of public consultation and debate on spending priorities. This has been undertaken in a range of both qualitative and quantitative ways to enable people to contribute in a way most suitable for them. The council's programme of consultation started in September 2014 and continued through to the end of January 2015

The programme included:-

- **A Residents' attitude survey:** A demographically representative survey, completed face-to-face with 2,121 respondents across the borough.
  - **A Call for evidence consultation:** An open-question consultation, available for completion online and in paper format. This received 237 responses
  - **Voluntary and Community Organisation focus groups:** A series of focus groups hosted and run by CVS Brent and built around the same four questions used in the call for evidence consultation
  - **Public workshops:** Collaborative focus groups established for deeper exploration of issues and attitudes, attended by a total 500 residents including young people.
  - **Budget consultation:** Discussions with the Leader and deputy Leader at all the Brent Connects Forums, responses collected online and by post on the specific budget proposals. Two independently chaired public debates on the budget with the Leader and Deputy Leader held during January 2015.
- 8.5 This wide ranging approach has enabled the Council to collect detailed statistical evidence, which will inform our future service planning and also a clear picture of local communities' service priorities. A number of consistent messages emerged during the consultation period and these have shaped the priorities in the Borough Plan 2015 – 2019 and the approach to the budget 2015 -2017.

#### **Key messages from the public consultation.**

- A safe, clean and well maintained local environment was identified as the highest priority for most people.

- Council spending should be focused on core front line services for the most vulnerable members of the community particularly in children's services and adult social care.
- Efficiencies should focus on streamlining management structures, reducing bureaucracy and maximising the use of technology.
- More collaboration with partners and other local authorities to share services was suggested as a way to reduce costs. Working with local community groups to co-design neighbourhood services was widely mentioned and sharing care services with health partners.
- 62% of people were happy to access public services on line and use self service options to make efficiencies to protect other community services.
- People were happy to receive communications and information from the Council by email and use our website.
- A similar figure (61%) agreed that if local people can run a service as well or better than the council, then local groups should be supported to do so,
- However, fewer people, 41% of the total, agreed that they would be prepared to volunteer to help run a local service rather than see it reduced or cut altogether.
- Local people were interested in volunteering to support people with a care need, improve the safety of their neighbourhood, maintain the local environment or provide youth activities.
- Many people reported how important the strong community networks that exist in Brent are to their quality of life. Investing in these to build community resilience and enable people to be more independent in the future was considered a high priority.

## Summary of Public Responses to Budget Consultation - February 2015

8.6 In total the public consultation on the budget options received 37 individual written submissions. A number of the submissions covered more than one budget option and therefore the comments have been counted individually and total 54 individual comments.

8.7 There have also been four petitions. Two petitions object to the proposals to stop school crossing patrols at a named school. The third petition relates to the option to close the Welsh Harp Environmental Education Centre. A fourth petition relates to opposition to any closure of the Bridge Park Leisure Centre.

Budget option.	Number of comments	Summary
Day centres and Adult Social Care Services	12	<ul style="list-style-type: none"> <li>Eleven of the responses are opposed to Adult Social Care. Most focus on the proposed closure of day-care centres, with seven specifically mentioning objections to the closure of the Millennium Day Care centre. The comments focus on the view that there is insufficient alternative provision locally, in the event of the council's direct services closing.</li> <li>There is also opposition to Social Care reductions in general particularly reducing social work staff by 20%, and respite care.</li> <li>One respondent objected to the option for 15 minute day care visits.</li> <li>The one comment in support of the proposal simply says that Adult Social Services is an obvious area to deliver efficiencies due to the size of the budget.</li> </ul>
School crossing patrols	6	<ul style="list-style-type: none"> <li>Five of the responses are opposed to reductions in this area. Those against focus on the service being necessary to ensure the safety of children. There are two individual responses and three group ones - one a petition from 250 people regarding the crossing patrol at Islamia Primary School, one co-signed by pupils at Brondesbury C of E Primary School, and one from school governors and staff at Mount Stewart Junior School.</li> <li>The one response that supports this option states that it should be possible for the schools or volunteers to provide the service themselves.</li> </ul>
Council tax	5	<ul style="list-style-type: none"> <li>Four responses supported rises in Council Tax to help fund services (two specifically call for a referendum).</li> <li>One response proposes that all properties that have been extended should be inspected with a view to revaluation to raise the council tax band and generate additional revenue.</li> </ul>

Budget option.	Number of comments	Summary
Arts, culture and leisure	4	<ul style="list-style-type: none"> <li>Three comments are opposed to ENS25 (closing one of the three leisure centres) - one against closing Willesden Sports Centre, one against closing Bridge-park, one against the proposal in general.</li> <li>Final response proposes the closure of all libraries as the respondent considers the service to be no longer sustainable on the current funding available.</li> </ul>
Corporate - reduce staff/pay/ agency staff.	4	<ul style="list-style-type: none"> <li>All four comments support cuts to numbers of staff, pay-freezes, pay-cuts, (l-pads), expensive celebrations (Civic opening ceremony) and use of temporary and agency staff.</li> </ul>
Brent VCS	4	<ul style="list-style-type: none"> <li>Two responses from Brent Fairtrade Network - both saying they value their liaison officer and use of council meeting rooms.</li> <li>One response supporting the provision of capacity building services via VCS.</li> <li>One detailed proposal from Energy Solutions lobbying for continued Council funding for fuel poverty work for the next two years.</li> </ul>
Communication	3	<ul style="list-style-type: none"> <li>Two requests to stop hardcopy of Brent magazine and move it online.</li> <li>One expression of concern stating that not all people are online and Brent assuming that they are is leading to more social isolation for the elderly</li> </ul>
Councillor's Allowances	3	<ul style="list-style-type: none"> <li>Three requests to reduce councillor allowances - two of which specifically mention the rise from £8k to £10k being unjustified</li> </ul>
Environment	3	<ul style="list-style-type: none"> <li>One response supporting charging for specific environmental services (including garden waste collection and bulky waste collection).</li> <li>One against reductions to street cleaning</li> <li>One (detailed letter from friends of the earth) against 9 different E&amp;N related budget proposals</li> </ul>
Charging for green bins	2	<ul style="list-style-type: none"> <li>Two comments opposing the introduction of this charge</li> </ul>
Crime	1	<ul style="list-style-type: none"> <li>One comment opposed to the proposal to stop CCTV and the negative impact this would have on crime levels.</li> </ul>
Employment	1	<ul style="list-style-type: none"> <li>One comment proposing reducing spending on employment support services.</li> </ul>
Housing	1	<ul style="list-style-type: none"> <li>One comment proposing that the council should means test council tenants and withdraw tenancies from people who have sufficient income to afford private housing.</li> </ul>

Budget option.	Number of comments	Summary
School expansion	1	<ul style="list-style-type: none"> <li>Objection to perceived unnecessary school expansion at Byron Court Primary school - money could be better spent elsewhere</li> </ul>
Children's Centres	1	<ul style="list-style-type: none"> <li>Respondent supported the proposal to commission services within children's centres from the voluntary and community sector.</li> </ul>
Shared services	1	<ul style="list-style-type: none"> <li>One response in favour of more shared services with other boroughs</li> </ul>
Miscellaneous comments	2	<ul style="list-style-type: none"> <li>One comment suggesting cuts are targeting elderly people in the north of the borough.</li> <li>One comment proposes stopping grants to private landlords to improve the energy efficiency of their properties.</li> </ul>
Total	54	

8.8 The Overview and Scrutiny Committee has reviewed these proposals through its 'budget taskforce' and also the process through which they were developed. Its report is attached in full at Appendix F. Their key recommendations in respect of individual proposals are repeated below for convenience.

Ref	Description	Comment
ASC7	Outsourcing of direct Adult day care services.	The task group expressed questioned if there is sufficient capacity within the independent sector to provide, high quality affordable day care in the event of the council reducing its direct provision of day centres. They sought reassurance that all individuals affected would be able to secure alternative provision of a comparable standard and the impact on carers and families of the proposed closures of direct council provision.
R&G 27 &27a	Fundamental review of supporting people.	There have already been significant efficiency savings delivered from the supporting people budget. Members were concerned that the pace of further reductions could impact on the level of services provided to vulnerable people if option R&G27a was pursued. This could in turn result in high levels of need developing and in turn additional costs to other services such as mental health and temporary accommodation. The proposal should be focused on R&G 27 initially, prior to any further savings being sought in this budget area. It was requested that a future

		meeting of the main Scrutiny Committee look at the details of the review and the possible impact.
ASC10	10% saving delivered through joint commissioning of home care through the better care fund.	Members sought reassurance that social care and health care costs were being appropriately allocated between the council and health services within joint commissioning arrangements.
ASC11	Reduction in homecare	Members were concerned by the option to reduce some home care visits to a minimum of 15 minutes and the potential impact on sustaining people independently within their home. This proposal was not endorsed by the budget task group.
CYP1 &  CY16	Children's Centre Review  Closure of 10 Children's centres.	Members welcomed the approach to secure the future of children's centres through a partnership approach with an external provider.  Members requested that if the partnership proposal is not viable any closures to children's centres is focused on retaining centres with the wards with the highest levels of deprivation.
CYP3  CYP17	Youth services – new delivery model  Cessation of all youth Services	All options to fund youth services through an alternative delivery model within the voluntary and community sector should be explored prior to cessation of the council's direct provision.
R&G38	Civic Centre Customer Services	The proposal to move to an appointment based face to face service operating two days a week could result in the most vulnerable service users waiting longer. The practical arrangements for dealing with people who would come to the Civic Centre anyway were also questioned. It was however noted that a number of other London boroughs already provide an appointment only service, although these boroughs have different demographic profiles and levels of need to Brent.
R&G40	Reduction in rough sleepers service	This option was not supported due to the significant impact on rough sleepers and the existing low level of services provided.
ENS13	Charging for bulky waste	This option was not supported and members considered introducing charging would result in higher levels of fly-tipping. Residents are already concerned by the condition of their neighbourhoods as a result of illegal dumping as has been reflected in public feedback at consultation events.
ENS15	Parking service	Members requested that any increase in the cost of visitor permits and different levels of charges is

		benchmarked against charges made by neighbouring authorities. The income target is considerable and could be impacted by changes in people's behaviour to avoid charges.
L&P 3	Mayor's Office	Any reductions in the Mayor's office should not undermine the important civic role of the Mayor.

### Summary of Issues Raised at Brent Connects Meetings

- 8.9 Five Brent Connects meetings were held between 20 January 2015 and 3 February 2015. The Leader of the Council delivered a presentation outlining the financial position and the difficult budget choices faced by the Council. A summary of the most common issues raised by the public is set out below.

Issue	Number of comments	Points raised
Funding system	8	How council funding is determined and options for improving in the future
School Crossing Patrols	6	Concern about impact of the proposal
Green Waste	4	Concern about impact of the proposal
Day Centres	4	Concern about impact of the proposal
Consultation Process	3	How consultation would fit into decision making process
Allowances	3	Why these had increased
Sharing services	2	Had the council shared services with other councils
Council Tax	2	Why was it so high
Street cleaning	2	Concerns about standard of service
Parking	2	Concern about impact of proposal
Children's Centres	2	Concern about impact of the proposal
Housing	2	Impact of welfare reform
Young People	2	Concern about service provision for young people

- 8.10 Other organisations and individuals have also written to the council. These include a representative of the teaching unions, which broadly supported the principles of the approach being taken, and opposed some proposals that would most directly impact on education provision. Individual representations were also made about the role of PE advisers. In addition, Healthwatch Brent submitted a detailed report, which is attached at Appendix F(ii).



## 9 Resources and the construction of the council tax

### Revenue Support Grant and Business Rate Funding 2015/16

- 9.1 The main funding sources for the Council's net budget are:
- Revenue Support Grant
  - Business Rates Top-up
  - Retained Business Rates
  - Council Tax Freeze Grant
  - New Homes Bonus
- 9.2 For 2015/16, Brent's Settlement Funding Assessment is £150.016m. The DCLG assumes that Brent will receive £31.817m in locally retained business rates and £48.345m in business rates top up. By deducting these from the SFA it arrives at a Revenue Support Grant (RSG) of £69.854m.
- 9.3 The Council has to estimate its 2015/16 level of business rates and to budget for the retained business rates element for Brent and at the same time determine how much will need to be paid over to the GLA and central government. This is detailed in the table below. Of the amount retained by Brent £0.366m relates to Brent's share of the anticipated cost of prior year appeals. It should be noted that the level of business rates retained by Brent exceeds the DCLG's assumption by more than £2m, reflecting the level of business rate growth in the borough.

	<b>2014/15 £m</b>	<b>2015/16 £m</b>
Retained Element – Brent (30%)	33.003	34.389
GLA Element (20%)	22.002	22.926
Central Government Element (50%)	55.005	57.316
<b>Total</b>	<b>110.010</b>	<b>114.631</b>

### Limitation of Council Tax Increases/Council Tax Freeze Grant

- 9.4 The Localism Act 2011 allows the government to determine levels of council tax increase for which local authorities are required to seek approval via a local referendum. For 2015/16 the level has been determined as equal to, or greater than, 2%.
- 9.5 By freezing the council tax, as proposed in this budget, Brent will receive a 'freeze grant' calculated by reference to a 1% increase on the council tax base before the reduction for the local council tax support scheme. This is equivalent to the value of a 1.2% increase in council

tax (£1.078m). This would be the sixth consecutive year that the Council has not increased council tax.

### **New Homes Bonus**

- 9.6 The New Homes Bonus Grant was introduced in 2011/12. The objective was to provide an incentive to local authorities to increase housing supply in their area by providing a financial reward equal to the national average for the council tax band D for each new additional property (at Band D equivalent). This is currently £1,439, payable on a rolling basis for six years as a non ringfenced grant. Therefore councils receive a double benefit from each new home, with the additional council tax due plus the reward grant. There are also payments for long term empty properties brought back in to use (or reductions if this number increases), and an additional payment of £350 for each new affordable home.
- 9.7 The total grant for 2015/16 is based on changes in property numbers between September 2009 and September 2014 and is £7.088m. In 2015/16 London boroughs are required to transfer a total of £70m of their New Home Bonus to the GLA. Brent's estimated share is £2.005m, meaning that the sum available to support the council's budget is £5.083m.

### **The Collection Fund**

- 9.8 The Cabinet meeting on 15 December 2014 approved an estimated council tax surplus of £5.0m in 2014/15, of which the Council's share is £3.899m with the balance payable to the GLA. This is only available to be used on a one-off basis, and has the beneficial effect of smoothing the path from the 2015/16 to 2016/17 budget.

### **The Council Tax Base**

- 9.9 A tax base of 82,799 adjusted equivalent Band D properties for 2015/16 was agreed by the General Purposes Committee on 6 January 2015. This assumes a collection rate of 96.5% will in time be achieved in respect of charges raised for 2015/16 (increased from 96.25% in 2014/15).

### **Calculating the Council Tax Level**

- 9.10 The calculation of the council tax for Brent services is set out in the table below. The calculation involves deducting core government grants and retained business rates from Brent's budget, deducting the surplus on the Collection Fund, and dividing by the tax base.

### **Calculation of Brent's Council Tax for 2015/16**

	<b>£m</b>
Proposed Brent budget	249.961
Less Revenue Support Grant	(69.854)
Less Retained Business Rates (net of appeals provision)	(34.023)
Less Business Rates Top up	(48.345)
Less Council Tax Freeze Grant	(1.078)
Less New Homes Bonus	(5.083)
Less Net Surplus on Collection Fund	(3.899)
<b>Total to be met from Council Tax for Brent Budget</b>	<b>87.679</b>
<b>Tax Base (Adjusted Band D equivalents)</b>	<b>82,799</b>
<b>Band D Council Tax (£)</b>	<b>£1,058.94</b>

### **Greater London Authority (GLA)**

- 9.11 The GLA came into existence on 3<sup>rd</sup> July 2000 and includes the London Fire and Emergency Planning Authority (LFEPA), the Metropolitan Police and Transport for London.
- 9.12 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.
- 9.13 The Mayor's initial budget is based on a precept at Band D is £295.00 for 2015/16. This represents a reduction of £4.00 or 1.3%. These figures are subject to final confirmation.

### **Setting the Tax**

- 9.14 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.

- 9.15 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations.
- 9.16 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**

- 9.17 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.
- 9.18 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 1<sup>st</sup> of each month starting in April until 1<sup>st</sup> January 2016, whilst direct debit payers can pay on the 1<sup>st</sup>, 12<sup>th</sup>, 17<sup>th</sup>, or 28<sup>th</sup> of the month. Council tax payers are also able to request to make payments over twelve monthly instalments.

## 10. THE CAPITAL PROGRAMME, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS

### Treasury Management Strategy and Prudential Indicators

#### Capital Programme

##### Overall programme

10.1 The proposed capital programme for is attached as Appendix J. Table 10.1 provides a high level summary.

**Table 10.1 Proposed Capital Programme**

	2014/15	2015/16	2016/17
Service Area	£000	£000	£000
<b>Expenditure</b>			
Regeneration and Growth	65,908	118,461	65,285
Chief Operating Officer	13,621	9,973	8,360
Children & Young People	307	300	0
Adult Social Care	59	2,269	748
<b>Total GF expenditure</b>	<b>79,895</b>	<b>131,003</b>	<b>74,393</b>
Housing HRA	10,416	48,814	n/a
<b>Total Expenditure</b>	<b>90,311</b>	<b>179,817</b>	<b>74,393</b>
<b>Resources</b>			
Grant and External Contributions	(48,299)	(79,136)	(44,563)
Internal Contributions	(1,801)	(3,277)	(713)
Capital Receipts	(10,261)	(22,896)	(24,920)
S106 & CIL Funding	(6,961)	(13,043)	(212)
Unsupported Borrowing	(9,581)	(9,354)	(3,841)
Self-funded borrowing	(2,992)	(3,297)	(145)
<b>Total GF Resources</b>	<b>(79,895)</b>	<b>(131,003)</b>	<b>(74,393)</b>
Housing HRA	(10,416)	(48,814)	n/a
<b>Total Resources</b>	<b>(90,311)</b>	<b>(179,817)</b>	<b>(74,393)</b>

## Resources

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

*a. Grant funded schemes*

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

*b. Capital receipts*

Capital receipts have been reviewed and capital programme resources amended to reflect the most up to date capital disposals forecasts. The position will continue to be kept under review. The disposal timetable is indicative and decisions will be taken on the basis of market conditions at the time and the need for the council to ensure best value from the disposals. In accordance with the Council's asset management plan, it is proposed that any HRA receipts will be applied to develop or acquire affordable housing.

*c. S106 and Community Infrastructure Levy Funding Agreements*

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

*d. Self-funded borrowing*

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

*e. Other borrowing*

Overall unsupported borrowing levels within the capital programme between 2014/15 and 2016/17 have been reviewed in light of the Local Government Settlement announcement and the revised forecast levels of capital receipts arising in the individual years. Amendments have been made as appropriate to ease pressure on the revenue account to meet debt charges and no new unsupported borrowing is proposed. The council will flexibly apply its capital resources in order to minimise the cost of borrowing over the medium term. Only where there is a legal

obligation for the council to ring-fence specific capital resources to a specific project will capital resources be ring-fenced.

### Treasury Management Strategy

10.4 The Council's Treasury Management Strategy is aligned to the financing requirements of the capital programme. It sets out the framework for treasury management activity in 2015/16 and includes:

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

10.5 The Strategy, which has been reviewed by the Audit Committee at its meeting on 7 January 2015, is set out in Appendix K.

### Prudential Indicators

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

## **11. FINANCIAL IMPLICATIONS**

### **Risks**

11.1 Officers have carried out an assessment of potential risks as part of the budget process. This helps the council set an appropriate level of balances and also ensures that risks can be monitored and managed effectively. The detailed assessment is set out in Appendix E which also contains the Chief Finance Officer's commentary on the adequacy of the budget calculation and the level of balances as required by Section 25 of the 2003 Local Government Act.

## **Balances and Earmarked Reserves and Provisions**

- 11.2 Based on the latest budget monitoring position for 2014/15 the council's General Fund usable balances are forecast to meet the target of at least £12m at 31 March 2015. The one-off application of the expected surplus, if delivered, will be determined in the new financial year.
- 11.3 Councils need balances to deal with unexpected events without disrupting service delivery. The level of risk that a council assesses it faces is therefore the minimum level at which balances should be maintained.
- 11.4 Balances also contribute to effective medium term financial planning. They allow councils to adjust to changes in spending requirements over a period of time, and to take a more flexible approach to the annual budget cycle, for example through *invest to save* schemes. This flexibility needs to be considered each year depending on the particular pressures facing the council and the outlook in the medium term.
- 11.5 Balances can be used only once. It is not financially sustainable to plan to keep using reserves to balance the budget, but using them to meet temporary funding shortfalls or to pump prime investments that will in time be self financing can be an important part of a sound medium term strategy. The budget proposed for 2015/16 would leave general unallocated balances at the end of the year at or slightly above the minimum level recommended by the Chief Finance Officer. It should be noted that Brent's level of balances, as a proportion of budget requirement, is currently one of the lowest in London.
- 11.6 The list of current earmarked reserves and provisions, in accordance with Part A of the Council's Scheme of Transfers and Virements, is set out in Appendix N.

## **12 LEGAL IMPLICATIONS**

- 12.1 These are set out in Appendix M.

## **13 STAFFING IMPLICATIONS**

- 13.1 The impact of the budget proposals is outlined in Appendix D(ii). Of the proposals identified within this appendix there are a number where there will be a significant impact on staffing and potentially in excess of twenty staff subject to redundancy. In instances where individual restructurings are likely to bring about redundancies in excess of twenty it is necessary for Cabinet to approve them. The following are highlighted as having the most significant impact on staffing. In agreeing these proposals Cabinet is meeting its obligations to approve individual restructurings which may result in excess of twenty redundancies.



- ASC7 Closure of New Millennium and Kingsbury Resource Day Centres
- ASC16 Mental Health Social Care
- ASC17 Reduction in social work staffing
- ASC18 Adults Commissioning
- CYP3 Youth Services
- ENS21 School Crossing Patrols
- R&G15 Benefits Processing
- F&IT2&5 Finance Reorganisation
- F&IT6 IT services
- HR1 Reconfiguration of Human Resources
- HR2 Reorganisation of BIBS
- LP1&2 Legal Services

13.2 The Council will apply its Managing Change Policy and Procedure in the application of all restructuring arrangements which have an impact on staff, consulting with staff and trade union representatives accordingly.

## **14 BACKGROUND INFORMATION**

Budget Strategy and Financing Update – Report to Cabinet on 13 October 2014

First Reading debate on the 2015/16 Budget – Report to Council on 8 December 2014.

Budget 2015/16 and 2016/17 – Report to Cabinet on 15 December 2014

Collection Fund Surplus/Deficit at 31 March 2015 Report – Report to Cabinet on 15 December 2014.

Calculation of Council Tax Base and Business Rate Yield 2015/16 – Reports to General Purposes on 6 January 2015.

Schools Budget 2015/16 – Report to Schools Forum on 14 January 2015

Housing Revenue Account Budget Report 2015/16 – Report to Cabinet on 23 February 2015.

Development Funds Programme Development for 2015-16 – Report to Cabinet on 23 February 2015

## **15 CONTACT OFFICERS**

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## LIST OF APPENDICES

Appendix A	Financial Context
Appendix B	2015/16 Revenue Budget
Appendix C	Service Area Budget Summary
Appendix D (i)	Service Cost Pressures
(ii)	Analysis of Savings Items within Service Area Budgets
(iii)	Grants
Appendix E	Budget Risks and Chief Finance Officer's Assessment
Appendix F(i)	Report from the Budget Scrutiny Taskforce
Appendix F(ii)	Healthwatch Brent Report
Appendix G(i)	Central Items Table
Appendix G(ii)	Central Items
Appendix H (i)	Council Tax Property Valuation Bands
(ii)	Council Tax and NNDR Instalment Dates and Collection Policy
Appendix I (i)	Housing Revenue Account
Appendix I (ii)	Housing Revenue Account Budget Analysis
Appendix J	Capital Programme 2014/15 – 2016/17 – Expenditure and Income
Appendix K	Treasury Management Strategy Statement
Appendix L	Prudential Indicators
Appendix M	Advice from the Chief Legal Officer
Appendix N	Earmarked Reserves and Provisions

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- 1.1. In 2010 a new coalition government was formed and embarked on what it regarded as an essential programme of deficit reduction, welfare and public sector reform. This has resulted in very substantial reductions to the funding available to local authorities and radical changes to the way in which this is allocated across the country. The impact of policy reform across a range of areas and unprecedented macro economic circumstances have had a fundamental impact on Brent's residents and therefore on their expectations of what the council should do to help meet their needs.
- 1.2. At the same time wider changes in society have forced local authorities across the country to rethink the way in which they commission and provide services to meet local needs and aspirations. People are, on the whole, living longer lives, with increasing consequences for the way in which they need to access care services, and the length of time they continue to need such services. In Brent, there are now more than 48,500 people aged over 80 years, up by 24% in the last five years. The number of over 65s years has increased by more than 10% in the same period.
- 1.3. This has obvious implications for the council's cost base, driving up the number of vulnerable adults that the council may need to support, the level of their needs and the length of time for which those needs may need to be met. Local authorities have responded to these pressures by redefining models of care provision, increasing the emphasis on programmes designed to enable vulnerable residents to live their own lives without support and where this is not possible to exercise greater choice about how their needs are met.
- 1.4. In London, the combined impact of a growing and younger population is placing enormous pressure on the demand for school places, especially at the primary phase. In Brent, there are now more than 45,000 aged less than 10, up by 12% in five years. This too has implications on the number of vulnerable children for whom the council must provide services.
- 1.5. These demographic pressures are also driving housing prices to such a level that home ownership is becoming increasingly out of reach for many residents. In Brent an average two bedroom property costs £410,000, nearly 15 times greater than the average annual salary of £28,000. Private rented tenancies as a form of tenure have therefore grown to levels not seen for many years, and for some residents the housing available in the borough is increasingly unaffordable in any form of tenure.
- 1.6. These demographic changes also place particular challenges on those services that all residents access and will continue to need to access, such as street cleaning and refuse collection, the quality of the local built environment and open spaces and all the many other services that local authorities provide. As populations rise so the cost of providing services tends to increase, and the competing demands on the use of the local environment become increasingly difficult to reconcile.

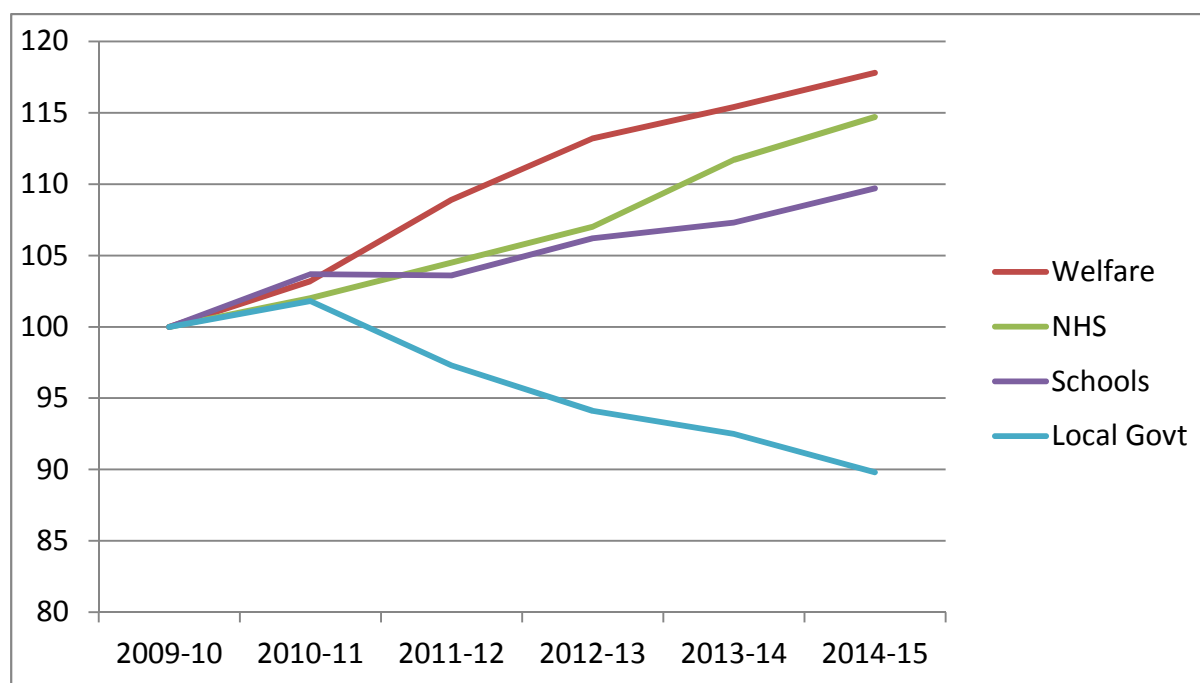
- 1.7. Despite these changes and pressures, or perhaps because of them, residents' expectations of the council continue to change. This relates not just to the range and level of services that the council provides, but also to the way in which it provides them. More and more of our residents expect to be able to deal with the council through digital means, with the ability to obtain information and perform at least routine transactions 24/7. However, whilst services are reconfigured to meet this demand the council needs to ensure that it remains open to those whose needs can only be assessed and met through more traditional service delivery routes.
- 1.8. These demographic and societal changes alone would be a challenge for any organisation to respond to. However, they have been coupled with deep and ongoing reductions to local government funding of a scale and pace not previously seen in the UK public sector.
- 1.9. This report follows on from the December Cabinet report which presented budget proposals from council officers to respond to the financial challenges that must be met, rooted in the context in which service delivery models are changing. The feedback from the consultation exercise undertaken by the council has led to a number of proposals being removed from the draft budget. Nevertheless the are still difficult and challenging proposals amongst those that remain that will have real impacts on the range, level and quality of services provided in the future: in some cases services may be transferred to other organisations or even cease altogether.
- 1.10. These proposals need to be understood in the context summarised above. Local government faces an unprecedented financial challenge and a radical response is required to ensure continued delivery of high quality essential services and preserve the council's future financial sustainability.

#### Financial context

- 1.11. In real terms, funding for local government has fallen by 43 per cent from 2010/11 to 2015/16 (Source: House of Commons research paper 14/43, September 2014). This is in marked contrast to other parts of the public sector. This reflects the combined impact of the national financial policies of deficit reduction (achieved mostly through reductions in public expenditure rather than increases in taxation) combined with protection for significant elements of the public sector, especially in respect of pensions ("the triple lock"), the NHS and schools.
- 1.12. By operation of simple mathematics as total public sector expenditure is reduced – and over 75% of the deficit reduction programme was planned to be achieved through spending cuts rather than tax increases – with large elements of this total protected or even growing then the impact on unprotected areas, such as local government finance, will inevitably be very substantial.

- 1.13. Chart one shows the relative funding changes for welfare spending (including pensions), the NHS, schools and local government since 2010. The figures are shown in absolute terms, excluding the effects of inflation.

Chart 1 – Funding Changes since 2010



Source: London School of Economics / Institute of Fiscal Studies

- 1.14. For every £100 spent on welfare in 2009/10 the amount in 2014/15 was about £118. On the same measure the NHS now receives around £115 and schools about £110. Each of these represents real terms increases, i.e. the increase in funding in cash terms is above the rate of inflation over the period. By contrast, local government spending had reduced to less than £90 in 2014/15 for every £100 that was spent in 2009/10, before the effect of inflation is even factored in.
- 1.15. These broad headlines conceal a more difficult, and complex, message for authorities such as Brent.
- 1.16. Within the local government finance settlements since 2010 the DCLG has adopted an explicit policy goal of reducing the proportion of the funding it makes available to local authorities based on an assessment of relative need. Up until 2010, and as far back as the 1930s, the local government funding system has sought, in various ways, to take account of the needs of different local authorities and the cost of providing services in them, and to reflect this in funding allocations.
- 1.17. Typically, this has included adjustments for relative levels of deprivation, measured in various different ways over the years, so that authorities with

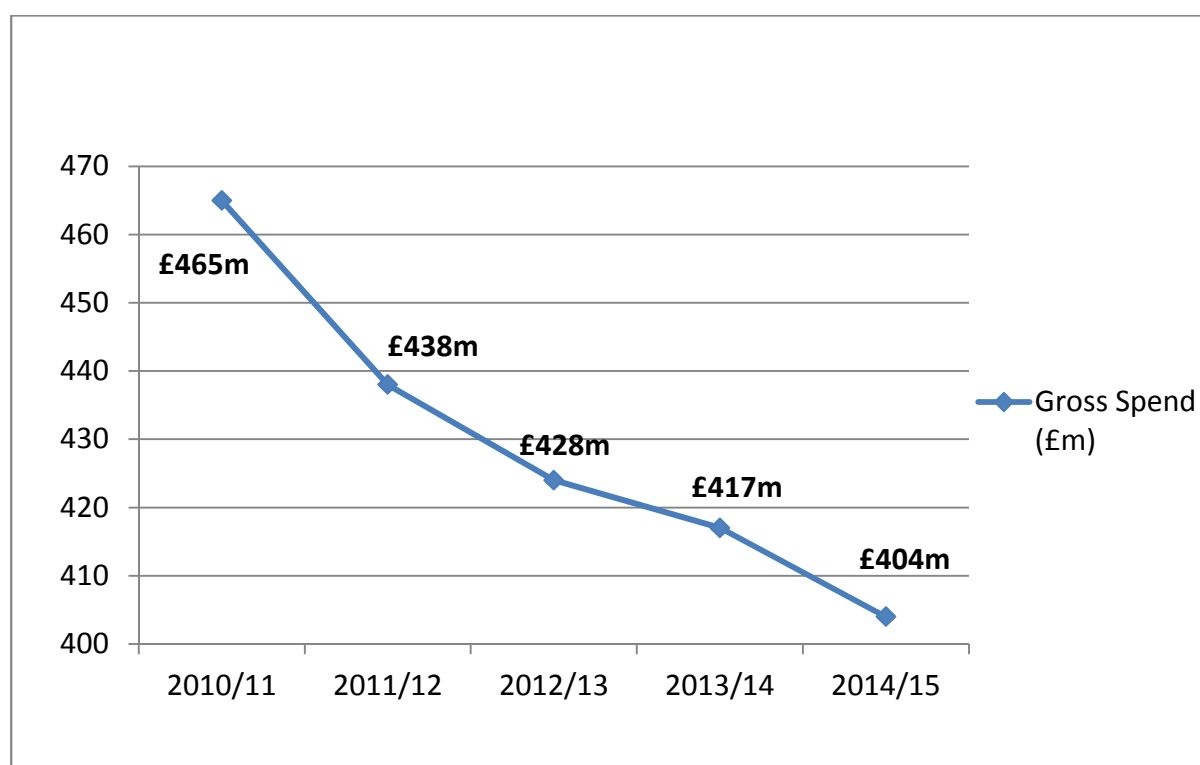
greater levels of deprivation receive more funding to reflect the cost of the extra services they will need to deliver to meet these. There have also been adjustments for the factors that drive the cost of delivering the same level of services in different parts of the country. Examples of these include that pay levels in London and the south east tend to be higher than elsewhere in the country, that there are costs associated with collecting refuse in urban areas (from high rise flats for example) that will be different from the costs in rural areas where geographic distance is more of a factor and so on.

- 1.18. These elements of the funding system have not been removed, but their relative weighting has been reduced. Local government funding is now driven in greater degree by response to government policy goals, with greater elements of financial risk to be managed locally instead of centrally.
- 1.19. A significant example of this 'policy based funding' is the New Homes Bonus (NHB). The original funding to create this (£700m across England) was top sliced from the main Revenue Support Grant (RSG) allocation. It is not, therefore, new money but rather a shift in the balance of local government funding from a needs based system to a policy based system.
- 1.20. However, it is not happening in isolation. By creating the funding for this from the existing needs based RSG system the reduction in funding for boroughs such as Brent, with relatively high levels of need, was much more substantial than for those boroughs with smaller needs based funding allocations. Put more simply, Brent received more money than many other local authorities to meet assessed need, and when the national funding for this was reduced the impact was therefore inevitably more severe.
- 1.21. The partial localisation of business rates has had a similar effect. Again, the funding for the local element of this was created by top slicing it from the national allocation for RSG, heightening the disproportionate impact on high needs boroughs. Furthermore, as this was done without uprating future funding settlements for changes in needs, Brent's changing demography is increasingly not represented in funding settlements.
- 1.22. At the same time, the requirement to introduce a local council tax support scheme has transferred financial risk. Under the previous council tax benefit regime the cost of the benefit was managed nationally, so that the cost of changes in unemployment levels, which were the principal determinant of eligibility, did not fall to individual local authorities. Under the council tax support scheme an element of this financial risk is transferred to local authorities.
- 1.23. In a borough like Brent, where unemployment and low wage employment are far more prevalent than in other parts of the country, this means that the financial risk transferred is much greater. It is this combination of reduced total local government funding, changes to the way it is distributed and changes to the balance of risks shared between central and local government that has had such a significant effect on Brent.



- 1.24. For Brent, the effect of these radical changes to the total amount of funding for local government and in the way it is distributed across the country has been significant. Since 2010, savings of £89 million have been delivered through a combination of efficiencies and service redesign where possible and through reductions to the level of service provided. Staff numbers have reduced from 3,023 (2,734 FTE) to 2,339 (2,168 FTE) over the same period.
- 1.25. Chart two shows that the council's gross spend (excluding ring-fenced amounts for the DSG and housing benefits) has reduced by over £60 million in absolute terms over the period from 2010 to the present day. In other words, even once the effect of inflation and the transfer of new services and budgets to local authorities (such as for public health) are taken into account, the savings delivered to date have radically reduced gross expenditure on services.

Chart 2: Council Spending



- 1.26. There is no indication that the next four years will be any different. The coalition government's initial policy goal was to eliminate the deficit in the lifetime of one Parliament. In other words, by 2015 annual public expenditure should have been matched to tax receipts. In practice the deficit is still substantial – in the 2014/15 year, for example, net new borrowing of around £90bn will have been entered into by the government.
- 1.27. In consequence, the austerity programme will continue much longer than originally envisaged and as long as significant public sector budgets, such as

for the NHS and schools, are protected then the burden of finding further savings will fall heavily on local authorities. And, as has been shown above, continuation of current policy on funding allocations will mean that funding reductions within local authorities will fall most heavily on those with high needs, such as Brent, because those local authorities serving the least needy populations have little central funding left to be cut.

## 2015/16 REVENUE BUDGET

	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Service Area Budgets (SABs)</b>			
Adults	91,049	82,933	77,643
Children & Young People	41,475	39,399	37,331
Environment & Neighbourhoods	32,345	0	0
Regeneration & Growth	32,131	23,953	19,714
Public Health	18,848	17,973	16,598
Chief Operating Officer	0	59,557	50,617
Corporate Services	30,669	0	0
Growth & Savings from 2015/16	0	0	11,995
<b>Total SABs</b>	<b>246,517</b>	<b>223,815</b>	<b>213,898</b>
<b>Other Budgets</b>			
Central Items	41,663	40,698	42,973
Inflation Provision	6,052	6,031	5,054
Central Savings	0	(1,800)	(1,500)
Unallocated Government Grants	(24,975)	(26,546)	(26,015)
Centrally Held Growth	164	7,763	2,407
Additional Savings to be found	0	0	(900)
<b>Total Other Budgets</b>	<b>22,904</b>	<b>26,146</b>	<b>22,019</b>
<b>Total Budget Requirement</b>	<b>269,421</b>	<b>249,961</b>	<b>235,917</b>
<b>Less</b>			
Revenue Support Grant	95,368	69,854	54,969
Retained Business Rate	33,003	34,023	35,557
Business Rate Top up	47,439	48,345	49,674
Council Tax Freeze Grant	1,052	1,078	1,078
New Homes Bonus	6,198	5,083	6,083
Surplus/(Deficit) on the Collection Fund	2,488	3,899	0
	<b>185,548</b>	<b>162,282</b>	<b>147,361</b>
<b>Total to be met from CT for Brent Budget</b>	<b>83,873</b>	<b>87,679</b>	<b>88,556</b>
<b>Total to be met from CT for GLA Precept</b>	<b>23,682</b>	<b>24,426</b>	
<hr/>			
Taxbase - Band D Equivalents	79,205	82,799	
<b>Brent Council Tax Requirement at Band D</b>	<b>£1,058.94</b>	<b>£1,058.94</b>	
<b>Brent % Increase</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>GLA Precept</b>	<b>£299.00</b>	<b>£295.00</b>	
<b>GLA % Increase</b>	<b>-1.3%</b>	<b>-1.3%</b>	
<b>TOTAL BAND D including Precepts</b>	<b>£1,357.94</b>	<b>£1,353.94</b>	
<b>TOTAL % Increase</b>	<b>-0.3%</b>	<b>-0.3%</b>	

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## SERVICE AREA: Budget Summary

ITEM	YEAR 1	YEAR 2					YEAR 3				
	2014/2015 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2015/2016 Budget Forecast £'000 (6)	Budget Virements & Technical Adjustments £'000 (7)	Cost Pressures £'000 (8)	Savings £'000 (9)	Inflation £'000 (10)	2016/2017 Budget Forecast £'000 (11)
Adults	91,049	526	0	(8,642)	0	82,933	0	0	(5,290)	0	77,643
Children & Young People	41,475	771	0	(2,847)	0	39,399	0	0	(2,068)	0	37,331
Environment & Neighbourhoods	32,345	(32,345)	0	0	0	0	0	0	0	0	0
Regeneration & Growth	32,131	(4,235)	0	(3,943)	0	23,953	0	0	(4,239)	0	19,714
Chief Operating Officer	0	69,505	0	(9,948)	0	59,557	0	0	(8,940)	0	50,617
Public Health	18,848	0	0	(875)	0	17,973	0	0	(1,375)	0	16,598
Corporate Services	30,669	(30,669)	0	0	0	0	0	0	0	0	0
Growth & Savings 2015/16	0	0	0	0	0	0	11,995	0	0	0	11,995
<b>TOTAL</b>	<b>246,517</b>	<b>3,553</b>	<b>0</b>	<b>(26,255)</b>	<b>0</b>	<b>223,815</b>	<b>11,995</b>	<b>0</b>	<b>(21,912)</b>	<b>0</b>	<b>213,898</b>

## Notes:

1. 2015/2016 Budget = Column 1 + 2 + 3 + 4 + 5

1. 2016/2017 Budget = Column 6 + 7 + 8 + 9 + 10

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## SERVICE GROWTH / COST PRESSURES - 2015/16 - 2016/17

Service	Item	2015/16	2016/17	Comments
		£'000	£'000	
	Demand led pressures			
Adults	Transitions	500	400	Children with disabilities accessing social care services transfer into adult social care at age 18 (or later, if in full time education). The costs of providing social care services to children in transition become a service cost pressure for adult social care. The number of children in transition and the cost of their care vary from year to year. As they often transfer part way through the financial year, the full year effect of their costs is felt in the year following their transfer.
Adults	Demographic Pressures	682	682	This includes transitional clients living longer in adult age. In addition the numbers of older people are increasing according to population growth, the proportion or mix of service users with dementia will increase significantly which in general means that additional costs will be incurred by the department
	Total demand led growth	1,182	1,082	
	Price led growth			
Adults	Inflation	1,000	1,200	The departments historic 'price point' approach to reducing unit costs has largely been exhausted. This impacts the viability of holding the current levels of unit costs. The department anticipates a 2% price increases on care provision.
C&YP	Inflation	100	100	Inflation negotiations in relation to social care provision are carried out in collaboration with the WLA. Initial indications are that there is a risk of 1% price increase for Independent Foster Agencies and Residential Care Homes.
Chief Operating Officer	Contractual inflation	672	0	Additional West London Waste Authority costs from Pay As You Throw increases.
Chief Operating Officer	Contractual inflation across Community Services	233	0	This covers contractual inflation relating to the Streetlighting PFI and Street Trees contractual inflation, Willesden Sport Centre PFI, CCTV contractual inflation and LoHAC framework inflation.
	Total Price led growth	2,005	1,300	
	Loss of Income			
R&G	HRA/General Fund Recharges	50	25	Impact of stock transfers from South Kilburn and other sites
R&G	Civic Centre	750	0	Additional income to cover the shortfall in projected income for the Civic Centre
Chief Operating Officer	Parking Income	2,500	0	Loss of income due to proposals by government to limit the use of fixed CCTV and ban the use of mobile CCTV to enforce parking restrictions and traffic offences . In addition there are proposals to limit the impact on drivers of parking offences.
	Total pressures due to loss of income	3,300	25	
	New Burdens			
Adults	Care Act	1,276	0	This is the projected impact of social care reform. It includes the additional cost of assessment staff required to cover increases in assessment activity and the additional costs of carer's assessments and carer's packages.
	Total pressures due to new burdens	1,276	0	
	Other Growth			
	Total pressures due to other growth	0	0	
	GRAND TOTAL OF SERVICE COST / GROWTH PRESSURES	7,763	2,407	
	CUMULATIVE GRAND TOTAL OF SERVICE COST / GROWTH PRESSURES	7,763	10,170	

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**SERVICE AREA: SUMMARY****ANALYSIS OF SAVINGS**

<b>Service Area</b>	<b>2015/2016 £'000</b>	<b>2016/2017 £'000</b>	<b>Future Years £'000</b>
Adults	8,642	5,290	2,800
Children & Young People	2,847	2,068	0
Regeneration & Growth	3,943	4,239	1,484
Chief Operating Officer	9,948	8,940	1,636
Public Health	875	1,375	0
Central Savings	1,800	1,500	0
<b>TOTAL</b>	<b>28,055</b>	<b>23,412</b>	<b>5,920</b>

## SERVICE AREA:

## ADULTS

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
ASC1	Residential & Nursing	Usual rates	Negotiations with Residential and Nursing care providers to ensure value for money.	410	420	0
ASC2	Residential & Nursing	Reduce residential care to necessary minimum and increase extra care/supported living housing	Transform the accommodation based care market in line with the Council's Market Position Statement. Reducing to a minimum the focus on residential and nursing care and developing Extra Care Sheltered/Supported Living Accommodation to give the vast majority of people who need accommodation based care greater independence and improved quality of life.	370	4,110	2,800
ASC3	Community Services	Brent Community Transport	Remove duplication and across a range of transport services through the OneCouncil project and as a result reduce the funding to Brent Community Transport a voluntary sector organisation which provides transport in Brent.	80	0	0
ASC4	Community Services	Community Engagement	Reduce core ASC service user and carer engagement to a minimum and at the same time remove duplication with the Clinical Commissioning Group community engagement and streamline community engagement.	120	0	0
ASC5	Community Services	Reduce grant funding	These are all of the voluntary grants that ASC currently administers. Through a Council wide approach to prevention we will reduce duplication, and the need to separately fund these services.	187	0	0
ASC6	Community Services	Reduce contribution to WLA	There has been a review of the West London Alliance Adult Social Care programme. A new streamlined delivery model has been agreed with a reduced budget has been agreed.	50	0	0
ASC7	Direct Services	Outsourcing of direct services	The proposal is to close New Millennium and Kingsbury Resource Day Centres, subject to full consultation, and re-provide these services for individuals in the independent sector. Options appraisals for the buildings will take place as part of the consultation process to identify the best use for them going forward. These could include: sale, re-use for supported living, or community hubs. In addition, subject to full consultation, we will change Tudor Gardens Residential home to Supported Living accommodation in line with the Market Position Statement	432	323	0
ASC9	Home Care	Increase Direct Payments	Doubling the number of Direct Payments over the two years from 384 currently and significantly increasing the employment of Personal Assistants (PA) with a Direct Payment. A PA is usually a home carer directly employed by the service user. It means the service user can ensure their carer is the right person for them and that they get the same person for every call.	120	187	0
ASC10	Home Care	Integration of Health & Social Care	As part of the Better Care Fund work, we are committed to delivering a 10% saving in home care through more joined up care including closer working between home carers and community nurses.	610	0	0
ASC12	All Care Services	Managing Demographic Demand	Significant demographic pressures have been identified for adult social care: more people living longer with more complex conditions. This is evidenced by increased prevalence of dementia and the levels of support we provide to people with dementia. This proposal assumes that the adult social care department, working with partners, can continue to manage that increased demand within the current budget, and that there will be no increases to funding.	2,297	0	0

## SERVICE AREA:

## ADULTS

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
ASC13	All Care Services	Inflation - Not providing inflation on providers	This proposal is not to plan for inflationary increases in the cost of residential and nursing care. This will be achieved through the redevelopment of the market (ASC 1), through joint work with procurement and the West London Alliance, closer working with the Clinical Commissioning Group (who also commission these services) and work with the residential and nursing care providers on their supply chain.	776	0	0
ASC14	All Care Services	Continuing Health Care	Continuing Health Care funding is a right for anyone whose needs are so complex that they have a 'primary health need'. Supporting people to access this funding will remain a priority, and so an additional target set for transferring financial responsibility for eligible care packages to CHC CCG funding has been included.	400	0	0
ASC15	Debt Recovery	Bad Debt Provision reduction	The service holds a bad debt provision to offset any debts that are written off in the year. The assumption is that the new debt recovery process within the Council will reduce the reliance on the provision being needed to write off uncollectable debt	1,155	0	0
ASC16	Mental Health	Transformation of mental health social care operating model	Phase 2 of the Mental Health redesign project will re-design the workforce and the operating model for mental health social care and will present options for saving £750k as part of this process.	500	250	0
ASC17	Staff Costs	Reduction of front line social work staff	Saving in front line social work staff employed in Brent Adult Social Care	450	0	0
ASC18	Staff Costs	Commissioning	Bringing together the commissioning functions for people services across the council (Children and Young People, Adult Social Care and Public Health), developing a new model which delivers at a reduced cost.	500	0	0
ASC19	Staff Costs	Appointeeship / Deputyship Services	There are two options for delivering this saving: full cost recovery for the in house service, or signposting to other organisations to undertake the functions. There will be a review process including those affected.	60	0	0
ASC20	Staff Costs	Reduce learning and development to statutory minimum.	Stopping all Learning and Development apart from the required statutory learning and development unless it can be delivered through external funding.	125	0	0
	<b>TOTAL</b>			<b>8,642</b>	<b>5,290</b>	<b>2,800</b>

## SERVICE AREA:

## CHILDREN &amp; YOUNG PEOPLE

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
CYP1	Early Help & Education	Children's Centres review	Implement a partnership model for the Children's Centres by tendering the management and day to day delivery in centres to an external provider	237	263	0
CYP2	Early Help & Education	Early Years	Review future resource requirements in general workforce budgets.	20	35	0
CYP3	Early Help & Education	Youth Services	Reduce management and infrastructure costs in 2015/16, and establish a new delivery model by 2016	100	900	0
CYP5	Early Help & Education	Youth Offending Service	Reduce service support costs and delivery costs	43	0	0
CYP6	Early Help & Education	SEN – Reduction in costs of assessment	Reduction in the costs of the SEN assessment process through staff restructuring.	46	0	0
CYP7	Early Help & Education	Children's Information Service	Integrate delivery with other customer facing council services (50% reduction). The provision is statutory but can be combined with other activities in the Early Years and Family Support Team.	75	0	0
CYP8	Early Help & Education	Stonebridge Adventure Playground	Cease contract for play provision with the Stonebridge Adventure Playground. This funding to Brent Play Association provides after school and holiday provision for children at the SAP which is free to the families at point of delivery and is unique to this area. It is proposed to cease this funding as it is no longer sustainable or justifiable in the current financial climate.	118	0	0
CYP9	Early Help & Education	Sports Development	Removal of Council funding for the PE Adviser.	20	0	0
CYP10	Children's Social Care	Children's Placements	Changing the placement mix between residential placements, Independent Fostering Agencies (IFA) and Brent Foster Carers. Saving to be achieved by moving 9 of the lowest need Looked After Children in residential placements to high end IFA placements, followed by a similar move of low end IFA placements to Brent Foster Carers.	300	700	0
CYP11	Children's Social Care	Working with Families - One Council	Improved early help services may lead to some reduction in the number of children becoming looked after. Efficiencies derived from the WLA looked after children project and the continued reduction in the use of residential care will also deliver this saving.	140	0	0
CYP12	Children's Social Care	Children's Safeguarding	Saving will be achieved through a reduction in commissioned activities within social care	20	0	0
CYP13	Children's Social Care	Children with Disabilities	Care packages for children 0-14yrs will be reviewed and savings will be achieved through a combination of increasing the use of direct payments, reducing the spend on the summer playscheme and an overall reduction of the levels of support provided.	100	0	0
CYP14	Children's Social Care	Adoption / fostering recruitment	Shared service option to be worked up with WLA. Work is on-going in this area.	108	0	0

## SERVICE AREA:

## CHILDREN &amp; YOUNG PEOPLE

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
CYP15	Children's Social Care	Short Breaks Centre	Saving will be achieved through the selling of beds to neighbouring boroughs	100	0	0
CYP18	Children's Social Care	Budget alignment	Corrections and removal of historical anomalies in Children & Young People's budgets arising from zero based budget exercise undertaken by officers.	599	0	0
CYP19	Children's Social Care	Ministry of Justice Remand Grant and Secure Placements	Adjusting the budgets for secure remand placements to the level of cases in the last 18 months, assuming that that the MoJ continues to grant fund the service at about the 2015/16 level.	650	0	0
CYP20	Children's Social Care	Staffing redesign in Children's Social Care	Reduction in managerial posts as part of revised managerial and supervisory structures resulting from the redesign of Children's Social Care over the next 18 months as part of the DfE Innovations Project.	171	170	0
		<b>TOTAL</b>		<b>2,847</b>	<b>2,068</b>	<b>0</b>

## SERVICE AREA: REGENERATION &amp; GROWTH

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
R&G1	Regeneration & Growth	Updated TA forecast based on 13/14 performance	The impact of welfare reform on temporary accommodation budgets has to date been significantly less than anticipated. The budget set for 2013/14 was underspent, and we currently estimate that at least £1.3m could be removed from the 2015/16 budget without impacting service delivery: this will merely reflect the expectation that service demand will be less than that anticipated in the original model. The £1.3m figure is under review in the light of ongoing trends in homeless presentation and acceptances	1,300	500	500
R&G3	Regeneration & Growth	Remove Civic Centre team budget - 1 year fund of events	Recalibration of Civic Centre events team budget to reflect revised role and income projections for the Civic Centre.	71	0	0
R&G8	Regeneration & Growth	Property Strategy & Projects	Reduction in revenue budget to support capital projects – the main implication will be a reduction in the capacity of the Council to bring forward capital projects, resulting in either fewer projects or slower delivery times. Alternative models of project delivery will also be explored.	200	100	0
R&G9	Regeneration & Growth	Landscape Team	Cease providing a landscaping team. Cease provision of the landscape design service leading to the deletion of two posts; Principal Landscape Designer (P04- Sp47) and Senior Landscape Designer (PO3/Sp43). This is a discretionary service providing services to internal and external clients. The service includes providing expert advice on landscaping design and contract management of landscaping projects mostly related to s106 and CIL funding.	75	0	0
R&G10	Regeneration & Growth	Investment Team	Reduction in revenue budget to support new investment into the Borough and project development in the growth areas, high streets etc.	350	0	0
R&G11	Regeneration & Growth	Investment Team	Use the CIL administration charge to fully fund the development fund and information manager.	61	20	20
R&G12	Regeneration & Growth	Planning & Building Control	Increase income through generating more trading business. Prioritise resources on non-ringfenced income generation work – particularly targeting and securing work through cross-boundary working via partnership schemes.	50	50	25
R&G13	Regeneration & Growth	Supporting People	Savings already delivered through the re-procurement of providers during 2014/15.	500	0	0
R&G14	Regeneration & Growth	Private Housing	Increased cost recovery following on from introduction of additional and selective licencing. Licensing income is subject to a statutory ring fence however there are some activities already carried out within Private Sector Housing which can legitimately be funded from income, thereby releasing General Fund.	150	50	0
R&G17	Regeneration & Growth	Facilities Management & Civic Centre	To be read in conjunction with R&G26. This proposal assumes further letting of space in the Civic Centre to a third party with a resulting service charge for the cost of FM. The saving assumes a further floor of the Civic Centre can be made available and let by 2016.	0	124	124
R&G18	Regeneration & Growth	Housing Needs	Shared service arrangements for housing register and allocated scheme - £100k to £200k. Initial work being undertaken with neighbouring borough where the use of common approaches and systems has been identified. This may offer potential for shared service savings and the spreading of back office/overhead costs. Initial arrangements to be in place during 15/16 (part-year saving)	20	140	40

## SERVICE AREA: REGENERATION &amp; GROWTH

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
R&G20	Regeneration & Growth	Capital Portfolio Office	Removal of service manager post and closure of capital portfolio office. The capital portfolio office provides programme management office services to the proportion of the capital portfolio that is consolidated within Regeneration & Growth – namely schools, estate regeneration and the provision of new Council buildings. The proposal is to cease this service in 2016/17, when the Verto project management software is fully embedded. An alternative proposition would be to transfer responsibility for this service to another part of the Council, most obviously the One Council PMO. This is currently being reviewed as part of the wider review of Capital Projects.	77	70	0
R&G21	Regeneration & Growth	Supporting People	Revised arrangements for the START plus service as a consequence of the Supporting People Fundamental Review.	50	150	0
R&G22	Regeneration & Growth	Private Housing	A notional saving from Private Housing Services as a consequence of the proposed wider regulatory services review. One option to be explored is a shared service with one or more neighbouring borough.	0	100	0
R&G24	Regeneration & Growth	Energy Solutions	Cease grant to Energy Solutions. Discontinuation of grant for the provision of energy efficiency / fuel poverty advice.	40	0	0
R&G25a	Regeneration & Growth	Income Generation through gaining "Approved Inspection" status	Enabling Brent to undertake Building Regulation work throughout England. Explore the potential for increasing the level of income generated by Building Control through gaining "Approved Inspector" status. This would enable Brent to undertake Building Regulation work throughout England without need to obtain the host local authority's agreement to work within their area. This ability will allow Brent to market the services in the same way as the private sector company and compete with Private Sector AI's. In taking forward this model we will review our charges to reflect market rates but ensure they remain competitive and need to develop mechanisms whereby inspection of works can be effectively resourced / undertaken.	0	65	35
R&G25b	Regeneration & Growth	Increase of income through charging	Increase of income through charging or expanding current charges for some services e.g. pre-application advise for domestic applications. Explore the possibility of introducing a premier service subject to legal constraints and resourcing.	10	100	0
R&G25c	Regeneration & Growth	Review of structures	A reduction in the staffing levels and structure of the technical services arm of the Capital Programme team.	179	0	0
R&G25f	Regeneration & Growth	Letting Agency	BHP will be establishing a lettings agency in 2014. The business plan projects completed additional surpluses of £350k per annum being generated from year five (2018/19). The saving represents increased income from the provision property and tenancy management services to private sector properties.	0	0	350
R&G25g	Regeneration & Growth	Increased Income and Efficiencies from Disabled Facilities Work	Efficiencies in relation to the administration and supervision of Disabled Facilities Grant in areas such as services to self funders / partnership working better integration with BHP.	0	20	40
R&G26	Regeneration & Growth	Income from the Civic Centre	Proposals will be developed for increased income from the Civic Centre. The additional income assumed from 16/17 onwards assumes that an additional floor being made available and a tenant found to occupy the space on a commercial basis from 2016. To be read in conjunction with R&G17 which represents the service charge that could be achieved and the FM costs that could then be offset.	0	150	150

## SERVICE AREA: REGENERATION &amp; GROWTH

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
R&G27	Regeneration & Growth	Fundamental Review of Supporting People	Supporting People resources are used to sustain housing tenancies for the most vulnerable residents in the Borough through the provision of 'floating support services' and specialist hostel accommodation. A fundamental review of the effectiveness of these preventative services is underway and services will be reconfigured in the light of this review to deliver the saving.	600	1,200	0
R&G27a	Regeneration & Growth	Supporting People	This would significantly reduce support to the most vulnerable people in Brent to retain their tenancies. It is likely to result in increased homelessness with consequential costs arriving elsewhere in the housing budget.	0	1,000	0
R&G28	Regeneration & Growth	Shared services for property and some regeneration functions	Shared service approaches are being explored for the delivery of strategic property, asset management and capital projects. Delivery could mean the transfer of resource from Brent to a third party vehicle with core objectives to generate further revenue returns from both commercial and residential assets.	0	0	0
R&G29	Regeneration & Growth	Regeneration Investment Service	Significant reduction in scale of the dedicated regeneration capacity of the Council. To be read in conjunction with R&G10. The key implication would be the shift to a model based on project specific assignments.	0	200	100
R&G30	Regeneration & Growth	Facilities Management	To review the structure of the client side FM Team and reduce staffing levels. Now that the organisation is fully embedded within the Civic Centre and many transitional issues have been resolved, it will be possible to reduce some aspects of the FM client side team.	100	0	0
R&G31	Regeneration & Growth	Strategic Asset Team	To review staffing levels, skills and structure of the Strategic Property Team in the light of the findings of the current assets review. The saving assumes a net loss of one PO4 post.	50	0	0
R&G34	Regeneration & Growth	Housing Needs Externalisation of Advocacy Services	In May 2014, a new Duty Advice Scheme was set up by a private company in conjunction with City Law School to deal with the same housing related matters as the Advocacy Scheme run by the council. Assuming this delivers outcomes of appropriate quality, the housing needs will cease to provide this function.	60	0	0
R&G35	Regeneration & Growth	Housing Needs Service Redesign and Efficiencies	Reduce the number of Housing Options Officer posts by 4, over a two year period from 2016/17. Current approaches can be streamlined and operational efficiencies gained.	0	100	100
R&G36	Regeneration & Growth	Reduction of Welfare Reform Mitigation Team	It is forecast that the bulk of the households impacted by Overall Benefit Cap will have had their housing issues resolved by April 2015, and that the remaining workload and new cases will be dealt with by the established Housing Needs Teams.	0	100	0
	<b>TOTAL</b>			<b>3,943</b>	<b>4,239</b>	<b>1,484</b>



## SERVICE AREA:

## CHIEF OPERATING OFFICER

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
ENS1	Community Services	Sports Development Team / Merge Leisure Client / Resource	Restructure Sports and Parks Service in the light of the grounds maintenance service transferring to Veolia in Sept 2014. The new service will also stop nearly all sports development work (for example stopping school holiday programmes) and concentrate on promoting healthy, active lifestyle instead. The restructure will also result in deletion of the Environment Projects and Policy Team, with only carbon tax work continuing.	354	0	0
ENS3	Community Services	Sports Development Team	Removal of PE Advisor – joint funded with Children & Young People. Removal of contributory funding for advisory teacher for PE and Sport.	50	0	0
ENS4	Community Services	Environment Policy and Projects Team	Close Welsh Harp Education Centre. The proposal would cease the provision of education for schoolchildren at this centre.	13	14	0
ENS5	Community Services	Energy Solutions	Cease grant to Energy Solutions	50	0	0
ENS6	Community Services	BTS - in-house drivers/passenger attendants	End the use of in-house driver and passenger attendants. This is a full-year effect of a previous budget decision.	75	0	0
ENS7	Community Services	BTS - further overhead reductions including WLA	Ending participation in the WLA project. This is the Full year effect of previous budget decision.	38	0	0
ENS8	Community Services	BTS - One Council Project - updated as per new proposals - one council programme – changed in light of recent report to CMT	This reflects savings associated with a review of Brent Transport Service.	583	100	0
ENS9	Community Services	Community Safety	In 2014/15 the Council stopped funding PC and PCSOs. This saving is the full-year effect.	75	0	0
ENS10	Community Services	Community Safety and Emergency Planning	To consider a new approach to managing Anti-Social Behaviour services across the borough, including consideration of a joint arrangement between the Community Safety Team and the BHP Community Safety Team.	0	100	0
ENS11	Community Services	Civil Contingency Post	To reduce the Emergency Planning Team by one post leaving only two posts. This is likely to require a shared service arrangement with another borough in order to maintain 24/7 cover.	25	27	0
ENS12	Community Services	Charging for garden waste	Introduction a charge for garden waste via a subscription service at £40 per year per household. This was agreed by Cabinet in July 2014.	140	238	0
ENS13	Community Services	Waste and Recycling - bulky waste	Charging residents for bulky waste collections. To replace the current free service with one that makes a £15 charge to residents for each Bulky Waste Collection Service. This will effect a 50% reduction in service volumes.	100	0	0
ENS14	Community Services	Parking Contract	This is the full year effect of the collaborative re-tender of the parking enforcement and back office service.	172	0	0
ENS15	Community Services	Parking Service	Cost reduction and income generation opportunities. Consider CEO deployment, unattended enforcement, visitor parking charges and a number of other initiatives.	2,160	921	134

## SERVICE AREA:

## CHIEF OPERATING OFFICER

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
ENS16	Community Services	Street Lighting	Replace existing street lighting with LED lighting to new British Standards and , optionally, a Central Managed System - This would require investment of around £7m.	0	0	750
ENS17	Community Services	Parking and Street Lighting - Street Trees	In 2015/16 undertake £50k less of tree maintenance work. Re-procurement of street tree contract from April 2016 to maintain this funding reduction.	50	0	0
ENS18	Community Services	Libraries, Art and Heritage	Transfer management of libraries to an established library trust resulting in business rates savings.	0	160	0
ENS19	Community Services	Libraries, Art and Heritage	Reduce stock levels to CIPFA benchmarked average resulting in less stock in each library thus reducing the amount spent on library stock	100	0	0
ENS20	Community Services	Libraries, Art and Heritage – grants	Gradually taper down Tricycle Theatre grant to zero by 2017/18. This would result in no outreach work to young people and schools. The arts service of two people is required to operate cultural facilities at Willesden Green Cultural Centre. This work to cease in 2017/18.	50	75	205
ENS21	Community Services	Transportation - Schools Crossing	Cease all school crossing patrols.	177	0	0
ENS22	Regeneration and Growth	Regulatory Services	Fundamental review of regulatory services including planning and building control, looking at all options including shared services with other local authorities.	50	100	0
ENS23	Community Services	Registration and Nationality	Extend current joint service with Barnet to at least one other council.	50	50	0
ACE1	Strategic Commissioning	Review of Partnership and Engagement Team	This proposal sets out options for the review and restructure of the Partnership and Engagement Team and the associated ward working budgets. Working on three areas 1) staff structures, 2) ward working, 3) operational budgets.	904	0	0
ACE2	Strategic Commissioning	Review of grant funding to London Councils	The Council cannot withdraw from, or unilaterally reduce its funding to, the Grants Programme. On the contrary, s.48(7) Local Government Act 1985 provides that a grants scheme such as this one, once agreed by the majority of the London borough councils, may be binding upon a dissenting London Borough council in the absence of its agreement. We have explored the legislative scope for this. Section 48 of the Local Government Act 1985, which established the London Councils grant scheme, stipulates that councils can only vary their contribution to the grant scheme with the agreement of at least two thirds of London Boroughs. The time available to implement any agreed change would significantly limit the level of savings achieved in 2015/2016. The Council could start conversations now with leaders of other councils with a view to introducing a reduction in funding to London Councils at the end of this cycle of projects i.e. April 2017.	0	0	340
ACE3	Strategic Commissioning	Increased Advertising revenue	There is room for modest growth both in terms of increasing profits from our existing advertising assets and opening up new income streams.	15	0	0

## SERVICE AREA:

## CHIEF OPERATING OFFICER

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
ACE4	Strategic Commissioning	Review of Grants and contracts to voluntary and community sector	<p>This proposal sets out to do two things:</p> <p>1. Streamline and refocus the funding available through the Themed Grants stream. Options are provided for the level of cut which might be applied.</p> <p>2. Carry out a review on the current corporate spend on advice and guidance and look for opportunities to eradicate duplication, harmonise funds and deliver savings.</p> <p>The Partnership &amp; Engagement Unit currently distributes c£2.1million (includes the funding to London Councils set out in ACE2 proforma) to the voluntary and community sector through grants and contracts. This funding is distributed through a variety of streams which run to different timescales.</p>	0	410	0
ACE5	Communications	Review provision of Design Service	Move to a more planned approach for design, through the Annual Comms Plan planning process, which allows the creation of a sustainable in house design function, supported by an external framework, delivering savings of £60,000. Departments would only pay for specialist, or very late notice design requests.	60	0	0
ACE6	Communications	Ensuring staffing is aligned with current council approach to events/ commercial	Review the events and marketing capacity in Communications to align it with capacity elsewhere in the council and deliver a stronger, more streamlined service. Explore opportunities to deliver a joint fireworks display with Quintain and Wembley Stadium. Ensure communications events staffing reflects reduced public events programme.	75	0	0
ACE7	Communications	Review of Communications Team	Reduction in staffing and restructure of media and corporate comms functions to become generalists. Removal of two posts.	90	0	0
ACE8	Strategic Commissioning	Review of the Programme Management Office	Restructure of function to change funding arrangements for 2 posts.	92	0	0
ACE9	Strategic Commissioning	Review of Corporate Policy / Scrutiny / Complaints and FOI	Restructure of function. Removal of seven posts.	307	0	0
ACE10	Strategic Commissioning	Review of Business Intelligence	Restructure of function. Removal of four posts.	172	0	0
F&IT2	Finance	Finance	Phase 2 of the finance restructure. Savings of £0.4m to be achieved in Finance as a result of a planned staffing reorganisation following the successful implementation of the One Oracle system.	400	0	0
F&IT3	Finance	Audit	Reduction in audit days. Savings of £0.1m to be achieved by reducing number of contracted internal audit days.	100	0	0
F&IT5	Finance	Finance	Substantial cost reductions achieved by focusing on core tasks and by adopting a far more risk based approach	0	1,500	0
F&IT4	Strategic Commissioning	IT	Savings of £0.15m to be achieved by reducing print volumes	150	0	0
F&IT6	Strategic Commissioning	IT	Substantial cost reductions through a mixture of sharing services and reducing the application and other IT footprint within Brent to a core offering, with increased standardisation for users to lower costs. Savings of £1.7m to be achieved by a mixture of reducing staff numbers, stopping out-of-hours support, renegotiating contracts, reducing the IT application footprint to a core offering, with increased standardisation for users to lower costs.	0	1,620	0

## SERVICE AREA:

## CHIEF OPERATING OFFICER

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
HR1	Human Resources	Reconfiguration of function	It is proposed to carry out a major reconfiguration of the HR service in 2015/16 saving £1.4m by 2016/17. This will result in the merging of some areas in order to reduce the number of managers required in the new structure. It is the intention to devolve responsibility for some existing activities undertaken by the Learning and Development team to HR Managers. Other activities will be accommodated by a new performance team with a broader remit which will include resourcing, workforce development, policy and projects. In addition it is proposed to cap the existing trade union facilities time allocation awarded to GMB and Unison to a maximum of 1 x PO1 post per trade union, to move the occupational health service inhouse saving £60k and reduce the learning and development budget by £67k. In year 2016/17 further reductions in staffing can be potentially achieved through shared service arrangements within payroll, pensions, HR management information and recruitment.	696	743	0
HR2	Human Resources	BIBS	This will have a significant impact on staffing as the budget is predominantly made up of staffing costs. It remains the intention to consider alternative models of delivery which will transform the service; ensure greater efficiency and improve the customer experience but in the short term an immediate reduction in posts will enable BIBS to generate savings of £700k in 2015/16. This will be achieved through reviewing the Executive Assistant arrangements in light of the senior manager restructuring; ceasing the provision of some administration activities such as AskHR & AskBIBS; and carrying out a cross service reduction in headcount. This is part will be assisted by reductions in service provision across the council's departments.	700	1,180	0
L&P1 & 2	Legal	Legal Services	Different options of service delivery – outsourcing – private legal firm / buying from local authority that sells legal services and also London Wide work of setting up a shared service. Proposal to enter a shared service for legal. Savings of £400k have been brought forward from future years to 2016/17	458	900	0
L&P3 & 4	Members	Mayor Support / Service Committee	Review of support to elected Members, including reconfiguration of the democratic function.	140	427	0
PRO1	Strategic Commissioning	Procurement -Reduced Service	Staff Reductions	0	270	0
R&G5	Community Services	Capita Savings	The Capita contract for Revenues & Benefits provides for 3% savings to be delivered year on year. The proposal here represents the full outcome of the renegotiation of the Capita contract price undertaken as part of the decision to extend the current contract for a further 3 years from 1st May 2016 to 30th April 2019.	321	105	207
R&G15	Community Services	Benefits	Further efficiencies in advance of the introduction of Universal Credit (partly covered by reserve). The proposal will result in reduced staffing within benefits processing in advance of implementation of Universal Credit.	647	0	0
R&G16	Community Services	Customer Service	Reconfigure face to face access arrangements at both the new Willesden Library and the Civic Centre so as to optimise access to self service and assisted self service and ensure that more personalised face to face assistance is targeted to vulnerable customers who require more support.	220	0	0
R&G33	Communications	Digital Post Room	Reduce Digital Post room staffing compliment by 2.5 FTE – this can be achieved through natural turnover and reflects a continuing forecast reduction in incoming post. Reduce postage budget by £20K per annum based on forecast reductions in costs.	89	0	0
		<b>TOTAL</b>		<b>9,948</b>	<b>8,940</b>	<b>1,636</b>

SERVICE AREA: PUBLIC HEALTH

ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
PH1	Strategic Commissioning	Public Health	Review of current services to ensure that all appropriate costs are being met from public health grant	500	0	0
PH2	Strategic Commissioning	Public Health	Contribution to Childrens Centre Service	375	375	0
PH3	Strategic Commissioning	Public Health	Agreed that efficiencies would be made within public health once the grant ceased to be ring fenced and further opportunities sought to use grant to deliver across Council functions	0	1000	0
		<b>TOTAL</b>		<b>875</b>	<b>1,375</b>	<b>0</b>

## SERVICE AREA:

## CENTRAL ITEMS

## ANALYSIS OF SAVINGS

Ref	Unit/Service	Description	Item	2015/2016 £'000	2016/2017 £'000	Future Years £'000
R&G32	Community Services	Customer Access Service	Implementation of new customer access strategy with a specific aim to reduce the current costs of contact handling by migrating customer contact on line, improve the efficiencies of telephone handling arrangements and optimising use of shared data to reduce the need for customers to have to contact multiple services with the same information. There is a £1.5m of savings which will be achieved across the Council and held as a central saving in 2016/17.	0	1,500	0
R&G6	Central Items - South Kilburn	Estate Regeneration	Reduced revenue resources to support the South Kilburn Regeneration programme.	200	0	0
F&IT1	Central Items - Insurance	Insurance	Achieving better value renewal terms from market and optimising excess levels. Savings of £0.2m have been identified within the insurance costs. These can be achieved by seeking better value renewal terms from the market and optimising excess levels.	200	0	0
	Council-Wide	Restructure	Review of council structure and senior manager posts.	1,400	0	0
	<b>TOTAL</b>			<b>1,800</b>	<b>1,500</b>	<b>0</b>

**Specific Grants 2014/15  
- 2015/16**

**Appendix D (iii)**

	<b>2014/15 Grant</b>	<b>2015/16 Grant</b>	<b>Notes</b>
	<b>£'000</b>	<b>£'000</b>	
<b>Local Reform &amp; Community Voices</b>	<b>242</b>	<b>181</b>	
<b>Adult Social Care - New Burdens</b>	<b>0</b>	<b>1,140</b>	This reflects monies to support the Care Act.
<b>New Homes Refund</b>	<b>264</b>	<b>259</b>	
<b>Section 31</b>	<b>1,711</b>	<b>2,566</b>	
			This is a grant to reimburse authorities for changes to business rates announced in the 2013 and 2014 Autumn Statements.
<b>Community Rights to Bid</b>	<b>8</b>	<b>0</b>	
<b>Community Rights to Challenge</b>	<b>9</b>	<b>0</b>	
<b>Education Services</b>	<b>3,430</b>	<b>3,117</b>	The initial grant for 2015/16 is £3.387m but is expected to reduce as schools convert to academies
<b>Public Health</b>	<b>18,848</b>	<b>18,848</b>	
<b><u>Local Services Support Grant</u></b>			
<b>Lead Flood Authority</b>	<b>83</b>	<b>55</b>	
<b>Extended Rights - Sustainable Travel</b>	<b>9</b>	<b>9</b>	
<b>Sub Total</b>	<b>24,604</b>	<b>26,175</b>	
<b>Council Tax Freeze</b>	<b>1,052</b>	<b>1,078</b>	The 2014/15 Council Tax Freeze Grant has now rolled into RSG for 2015/16
<b>Grand Total</b>	<b>25,656</b>	<b>27,253</b>	

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## Risk Assessment

1. The categories which the council uses to assess its budget risks are set out below:
  - a. demand risks where the level of service provision depends on projections of need. These include children's and adults' care budgets and the temporary accommodation budget. There are also likely to be more general demand risks associated with welfare reform such as increased pressure on the housing benefit service;
  - b. risks from new legislation or other statutory changes, where there is some uncertainty about impact on council costs, such as the Care Act;
  - c. risks from legal challenges;
  - d. treasury management risks. The treasury management strategy statement sets out the 'bail in' risk of loss to professional investors, including local authorities, should financial institutions fail in the future. There is also the risk of increased borrowing costs should long-term interest rates rise;
  - e. procurement risks. No allowance has been made for general price increases within the 2015/16 budget. However these pressures should be reduced as a result of the current market situation with opportunities to secure savings through procurement;
  - f. grant risks. These include risks arising from changes to grant conditions, the council not meeting grant conditions, or uncertainty about the amount of grant the council will receive. An on-going risk area is the council's housing benefit subsidy claim which is by far the largest single grant claim the council makes. There is also a risk relating to the Education Services Grant which will be announced quarterly during the financial year;
  - g. risks of not achieving savings or income targets in the budget. The council has a good track record of delivering savings included within individual service budgets. However the scale of the savings being delivered provides a significant risk to the Council's financial position in the years ahead;
  - h. asset management risks if corporate or service buildings have to be closed because of current condition;
  - i. risks from natural disasters or terrorist attacks.

**Statement by the Chief Finance Officer on the budget and balances**

2. Under Section 25 of the 2003 Local Government Act I am required to comment on the adequacy of the budget calculation and the level of balances proposed within a budget. The two issues are related. The less prudent the revenue provision and forecasts of demand and risk, the higher the level of balances required to justify the budget calculations. This budget has been carefully prepared, risks have been identified and quantified and, while excessive provision has not been made in the budget, a prudent and cautious approach has been taken. The council also has adopted rigorous budget monitoring arrangements during the year and a policy of restoring balances once used. The combined approach means that a minimum prudent level of balances is £12.0m, which will cover the General Fund revenue budget risks identified over the medium term. As the forecast level of balances as at 31 March 2015 is at this level, no further increase is required for 2015/16.

	<p style="text-align: center;"><b>Cabinet</b> 23<sup>rd</sup> February 2015</p> <p style="text-align: center;"><b>Report from the Budget Scrutiny Task Group</b></p>
For Action	Wards Affected: ALL
<p style="text-align: center;"><b>Budget Scrutiny Task group</b> <b>Response to Budget Options 2015/16 &amp; 2016/17</b></p>	

## 1.0 Summary

- 1.1 The Budget task group was set-up to enable scrutiny members to undertake more detailed discussion and exploration of the council's financial position, current budget pressures and the emerging proposals for 2015 – 2017. This includes examining the main issues, risks and impacts arising from changes to the local population and legislation, while considering the actions being taken to militate against possible negative outcomes.
- 1.2 The task group's remit covers:
- Contributing to the budget setting process through discussions with Cabinet Members and Strategic Directors.
  - Considering the budget strategy and proposals within the context of the objectives set out with the Borough Plan and the aims of the Administration.
  - Supporting the longer term service planning of the council by focusing its discussions on the Medium Term Financial Strategy, the principles for budget setting, the robustness of the budget and the ability to deliver savings, and possible risks to the Council.
- 1.3 At the meeting of the Cabinet on 15<sup>th</sup> December 2014, Members considered a report from the Chief Finance Officer setting out officer options for delivering savings in the council's revenue budget. The budget options set out totalled possible savings of up to £60m over the period 2015/16 and 2016/17. Approval of these proposals was not sought from the Cabinet at the December meeting. The total savings package required to set a balance budget over the two year period is £53.9m. Cabinet agreed consultation and other public engagement activities on the proposals in order that final decisions at the Full Council meeting on 2<sup>nd</sup> March 2015 can be taken with the benefit of as wide a range of views as possible.
- 1.4 This report covers the initial feedback from the Budget Scrutiny task group and forms part of the formal consultation process on the budget options. The Budget Scrutiny task group has

made comments on the overall principles and approach to the budget process, the savings proposals. The feedback from the Budget Scrutiny task group within this report is focused on the principles discussed and issues that should be considered when formulating the final budget proposals put before Full Council in March 2015

## 2. Recommendations

Members of the Cabinet are requested to:-

- 2.1 note the activities undertaken by the Budget Scrutiny task group to consider the implications of the council's budget strategy for 2015 – 2017.
- 2.2 note the comments of the Budget Scrutiny task group on the approach take to finalising the budget 2015/16 72016/17 outlined at paragraph 3.18.
- 2.3 Consider the comments made by the Budget Scrutiny task group in relation to the specific budget options.

## 3. Detailed Considerations

### *Methodology of the task group*

- 3.1 The budget task group was established in September 2014 and is a cross party group, chaired by Cllr Aslam Choudry. At the group's first meeting the Operational Director of Finance provided an overview of the budget strategy for 2015/16 to 2016/17 and the main factors that would influence the budget setting process. This included details about resource assumptions, the forecast budget gap and necessary savings, the Capital Programme and the One Council Programme. The resulting discussion helped to inform the development of the task groups work programme and highlighted areas for investigation. The task group has held discussions with the following Senior Officers in considering the budget strategy:

- The Operational Director of Finance provided regular updates on the budget process, budget gap, budget pressures and the future financial prospects for the council. (September)
- The Strategic Director of Regeneration & Growth and Operational Director of Finance provided information about the current budget position, budget pressures and risks and the capital programme. (October)
- The Programme Management Office Manager provided an overview of the One Council Programme and projected savings already agreed. (October)
- The Strategic Director of Environment & Neighbourhoods, Operational Director of Finance, the Operational Director of Environment & Protection and Operational Director of Neighbourhoods the current budget position, budget pressures and the department's One Council projects. (November)
- The Strategic Director of Children & Families and Head of Strategic Finance informed the panel about the department's current budget position, actions being taken to control high risk budgets and transformation projects that were aimed at making savings and efficiencies. (November)
- The Director of Adult Social Care and the Operational Director of Finance provided information on the current budget, service pressures including unit cost trends and the transformation projects aimed at producing savings. (December)

- Councillor Michael Pavey, Deputy Leader of the Council attended to answer questions and discuss the First Reading Debate Papers and set out the administration's approach to setting a robust budget. This discussion also covered the proposed arrangements for consulting on the budget options published on 15<sup>th</sup> December 2014. The task group receives monthly reports on all services summarising budget, spend, forecast and variances to date, with reasons and exceptions noted.

*Background to the budget 2015/16 and medium term financial prospects*

- 3.2 Since the election of the current coalition Government, the focus on reducing the national deficit within a tight-time table. This has resulted in very substantial reductions to the funding available to local authorities and radical changes to the way in which this is allocated across the country. The impact of policy reform across a range of areas and unprecedented macro economic circumstances have had a fundamental impact on Brent's residents and therefore on their expectations of what the council should do to help meet their needs.
- 3.3 At the same time wider changes in society have forced local authorities across the country to rethink the way in which they commission and provide services to meet local needs and aspirations. People are, on the whole, living longer lives, with increasing consequences for the way in which they need to access care services, and the length of time they continue to need such services. In Brent, the number of people aged over 80 years is up by 24% and the number aged over 65 years by more than 10%.
- 3.4 This has obvious implications for the council's cost base, driving up the number of vulnerable adults that the council may need to support, the level of their needs and the length of time for which those needs may need to be met. Local authorities have responded to these pressures by redefining models of care provision, increasing the emphasis on programmes designed to enable vulnerable residents to live their own lives without support and where this is not possible to exercise greater choice about how their needs are met.
- 3.5 In London, the combined impact of a growing and younger population is placing enormous pressure on the demand for school places, especially at the primary phase, and is creating increased competition for those employment opportunities that do exist. In Brent, the number of children aged under 10 is up by more than 10%. This too has implications on the number of vulnerable children for whom the council must provide services.
- 3.6 These demographic pressures are also driving housing prices to such a level that home ownership is becoming increasingly out of reach for many residents: in Brent the average cost of a two bedroom property is over 14 times greater than the average annual salary. Private rented tenancies as a form of tenure have therefore grown to levels not seen for many years, for those residents who are able to find housing in the borough at all.
- 3.7 These demographic changes also place particular challenges on those services that all residents access and will continue to need to access, such as street cleaning and refuse collection, the quality of the local built environment and open spaces and all the many other services that local authorities provide. As populations rise so the cost of providing services tends to increase, and the competing demands on the use of the local environment become increasingly difficult to reconcile.
- 3.8 Despite these changes and pressures, or perhaps because of them, residents' expectations of the council continue to change. This relates not just to the range and level of services that the council provides, but also to the way in which it provides them. More and more of our residents expect to be able to deal with the council through digital means, with the ability to obtain information and perform at least routine transactions 24/7; yet whilst services are

reconfigured to meet this demand the council needs to ensure that it remains open to those whose needs can only be assessed and met through more traditional service delivery routes.

- 3.9 These demographic and societal changes alone would be a challenge for any organisation to respond to. However, they have been coupled with deep and ongoing reductions to local government funding of a scale and pace not previously seen in the UK public sector.
- 3.10 The Council's budget for the period 2015/16 and 2016/17 is the most challenging that the council has ever faced and the scrutiny task group appreciates the difficult decisions that the Administration will be required to make to set a balanced budget. On March 2015, when the council will be required to set its budget for 2015/16 and its financial plans for future years, savings of at least £53.9m will need to be agreed, most of which will fall due in 2015/16. Over the medium-term, to 2018/19, officers anticipate that total savings of £100m will be required, forcing the council to reduce its net revenue budget by between one third and a half of the current level, on top of savings of £89m that have already been delivered since 2010. Table 1 below sets out the forecast core funding for Brent up to 2018/19. For Brent, the effect of these radical changes to the total amount of funding for local government and in the way it is distributed across the country have been significant.

Table 1 – Core Government Funding

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'m	£'m	£'m	£'m	£'m
Revenue Support Grant	95.4	68.8	54.4	41.8	29.8
Assumed Retained Business Rate	32.5	33.2	33.8	34.5	35.2
Business Rate Top up	47.4	48.8	50.5	52.5	54.5
<b>Core Government Funding</b>	<b>175.3</b>	<b>150.8</b>	<b>138.7</b>	<b>128.8</b>	<b>119.5</b>
<b>Total Funding</b>	<b>271.1</b>	<b>245.8</b>	<b>236.5</b>	<b>228.5</b>	<b>220.3</b>

- 3.11 Meeting this unprecedented financial challenge will require radical re-thinking of services and the council structures that currently deliver them. The council will need to confront extremely difficult decisions about which services continue to be provided and at what level and shape of the organisation well beyond the life of the current parliament.
- 3.12 The council had been planning on the basis of a budget gap of £52.8m over the next two years. This was a planning assumption, and it is normal practice to update such assumptions annually, to reflect changed circumstances. However, before reductions in costs can be considered it is essential to understand the various spending pressures that will also need to be managed as part of the budget process. These can be driven by changes to legislation; they can arise as a result of changing demographics within Brent and they can arise as a result of locally determined policy choices.
- 3.13 The budget gap was subsequently updated in a report to Cabinet in October 2014 to incorporate:
- Legislative changes introduced by central government, including parking enforcement and the Care Act, which will cost the council more than the equivalent of a 4% increase in council tax
  - Demographic changes, reflecting the anticipated increase in the borough's population to 322,000 in the next four years

- Updated funding assumptions, including an increase in the council tax base, reflecting new housing developments in the borough.

3.14 The overall impact of these changes was a deterioration in the outlook for 2015/16 and an improvement for 2016/17, as set out in table two, below.

Table 2: Revised Budget Gap

	2015/16 £m	2016/17 £m
Original Gap	33.0	19.8
Additional Pressures	4.0	0.5
Funding Changes	(1.2)	(2.2)
October 2014	35.8	18.1

*Budget savings proposals 2015/16 and 2016/17*

3.15 The report considered by the Cabinet on 15<sup>th</sup> December 2014 set out officer proposals for delivering savings from the Council's revenue budget of up to £60m. These are currently the subject of public consultation with final decisions required to reduce expenditure by £53.9m. The principles adopted in developing these options followed a clear hierarchy, so that decisions to cease services are only proposed once all other options have been exhausted.

- Driving organisational efficiency - £34.9m identified.
- Building independence and community resilience - £14.3m identified
- Leveraging in resources and income - £3.4m
- Stopping services completely - £9.1m

3.16 The draft budget options were designed to protect front-line services by focusing spending reductions on support services. Target reductions of 40% in the cost of support services are underway, and will amount to total savings of £12.1m alone.

*Response from the Budget Scrutiny Task Group.*

3.17 The budget scrutiny task group has held discussions with all the relevant Members and Strategic Directors and met during January to consider the implications of the detailed budget options published on 15<sup>th</sup> December 2014. During this period of public consultation the task group considered the findings of the various consultation events and also considering the draft priorities outlined in the recently published draft Borough Plan 2015 – 2019.

3.18 The task group also discussed principles and issues which the group felt should shape final decisions on the council's budget options. These are set out below and reflect the discussions of the task group to date, following consideration of the various financial and service challenges facing the council.

**Budget Process**

- The range and extent of public consultation, both with regard to the draft Borough Plan and the council budget options was welcomed by the scrutiny task group. The consultation had engaged a broad and balanced range of interests in the local community. The consultation reflected the importance residents place on the quality of

the public realm, and maintaining a safe level of statutory services for the most vulnerable members of the community.

- The task group appreciated the ability to make choices between the various budget saving options and recognised that the severity of the financial environment required radical proposals which would be difficult for the public to accept.
- The four 'criteria' adopted for identifying savings and their hierarchy is right for shaping the reductions in budgets. The group supported the emphasis on organisational efficiency wherever possible and was encouraged that £34.9m of the required total had been identified under this heading. However implementation of efficiency savings can require significant time and management input to be effectively delivered and concerns were raised regarding the organisational capacity to secure this level of change within the necessary time frame.
- Members of the task group were similarly concerned about the feasibility of achieving full year affect of savings with such a significant budget reduction to be implemented. They sought reassurance on the steps being taken to manage the associated risks and the role of the One Council Programme in ensuring transformation programmes and savings are kept to timetable, with appropriate corporate overview.
- The setting of a two year budget through to 2017 was welcomed, which will assist service planning and stability during a time of great change. Yet the period beyond 2017 will be even more challenging, with ever diminishing options available to the council. Strategic discussions on the period post 2017 need to start as soon as is practical.

#### **Impact on local communities**

- Members of the task group expressed their concern regarding the problems faced by the most vulnerable residents in Brent as a result of the continued government reductions in public spending. This was not just in relation to council cuts to expenditure but the combined impact of the benefit cap, the introduction of Universal Credit and rising living costs. Residents are being affected by an 'accumulation' of factors, which are national, local and economic. The savings proposals need to be assessed in relation to the combined impact across a number of services which could impact disproportionately on groups who use a number of services, provided by a range of public agencies, not just the council. This should be reflected in the equality assessments that support the transformation and budget process.
- Given the future outlook for public expenditure levels, it is vital that actions and services to promote long-term community resilience and independence are prioritised. The voluntary sector are vital to achieving greater community resilience and members of the task group asked for reassurance that the structures and capacity is in place to take this agenda forward.
- During the public consultation for the Borough Plan, residents found it difficult to identify areas for budget reductions. Communications on the budget need to clearly articulate the reality that not all the required savings can be achieved by 'efficiency' measures. Some services will need to be reduced to a statutory level, with a focus on those most in need or in some cases stopped entirely to achieve a balanced budget.
- More effective management of current and future demand is a critical lever in reducing the council's costs. Behaviour change is central to this, whether this is more recycling or helping to reduce the need for children's social care. The task group would like more information on the programmes that will prevent future need for more intensive, higher cost services and will be looking at proposed savings in this context.
- Recent data from the Residents Attitude Survey has suggested that many people are capable and happy to access services digitally. This needs to be a central focus of the Community Access Strategy and service delivery in the future.
- A pressing concern for many residents is the high cost and availability of decent housing. Creative working with partners to secure more and better provision of all types



of housing tenures within the borough should be a future priority to support stable local communities.

- It is vital during this period that the Council maintains a focus on attracting economic investment to the borough, supporting growth and fair employment for local people.

### **Organisational efficiency**

- Increasingly the council will be engaged in strategic commissioning of services, either individually or with partners. This will require a different skills set and approach. Actions to put in place the necessary senior management structure have already been taken. The task group recognised the council's commissioning and procurement strategy is a key part of delivering ongoing savings, while maintaining service levels. The capacity of the organisation to commission effectively and to 'client' contracts to achieve optimum performance and value for money is critical.
- Where it is appropriate to collaborate with other local authorities for reasons of cost or sustainability of service levels, the council needs to ensure that there is not a loss of future autonomy or control of the service within the procurement process.
- Concern was expressed that the number of temporary and agency staff is still above target, even while permanent staff are likely to be made redundant. Clearly in some areas this may be necessary but Members of the task group would expect redundancy payments to represent best value within the overall staffing and savings strategy.
- It is important that the council continues to produce and circulate regular performance management information to enable members and officers to be alert to any unexpected negative impacts and service risks. While it is inevitable that savings of this level will impact on services the mitigating actions and performance outcomes need to be closely monitored and reported.

- 3.19 On 15<sup>th</sup> January the Budget Scrutiny Task group met to review in detail the proposed budget savings options. The task group considered all of the options but have made specific comments only on those ones where they believed there are particular risks or concerns or the group would not endorse. The views of the task group are set out below.

**Table 1 – Comments on Budget options**

Ref	Description	Comment
ASC7	Outsourcing of direct Adult day care services.	The task group expressed questioned if there is sufficient capacity within the independent sector to provide, high quality affordable day care in the event of the council reducing its direct provision of day centres. They sought reassurance that all individuals affected would be able to secure alternative provision of a comparable standard and the impact on carers and families of the proposed closures of direct council provision.
R&G 27 &27a	Fundamental review of supporting people.	There have already been significant efficiency savings delivered from the supporting people budget. Members were concerned that the pace of further reductions could impact on the level of services provided to vulnerable people if option R&G27a was pursued. This could in turn result in high levels of need developing and in turn additional costs to other services such as mental health

		and temporary accommodation. The proposal should be focused on R&G 27 initially, prior to any further savings being sought in this budget area. It was requested that a future meeting of the main Scrutiny Committee look at the details of the review and the possible impact.
ASC10	10% saving delivered through joint commissioning of home care through the better care fund.	Members sought reassurance that social care and health care costs were being appropriately allocated between the council and health services within joint commissioning arrangements.
ASC11	Reduction in homecare	Members were concerned by the option to reduce some home care visits to a minimum of 15 minutes and the potential impact on sustaining people independently within their home. This proposal was not endorsed by the budget task group.
CYP1 & CY16	Children's Centre Review  Closure of 10 Children's centres.	Members welcomed the approach to secure the future of children's centres through a partnership approach with an external provider.  Members requested that if the partnership proposal is not viable any closures to children's centres is focused on retaining centres with the wards with the highest levels of deprivation.
CYP3 CYP17	Youth services – new delivery model  Cessation of all youth Services	All options to fund youth services through an alternative delivery model within the voluntary and community sector should be explored prior to cessation of the council's direct provision.
R&G38	Civic Centre Customer Services	The proposal to move to an appointment based face to face service operating two days a week could result in the most vulnerable service users waiting longer. The practical arrangements for dealing with people who would come to the Civic Centre anyway were also questioned. It was however noted that a number of other London boroughs already provide an appointment only service, although these boroughs have different demographic profiles and levels of need to Brent.
R&G40	Reduction in rough sleepers service	This option was not supported due to the significant impact on rough sleepers and the existing low level of services provided.
ENS13	Charging for bulky waste	This option was not supported and members considered introducing charging would result in higher levels of fly-tipping. Residents are already concerned by the condition of their neighbourhoods as a result of illegal dumping as has been reflected in public feedback at consultation events.

ENS15	Parking service	Members requested that any increase in the cost of visitor permits and different levels of charges is benchmarked against charges made by neighbouring authorities. The income target is considerable and could be impacted by changes in people's behaviour to avoid charges.
L&P 3	Mayors Office	Any reductions in the Mayors office should not undermine the important civic role of the Mayor.

- 3.20 Members of the task group also commented on the considerable scale of organisational change required to achieve full year savings to time. Members considered that maintaining close monitoring of any unplanned and detrimental impact on performance standards during this period of change would be crucial. It was requested that appropriate risk management arrangements are included within reporting and project management activities to ensure early sight of possible challenges during implementation.

#### **4.0 Financial Implications**

- 4.1 There are no direct financial implications arising from this report. However the process of establishing a Budget Scrutiny task group is to ensure that there is appropriate member engagement with both the process for establishing a robust budget and opportunity for scrutiny and comment on the council's budget options.

#### **5.0 Legal Implications**

- 5.1 There are no legal implications arising directly from this report.

#### **6.0 Diversity Implications**

- 6.1 There are no diversity implications arising directly from this report.

Budget Report – Full Council 3 March 2014  
 Budget Strategy – Cabinet 13 October 2014  
 Budget Report – Cabinet 15 December 2014

#### **Cllr Aslam Choudry – Chair of the Budget Scrutiny Plan**

##### **Members of the task group.**

**Cllr James Allie**  
**Cllr Dan Filson**  
**Cllr Sabina Khan**  
**Cllr Shafique Choudhary**  
**Cllr Suresh Kansagra**

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**‘10 lives in Brent’: A report on the impact of cuts in social care and public health to vulnerable groups in Brent.**

**4th February 2015**

This report, commissioned through Healthwatch Brent as local ‘consumer champion’ for health and social care, is a review of evidence of the impact of cuts in Brent. It presents the national picture, the local view, and tells the stories of 10 Brent people, and how their lives have been affected by the cuts in social care and public health in the last 3 years.

**At a national level there is a lack of evidence to demonstrate better outcomes for people on reduced budgets:** In all of the literature reviewed, it has not been possible to find evidence to show that people have better outcomes with less money and less services. Every person in the UK has had to adapt to difficult times in a struggling economy. Despite some scarce instances of resilience, there is no evidence to show that this has led to any improvement in people’s lives.

This report starts with the **national picture**, (pages 2 – 9), understanding the legislation that has prompted services to change, and the view from national charities and organisations on how this has affected different groups and communities.

The **local picture** in Brent is then outlined (pages 9 – 13), with a summary of the proposed cuts. This is followed by views from Brent organisations and voluntary groups on the impact of the cuts on vulnerable groups within the borough.

The final part (pages 14 – end), tells the story of **10 Brent lives**, affected by the cuts. We hear people’s stories at first hand.

**This report urges the council to consider the impact of the proposed budget cuts on these vulnerable groups, the cost of caring, carried by numerous Brent citizens, and the impact on those less able to find a voice.**

Our 10 stories from Brent people tell of:

**Carers at breaking point**

**‘Feeling abandoned by social services’**

**Fear for the future**

**Fear of loneliness and isolation**

**Carers facing ‘mounting debt’**

**Carers unable to continue their caring role**

**Council needing to provide (more costly) direct care as family situations break down**

**Distress, upset and upheaval for the cared –for**

**Severing of social ties**

**Threat of having to move, being ‘priced out of the borough’**

**Impact on other services**

**Lowering of living standards and wellbeing**

**Reduction in hours of care provided affecting independence**

**‘Tightened belts’, less money and less time for other family members.**

**National Picture:**

**The legislation:**

The Health and Social Care Act, (2012)<sup>i</sup> discussed new arrangements for more integrated health and social care services that were designed to make a simpler pathway through the maze of services and entitlements. There is encouragement for services to work more closely together with the introduction of Health and Wellbeing Boards, with Healthwatch as ‘the patients’ voice’, and the co-writing of Joint Strategic Needs Assessments (JSNA) and Joint Health and Wellbeing Strategies. A number of pilot sites are introducing Whole System Integrated Care models. This system will be rolled out across the country in 2015. Under these arrangements, Public Health also transferred to the local authorities. The Better Care Fund was announced in June 2013, promising a pooled budget of £3.8bn, re-allocated from existing budgets, to support health and social care services to work together.

Significant and far-reaching changes to benefits and entitlements have seen the introduction of Universal Credit (2013)<sup>ii</sup>, Personal Independence Payment (PIP), will be replacing Disability Living Allowance (DLA), and Employment Support Allowance (ESA), replacing Incapacity Benefit. Council Tax benefit has been replaced by localised support, and the Social Fund is now a local assistance scheme.

The Care Act, (2014)<sup>iii</sup> changes the role of local authorities to promote people's 'wellbeing', making sure that people:

- receive services that prevent, reduce and delay their care needs from becoming more serious
- can get the information they need to make good decisions about care and support
- have a good range of providers to choose from.

This duty to promote people's wellbeing applies not just to the direct users of services, but also to carers and is the driving force behind the new legislation.

## **Charging**

The Care Act puts in place a system where people are charged for their care, where it is felt they are able to pay. From April 2016, the Care Act will introduce a cap (top limit) of £72,000 on care costs and will protect some of the savings of those with 'moderate wealth'. The cap means that people will be responsible to pay for their care costs up to the cap limit, if an assessment from the local authority shows that they can pay. This follows proposals made by the Dilnot Commission<sup>iv</sup> to raise the top limit of people's 'assets' (e.g. if they own their own home) to £118,000 in April 2016. This will reduce the risk of people having to use most of their assets to pay for care. This cap will increase over time.

## **The financial situation:**

Directors of Adult Social Services (ADASS) reported that Social Care services were 'unsustainable' in July 2014<sup>v</sup> due to cuts of 26%. Cash being put into services has been reduced by 1.9% in 2014/5 equating to £266m. Spending on social care was down by 12%, whilst the number of people looking for support was up by 14%. Departments have been asked to make savings of 26%, which is equivalent to £3.53bn over the last 4 years. Social care services are also experiencing a substantial additional financial burden from introducing the Care Act. It is reported that 1 in 3 people rely on, or have a close relative who relies on, the care system.

"Gazing into the next 2 years, (2013/15), without additional investment, an already bleak outlook looks even bleaker."

ADASS President

News for 2015 suggests a 43% reduction in government grant. This will mean direct withdrawal of services (£104m) and reductions in the level of personal budgets. In the report, 19% of directors of Adult Social Care feel that the quality of life for those who use services will worsen.

"...even where councils have tried to protect the most vulnerable from cuts, the cumulative effect of all cuts will still fall hardest on the poor, who cannot buy replacement services." Audit Commission Report

The Audit Commission Report confirms councils serving the most deprived areas have seen the largest reductions in funding relative to spend. This is mostly due to grants being stopped that were specifically to help tackle deprivation. The difference in spend between 'deprived' and 'affluent' areas is about £100 per head in England and Scotland. The difference between those living in the north and

south of the country is £69 per head.

Simon Duffy, writing for The Centre for Welfare Reform (CWR) in a paper 'A Fair Society?'<sup>vi</sup> talks of an overall cut in public expenditure by the government of £63.4bn by 2015. It measures that 50% of cuts will fall on benefits and local government. The extreme unfairness of the cuts is even clearer if the effect is compared between different groups.

People in poverty will lose an average of **£2,195** per person, per year - this is **5 times** more than the burden placed on most other citizens.

Disabled people will lose an average of **£4,410** per person - this is **9 times** more than the burden placed on most other citizens.

The combination of cuts in benefits and services means that people with severe disabilities will lose an average of **£8,832** per person - this is **19 times** more than the burden placed on most other citizens.

"In other words, the cuts are not fair but targeted, and they target people in poverty, disabled people and their families.

The government seems to have made no effort to understand the cumulative impact of its cuts on minority groups, especially those with the greatest needs." Simon Duffy: A Fair Society?

The report estimates that the combined impact of the cuts will have the following effect on different groups:

- people in poverty (21% of the population), will bear 39% of all cuts
- Disabled people (8% of the population) will bear 29% of the cuts
- People with severe disabilities (2% of the population) will bear 15% of the cuts.

60% of all spending over which local authorities have control, is spent on social care for children and adults. Social care will have been cut by £8 bn in 2015. The CWR report also states that cutting back on social care will create 'more crises', 'more institutional, abusive and inefficient services' and will increase the pressure on the



NHS and other public services. It will lead to more family breakdowns and reduce the ability of citizens and families to participate in their communities and in the economy.

A recent article in The Observer<sup>vii</sup> from representatives from the Local Government Association, (LGA), Royal College of Nursing (RCN), British Medical Association (BMA) and Care Support Alliance (CSA) clearly states that health and social care are 'chronically underfunded.' There is a strong view that putting extra money into the NHS without easing the pressure on council budgets is not the solution. As services and support are further stretched in social care, there is the inevitable risk that people deteriorate and end up needing NHS, and perhaps even emergency care. Once in hospital, it is likely that people will not be able to return home with ease, because the support available will only be patchy and underfunded. The report's authors state: 'the system is in crisis now; we cannot wait any longer for it to be fixed.'

### **Impact on vulnerable groups in society:**

"...the English public has given a vote of 'no confidence' in the care system." YouGov poll 2014

**A lack of confidence in care:** A YouGov poll commissioned by the Care and Support Alliance (CSA)<sup>viii</sup>, which is supported by 75 leading charities, in September 2014 found that 60% of people were not confident they will receive the care they might need.

This figure increases to 70% for those over 60. An increase in government expenditure was their top priority along with health services.

**Councils struggle to maintain services:** The Learning Disability Coalition (LDC), formed in 2007, represents 15 Learning Disability organisations. It published a survey in 2012 looking at cuts in care<sup>ix</sup>. One of the main findings was that despite the best intentions of councils to manage the situation by making savings, the consistent message is that of a struggle to maintain services. This challenges the way that people with learning disabilities want to lead their lives. 46% of local councils responded to the survey. Of those, 77% were facing difficulties in funding services, 13% had tightened their eligibility criteria, making it more difficult to qualify for help and 50% had increased the charge that they make for services. Of the 312 people with learning disabilities and their carers who took part in the survey, 17% had seen a reduction in their support hours, 13% had less money to spend on support, 18% had seen an increase in charges for services and 2% had lost the support that they used to receive.

..."spiralling costs of caring, coupled with devastating cuts to support are leaving families caring for loved ones in serious hardship."

**Risk of breakdown of health and ability to cope:** Specific issues exist for other vulnerable groups, highlighted through the mental health charity MIND, in a paper designed as response to the Care Act<sup>x</sup>. Chief Executive, Paul Farmer states: "social

.. a low level of inexpensive support can enable someone to stay on their feet and manage their mental health- take it away and people descend into illness."

Paul Farmer, C.E. MIND

care is not just for older people or those with physical disability, it can play a vital role in keeping people with mental health problems well and able to cope."

The paper suggests that a lack of funding and change in eligibility criteria will deny access to much needed care and support. There is a concern that removing this care can lead to deterioration in the person's condition and necessitate the need for higher level intervention. Other organisations talk of the 'revolving door' situation, where people are

passed from one service to another, at a cost to the tax payer, and not necessarily of benefit to themselves.

**Less people are qualifying for help and support:** Similar issues exist for people with visual impairment, outlined by an RNIB paper: "When the system doesn't care"<sup>xi</sup>. In this, the message is that blind and partially sighted people are increasingly being failed by assessment processes and are no longer qualifying for care or support services. This situation is thought to get worse until no blind or partially sighted person will qualify for help, within ten years. Adult social care data for England (March 2014)<sup>xii</sup> show the numbers of people receiving social care decrease for all groups, but in proportion, most of all for people with visual impairment. The number of people receiving care has almost halved since 2005/6.

**Cost of communication needs not being met:** An Action on Hearing Loss, (formerly RNID) survey in 2012<sup>xiii</sup> found that 50% of local authorities did not have a sensory loss strategy and 10% of services do not gather feedback from this group. 20% reported cuts to services for people with hearing loss in June 2012. Information about the support offered to those who do not 'qualify' for services, found people being offered information and advice or signposted on to other services, but most people being unlikely to have the costs of their communication needs met.

Inclusion London, an organisation promoting equality for London's deaf and disabled people, talks of disabled people's experience under welfare reform between 2010 and 2014.<sup>xiv</sup> This states that disabled people will lose £28.3bn of support by 2018.

**Disabled people experience huge problems with PIP assessments and payments:** People with disabilities have found themselves in extreme financial hardship as a result of the delays in PIP assessment. They have become isolated and unable to access the support they need, like transport to hospital appointments, or help around the home. "Not having an answer on PIP makes it much harder to claim other important benefits like carers' allowance, the blue badge and working tax credit," the Guardian newspaper reports on 28.1.15<sup>xv</sup>

**Families experience 'unmanageable debt':** Carers UK, a national charity, talk of families moving towards a situation of 'unmanageable debt', unable to cope due to a

loss of income, savings and benefits and an increase of fuel, food and care related costs. The organisation reports that this is 'pushing families to the brink'<sup>xvi</sup> Carers UK calls for an end to cuts to carers' benefits and support, urgent reform of financial help for carers and for the government to commit to future policy that will not leave carers worse off.

**Widespread underfunding of care for disabled adults:** 'The Other Care Crisis'<sup>xvii</sup>, 2013, a report funded by SCOPE, Mencap, National Autistic Society (NAS), SENSE and the Leonard Cheshire Foundation estimates social care for disabled adults is underfunded by at least £1.2bn and that 105,000 working age disabled people could lose out on social care and support as a result of local authority funding cuts.

**Low income families to pay more council tax:** Joseph Rowntree Foundation (JRF) writes widely on the impact of these changes to the most vulnerable in our society, particularly those on low incomes. In an article about council tax benefits changes<sup>xviii</sup>, it was estimated that 2.34m low-income families will pay on average £149 more council tax per year. 70,000 will have their support cut for the first time, 580,000 will see a second cut and levels of arrears (unpaid taxes) will rise.

**Care provided does not meet needs:** Age UK, a charity championing the needs of older people produced a document in November 2014<sup>xix</sup> showing that 160,000 people received 'inadequate care'. While 2.3m older people received some form of care at home, 6.9% felt that it 'sometimes or hardly ever, met their needs.' In the 2011 census, 458,010 people were providing more than 50 hours a week care. 80,000 people received local authority support, meaning that 380,000 people went without that support.

... "policy makers owe it to the public, older people especially, to confront the crisis in social care, and its consequences."

**'Chronic underfunding' means preventative services are disappearing:** On 20<sup>th</sup> January 2015, Age UK produced a social care 'scorecard'<sup>xx</sup> that outlined 'calamitous' cuts to older people's care. In this they looked at social care spending and the numbers of people receiving care, using 22 different sets of data.

They found the following:

- Between 2010 and 2014 a reduction of funding of £1.1bn
- The number of older people receiving home care down by 32% since 2010
- The number of day care places down by 67%.

In response to the report, the Local Government Agency's community wellbeing board described the system as 'chronically underfunded.' This lack of funding is in the context of growing demand, escalating costs and a 40% cut to local government budgets. The report concludes that despite councils' best efforts, they are having to make tough decisions. There are concerns that the more preventative services like

meals on wheels and day care are especially hard hit, storing up bigger problems for the future and further demand on crisis, emergency services and acute hospital care.

Joseph Rowntree Foundation comments on the autumn statement 2014<sup>xxi</sup> saying that despite 'near record-high expenditure, there are now fewer escape routes for the majority of people in poverty.'

**Households are £489 per year worse off, on average:** The Institute of Fiscal Studies (IFS) produced a document looking at the effect of tax and benefit changes on household incomes and work incentives in January 2015.<sup>xxii</sup> This study found the average loss to households of £489 per year. This is calculated from an average gain of £321 from cuts to direct taxes, minus a loss of £333 a year from increasing indirect taxes and a loss of £477 from benefit cuts. Some households have lost out more than others. Low income working age households are reported to have lost out the most, mainly as a result of benefit cuts. A press release on 23.1.15<sup>xxiii</sup>, reported that combined with benefit changes, the incomes of poorer working age households decreased as did the incomes of most families with children. Middle to higher income working age households have escaped remarkably 'unscathed' from these changes, whereas those in this group without children have actually gained. This is clear evidence to show the impact of the cuts falling hardest on low income families.

**Change from DLA to PIP represents a 28% cut in benefits:** From the outset, this reform has had a 'savings first, support second' approach with an upfront commitment to reduce spend on disability benefits by 20 per cent, says a report from the Citizens Advice Bureau (CAB)<sup>xxiv</sup>. The Government has now estimated that over 600,000 fewer people will qualify for PIP by May 2018 than would have qualified for DLA. This is a cut of 28 per cent – and as a result will strip away the very support that enables many disabled people to be independent and in work. This, and the lack of support for carers, is likely to lead to increased pressure on already over-stretched social care budgets and the NHS.

**A climate of fear, and fear for the future, but some resilience too:** The Young Foundation report in July 2012, looking at the impact of cuts in the lives of vulnerable people in Camden<sup>xxv</sup>. In this study, the researchers talked to 88 people to understand how their lives had been affected by national cuts and changes to local services. The study found that young people felt helpless, angry and victimised by the cuts. Families were under pressure and people with disabilities and their families had fears of isolation and loneliness. Everyone was fearful of further cuts. In the midst of this grim picture there was resilience however. It seemed that neighbourhoods and communities had set up support networks and clubs, faith communities had provided support and people were adapting and adjusting, finding their own coping strategies.

**Short term money to help social care manage delayed discharges:** The government has provided £25m in emergency aid to 65 councils (20.1.15) to help

them tackle delayed discharges and reduce pressures on hospitals over the winter. The money will go to 65 councils in areas most afflicted by delayed discharges, will be distributed straight away and must be spent by the end of March. There are concerns that this is seen to 'reward' those areas where people have been delayed in returning home from hospital (delayed discharges).

**A lack of evidence to demonstrate better outcomes for people on reduced budgets:** In all of the literature reviewed, it has not been possible to find evidence to show that people have better outcomes with less money and less services. Apart from a very few stories of resilience in communities, there is no evidence to show that this austerity has led to any improvement in people's lives.

### **Locally, in Brent:**

**Poverty:** The London Poverty Profile<sup>xxvi</sup>, 2013 shows Brent scoring a change to 'worse' (i.e. up to 4<sup>th</sup> worst affected boroughs in London), in relation to other London Boroughs in the following areas:

- Low pay
- Overcrowding
- People in temporary accommodation
- Local Housing Allowance claims

The profile also shows that Brent scores 'slightly worse' (from 4<sup>th</sup> - 12<sup>th</sup> worst affected boroughs in London) in:

- Child poverty
- Unemployment
- Benefit polarization- where there is a big difference between those living in the most and least deprived areas of Brent
- Inequalities in life expectancy
- Repossession
- Limiting life long illness
- Schools at above average capacity
- GCSE achievement
- Out of work benefits
- Council tax support cut

This gives an overall picture of a borough where many people face an unequal struggle on a daily basis in many aspects of their and their families' lives.

**Local impact of cuts:** The report, 'Hard Times, New Directions?'<sup>xxvii</sup> looks specifically at the impact of local government spending cuts in three deprived neighbourhoods of London, including Brent. This is as part of a larger study entitled;

‘Social policy in a cold climate.’ The report looks at a neighbourhood level at people’s experience of ‘hard times’, the effect of the spending cuts since 2010. The report concentrates on the following groups: older people, young people aged 16-24 and those with children under 5.

The report found that front line changes, i.e. staffing and direct help and support was most evident in older people’s services. In each ward studied, a day centre was lost, there was an increase in lunch club charges, fewer activities or an increase in activity charges and changes to discretionary (paid or part paid), transport. Residents were left with a reduced level of community- based provision and needed to pay for services that they used more often. This had led to greater boredom for older people, and an increase in people’s isolation, with social ties being severed through services closing.

Services were expected to use volunteers to cope with staff reduction. Where this can work well, there can also be issues of reliability. The majority of front line staff said that their work had increased substantially, but they felt that in most cases, quality had not been compromised. It was felt that because staff teams were dedicated, the extra work was absorbed. This is probably sustainable in the short term as people apply extra effort to maintain standards but there is a question of whether this can continue to be sustained, particularly in the face of future cuts.

All councils report greater targeting of services towards those most disadvantaged, or those at risk. The report found no evidence of this in Older People’s services.

The report found evidence that councils have obviously not found it easy to make cuts and in some cases had then re-instated services, but it is clear that future cuts are on the horizon.

The report also looked at voluntary and charitable organisations in the three areas and found here too, an increase in financial pressure in recent years. They reported having to do more for less or the same money, in the context of rising costs. Those that received council funding had seen a reduction, or no increase in this funding. The report paints a picture of these services ‘under strain’. There is no indication that these services would be able to take on an increased load as a response to local council cuts in provision, without further funding.

**Carers in Brent:** In Brent, there are 1,312 carers providing unpaid care of 50 or more hours a week. 26,600 provide care of an hour or more a week. A high proportion of adult carers in Brent face social isolation. 39% of adult social care users in Brent experience social isolation.

Carers in Brent report difficulties with taking up Direct Payments, as being ‘too complicated’; they are reluctant to become ‘employers’ and deal with even more paperwork in already busy lives. They report difficulties in finding suitable carers with the necessary skills to support them with complex issues of caring. There is also a



concern that they are being asked to fund care at a rate lower than that paid to council workers for the same care. It has proved difficult for carers struggling with finance and tax issues to receive targeted help from social services; they experience being passed around from one department to another. All of this takes precious time away from their caring.

**Individuals ‘weighed down’ by the system:** Some people do not challenge because they do not have the means or the process to do this. Some carers are so worn down by the energy needed to keep their loved one at home, safe and in optimum health, that they may not be fully informed about their own entitlements.

**Voluntary organisations advocating for individual’s rights in the face of cuts:** Voluntary organisations have supported a number of people and their families to understand their rights in terms of social care assessments and the local authority’s duty to meet unmet needs.

In all these cases the individual has ended up with an adequate and appropriate level of support. However, this has only been the case because the voluntary organisation knows what people’s rights are and has insisted on these rights being met. There have been many barriers and it has often been a long and difficult process to ensure that these processes have been conducted properly. There is concern for those people who cannot access advocacy or support to navigate these processes and overcome the barriers that they will not receive the level of support that they need. This will inevitably reduce the council’s costs but not provide for those most at need.

### **Brent, the finances:**

In 2011/13, savings of £2.412m were made. Of these, £1.09m were cut from residential and nursing care placements due to a reported reduction in demand and 4.38% from the budget from domiciliary care, again due to reported less demand and the introduction of the Re-ablement service. There was an increase of 4.48% in all client groups’ expenditure. The key area for improvement noted by the council was for carers. There were low levels of satisfaction with the support received, with carers wanting more and better information and advice and more involvement in planning the care for their family member. The Quality of Life survey for Adult Social Care service users scores carers in Brent as 17.5, with the national average for England at 18.8.

The Borough Plan consultation (2012-2016) shows a reduction in budget of over £80m. It is expected that the council budget will be almost halved by 2018.

The Brent Cabinet Budget Report, 15.12.14<sup>xxviii</sup> provides an update on the financial position for the next two financial years and sets out the draft savings proposals.

The report states that ‘savings of at least £53.9m will need to be agreed, most of which will fall in 2015/16.’ In the medium-term, to 2018/19, it is anticipated that total

savings of £100m will be required. This will force the council to reduce its net revenue budget by between one third and a half of the current level. This is on top of savings of £89m that have already been delivered since 2010.

The council has looked hard at how these savings can be made in the fairest way and with the least impact on direct care and support, but the position is very difficult indeed.

The cuts have been proposed using a 'hierarchy' (showing what's most important to protect) to try and protect services that directly support people.

£34.9m is proposed to be saved by more efficient services- running things differently. £14.3m by building independent and community resilience, which means transferring some services to other groups, like the voluntary sector, and asking people to make 'modest changes' to their lives.

£3.4m in 'leveraging in resources and income'. This will mean increasing charges for some services.

£9.1m in stopping services completely.

These cuts are described in Table 1. Page 13.



**Table 1. Cuts proposed in Adult Social Care (see full document for detail)**

<b>2015/2016 (£000s)</b>	<b>2016/17 (£000s)</b>	<b>Future years (£000s)</b>	<b>Description</b>
-410	-420		Ensuring 'value for money' in residential and nursing care
-80			Reduce funding to Brent Community Transport
-120			Reduce community and user engagement
-187			Reduce voluntary grants
-50			New model for West London Alliance Adult Social Care programme with reduced budget
-582	-323		Close New Millennium Day centre and Kingsbury Resource Day Centre (subject to consultation) and re-provide in independent sector
-120	-187		Doubling the number of Direct payments
-610			10% saving on home care by working together with health
-2,297			managing increased demand with the same money
-776			Not providing inflation for providers of services
-1,155			Reducing provision for bad debt
-500	-250		Redesign the way mental health social care is provided
-450	-450		Reducing front line social work staff by 20% over 2 years
-500			New model for commissioning services
-125			Stopping learning and development for non-essential training
-370	-4,110	2,800	Reducing focus on residential and nursing care towards extra care/ supported living
-400			Supporting people to access continuing health care funding

**The following are direct service cuts.**

<b>2015/16</b>	<b>2016/17</b>	<b>Description</b>
-450		Reduce cost of respite care
-520	-520	Reduce day care by up to 40%
-600	-620	Reduce home care. Re-introduce 15 minute home care calls 'where appropriate'
-60		Review future of appointeeship service

## **10 lives in Brent- the case studies:**

**We now look at the implications of the past 3 years of cuts in social care and public health and how they affect 10 people from vulnerable groups, living in Brent. These are their stories:**

*Dominik is a 30 year old man from the EU, living in Brent, with **mental health** problems including depression, social anxiety and several admissions to hospital for suicide attempts. He has had a troubled past, being bullied at school and work. His **housing situation** has been **unstable**, with a period living in hostels, and emergency accommodation. He is currently housed with a private landlord, but is having **trouble claiming housing benefit**, has been **evicted** once and receives weekly contact from a floating support worker. He had some **difficulty in accessing benefits** and needed the help of the support worker to prove his eligibility for ESA. This is contribution- based and will run out. He is not currently in work, but has worked in the past two years in a short term capacity. A previous job finished due to his mental health issues. He has had a few admissions to hospital for mental health treatment. He currently uses drop- in and other services from a local mental health charity, but does not appear to have contact with statutory services*

This is a clear case where **reduction/problems with benefits**, affecting housing, can **impact** on other areas of a person's life, such as **mental health**. An intermittent and low level of social care support can help an individual to manage and 'keep afloat' and maintain reasonable mental health. Voluntary sector organisations can also help bridge that gap and provide **meaningful support**.

Mr.A is an 85 year old Brent man with dementia who is cared for by his 80 year old wife and son. He is non-verbal, has some violent behaviour due to his dementia, but has charm and a sense of humour, and a real presence in a room. He attends **day centres** five times a week which is seen as valuable time by his wife and son as they have precious little time to themselves. They use this time for **rest and respite** for themselves. Mr. A attends a voluntary sector day centre 3 days a week and a council run day centre two days a week. The family are extremely worried that if the council run day centre closes, or the hours are reduced, Mr. A will not be referred to another day centre and will have a further two days at home.

Mrs. A's health has been deteriorating over the past two years and she now has to go out in a wheelchair. At 80 years of age, she is exhausted with looking after her husband who was diagnosed with dementia 14 years ago. She has said that she really does not know how she will cope if her husband loses two days of day care. She is also aware that one of the **Council's budget proposals** is to **cut day care by 40%** over 2 years, and this has made her **very fearful for the future** of her husband and the health of herself and her family.

She would like to ensure her husband stays at home in familiar and loving surroundings, and is scared by the thought that the family may reach a time when they are unable to look after him anymore and he would have to go into nursing or residential care. She has said that this would destroy her. Mr. A's son has expressed that he finds the situation increasingly stressful as he

This is a story of a family **stretched to the limit** by their caring responsibilities. Their efforts to keep their family member within a loving family home are costing them dearly in terms of their own **health and wellbeing**. Any reduction to the current level of respite offered through day care is likely to seriously endanger their ability to continue to manage at home. They live in **constant fear** for the future.

*Sidney is a man in his mid sixties, living in a private rented –sector accommodation in the borough. The flat is both cold and damp and he has no bed and no phone. Due to **benefit changes**, he has **insufficient money to live on**, having just £57 a week after various charges are taken from his benefits. He is being pursued for **energy debts**. His current living standards are well below an acceptable level and his future looks grim. Social services have stated that they will be doing **telephone assessments**. While this may be a more cost effective approach for the council, Sidney has no telephone and will be **unable to have an assessment in this way**. It is unclear*

The impact of changes in **service delivery**, probably cost -saving for the council, can affect how people access the service they need or may prevent them from doing so.

*A carer was concerned as she had started to receive a **charge** for her son's day care place - for which he had not been previously charged. There had been **no change** to her son's income or circumstance. She is a **pensioner**, living in Brent, and has **multiple health problems** herself. She is a **full time carer** for her adult son who has a severe learning disability and gets Income Support and the highest rate of Disability Living Allowance. They live together and her son's time at the Day Centre gave her valuable time to herself to have some rest and to get out of the house. The carer and her son found it difficult to find the extra money to pay for the day care – but felt that they **could not cope** without it, so eventually gave in and **accepted the cost**. They could not however pay any more for the service if charges were to increase and this is a **constant worry** for the carer. It is no doubt that any reduction in day care services in the future would have a huge impact on not only the carer, but the son who has some hyper-active behaviours and would get very frustrated if he were not at the day centre. The day centre provides invaluable activities and social interaction. Any **cuts** in service would mean that the carer would be unable to have time to herself to do stress and look after herself – potentially leading to isolation*

Here we see a mother, a **pensioner** with her own health issues, providing care for her son, with all the challenges that he can present. Her finely balanced and already **stretched budget** is seriously affected when the day centre begins to **charge** for care. The son's needs have not reduced in any way, but the mother feels that she has no option but to accept the charges as she cannot manage without the respite offered by the day centre. Any further cuts or increase in charging would leave her in an **intolerable** situation, with potential **debt**, and deteriorating health.

*A Brent resident in her 30's, who has three disabled children, had her **care hours reduced** having a devastating impact on her and the children. Her eldest child has renal failure and kidney disease, her two younger children both have neurological and physical disabilities and all three children have **high care needs**. The younger children had their hours of **care cut** and this in turn meant that the mother had less time for the eldest child and his **health** began to **deteriorate**. The carer was under **enormous stress** and she was **very anxious** about how the family would **cope** with the **reduced hours** offered. This family are **very vulnerable** and **totally reliant on services** provided. The impact of future cuts would be **catastrophic** for the **whole family's health and wellbeing**. The family are also in accommodation that is unsuitable for their needs and this is also having an impact on the family's health. They are totally reliant on means-tested benefits and the children receive DLA.*

**Cuts** to services and support have put **unbearable strain** on this Brent family. The impact of less care provided has meant **deterioration** in the health of one already seriously ill child, and **increased pressure** on the whole family.

*The G family has been badly affected by the '**bedroom tax**' and the **additional council tax** which has pushed residents in social housing over the edge from a finely managed budget into not being able to cope. This has put the family under **additional stress**. Continued stress, self disconnection at the gas and electricity meters (in order to save money) all contributes to long term lowering of **living standards** and **wellbeing**. For this family, the future is a stark contrast of options - either to **move** to a smaller property, often outside the borough and further away from their social, family and friends **support network**.*

Mrs P. is a full time carer for her 20+ year old daughter who has learning disabilities. Her daughter needs care with every aspect of her life and cannot be left alone. She was accessing a Brent day centre 5 days a week. This has worked well for Mrs P, giving her some time for her own life and a break from the **24 hour care** that she provides at home. Her daughter was re-assessed and the **day centre attendance cut** by 2 days, with 6 hours to be provided through Direct Payments. Mrs P. was also told that she would need to **pay for transport** costs to the day centre, using her Disabled Living Allowance. Unfortunately the money for this was over £50 a week short and **debts** have been mounting up as she is unable to find the extra money needed. Mrs P. describes a feeling of **helplessness**, running around to different services trying to get help and **increased stress and tiredness**, in the midst of an already stressful caring situation. She is extremely concerned to be in a position of **mounting debt**. She has been able, with the support of a voluntary organisation, to appoint a lawyer to challenge this situation and this has prompted a review of her daughter's case. The outcome of this is not yet known.

In this story, a service is **reduced** and **charges** are made for an existing transport service. The amount received in benefit specifically for this purpose is £50 a week less than the charge made. This vulnerable family now has **mounting debts**, on top of the **stress** of **caring** responsibilities, less **respite** and an as yet, unknown outcome about whether the council will continue to provide a service for the daughter's **assessed need**.

Lizzie, a woman with Asperger's syndrome living independently in the borough, received '**floating support**' on a weekly basis. This support fills the gaps in an individual's skills to manage living on their own, for example, reading and responding to bills and mail, shopping and cooking, GP appointments, benefits. Following a change in service provider, Lizzie now only received 1 ½ hours of support a week- a **reduction in care** from the 6 hours a week she had received previously. This is despite assurances having been given that care would not be reduced, when service providers changed. Family members expressed concern about a gradual **deterioration** in her **health** and **appearance** and were concerned that she was not receiving the regular support that was needed for her to maintain an independent lifestyle. Following a visit to **A&E**, the family remained extremely concerned about Lizzie's health and wellbeing. The position deteriorated still further when a fault within the house meant that Lizzie had been living in a room that was seriously **water damaged**, sleeping in wet bedding and wearing wet clothes. There was also **no lighting** on the stairs due to the water damage. At this point she **moved** from the accommodation to stay



Fundamental to the values of care and support are **enabling** people to do things as **independently** as possible. This is an example of a woman, able to live within her community, travel independently and function as a member of society, with a **low level of flexible support**. Cuts to the level of this service, led to a **gradual deterioration** in her health and wellbeing, necessitating hospital attendance, and also having to be moved from unsafe accommodation by her family.

*A young woman in her 20's who uses a wheelchair and is hearing impaired. Her first language is **British Sign Language (BSL)** and she lives in the borough with her father who **does not sign** and has paid carers to support her again who are **not able to sign** except for a few key words such as "toilet", "go out" etc. The care package that she receives does not supply carers who can communicate in her first language, BSL. Her carer asked the group facilitator at the deaf support group to support her to explain about boundaries as the lady being supported did not understand that carers are not her friends. The group facilitator was able to explain this issue to using signing to help explain the difference between being a paid carer and a friend. Support given in the care package is currently **not meeting her communication needs** and in her home situation, where she is **potentially isolated** through lack of a shared language deaf support*

*Mr and Mrs H, both Brent pensioners, had approached a voluntary organisation for help and support with finding suitable and affordable housing.*

*They had been affected by the **benefit cap, low income and high rent** increase. The couple had sought all other possibilities to find a lower level of affordable rent, but were unable to find any. They were advised to sign up for **sheltered housing** as a cheaper and affordable way of making ends meet each month.*

*Assistance was also given with the **food bank** on a twice monthly basis but the couple felt that their life had spiralled deeply out of control. Both people were affected by **ill health**, and having an advanced stage of cognitive impairment.*

*Mr and Mrs H are now happily settled in sheltered accommodation with*

This last example is the only one that at present, happily, has a positive ending. The initial effects of the benefit cap on this couple caused extreme stress and deterioration of their health and skills, and a feeling of loss of control of their lives. A new accommodation situation has been successful for them, at present, but as receivers of benefits, any future cuts may also have an impact.

Our 10 stories tell of:

**Carers at breaking point:** carers with deteriorating health, full time carers in their 80's, carers facing cuts in respite.

**'Feeling abandoned by social services'.**

**Fear for the future:** both service users, and carers are living in fear of future cuts and what this might mean for them and their families. Where carers have had to absorb increases in charges, there is real fear that this is not sustainable.

**Fear of loneliness and isolation:** as day centres are closed or attendance reduced or cut, carers are losing their access to the outside world. Where caring commitments mean staying at home with a family member, day centres provide an opportunity to leave the house, to socialise and maintain social networks, and to carry out vital household tasks such as shopping. Any cut in respite will reduce this access and lead to loneliness and social isolation.

**Carers facing 'mounting debt':** as benefits reduce and there is no other family income, or the ability to get an income due to caring commitments.

**Carers unable to continue their caring role.**

**Council needing to provide (more costly) direct care as family situations break down.**

**Distress, upset and upheaval for the cared –for:** as family caring situations break down, the individual faces a possible move out of the family home, and even in some cases out of their familiar community.

**Severing of social ties:** for carers, whose reduced respite means being restricted to a life at home, and individuals who are isolated as services change, reduce or close.

**Threat of having to move, being 'priced out of the borough' :** change in benefits situations mean some families may be unable to stay in their communities, having to uproot and move out of area to cheaper, more affordable accommodation.

**Impact on other services e.g.** accident and emergency services, acute hospital admission, long term hospital admission, probation services, long term housing and residential care.



**Lowering of living standards and wellbeing:** in already fragile, vulnerable households, leading to a higher risk of situation breakdown, deterioration of health and mental health.

**Reduction in hours of care provided affecting independence:** making the difference between being able to maintain someone as independently as possible in their local community, to more expensive options of full time or registered care.

**‘Tightened belts’, less money and less time for other family members.**

The 10 lives glimpsed, present a picture of what is some people’s everyday reality in Brent. Each story has its own circumstances and difficulties, but there are clear themes running through them. These are mostly the result of cuts that have already happened, but there is evidence to suggest that this situation can only get worse, if further cuts are made. Those who have found resilience so far, or who have escaped the worst of the cuts, are likely to be trapped by the cumulative effect of further cuts. National evidence shows that further cuts will create more crises, increase pressure on the NHS and other public services and lead to family breakdown. Continued chronic underfunding is challenging the way that people want to live their lives.

This report urges the council to consider the impact of the proposed budget cuts on these vulnerable groups, the cost of caring, carried by numerous Brent citizens, and the impact on those less able to find a voice.

Cathy Lenton

On behalf of Healthwatch Brent

**For this report, the following organisations were approached for information and case studies: Age UK Brent, Ashford Place, Asian People's Disability Alliance, (APDA), Brent Carers, Brent Irish Advisory Service (BIAS), Brent Mencap, Brent MIND, Elders' Voice, Energy Solutions, Iraqi Welfare Association, Middlesex Association for the Blind, PLIAS, Royal Association for Deaf People, (RADP), The Asian Health Agency.**

**For the purposes of this report, all names have been changed to protect people's identity. The case studies represent people from different communities, backgrounds, abilities and disabilities.**

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<sup>i</sup> Health and Social Care Act 2012

<sup>ii</sup> The Universal Credit Regulations 2013

<sup>iii</sup> The Care Act 2014

<sup>iv</sup> Fairer Care Funding : The Report of the Commission on Funding of Care and Support ;July 2011

<sup>v</sup> Social Care services 'unsustainable' 2.7.14, ADASS

<sup>vi</sup> A Fair Society? How the cuts target disabled people. Simon Duffy (2013), Centre for Welfare Reform.

<sup>vii</sup> 'Spending cuts have left the NHS and social care in crisis.' 25.1.14 The Observer

<sup>viii</sup> YouGov poll, Sept 2014

<sup>ix</sup> Learning Disability Coalition Annual Survey 2012

<sup>x</sup> MIND response to Care Act, 23.10.14

<sup>xi</sup> 'When the system doesn't care'; Coyle, N: RNIB; 2015

<sup>xii</sup> Adult Social Care data yearly March 2014

<sup>xiii</sup> Life support: a survey of Hearing loss , May/June 2012; Action on Hearing Loss

<sup>xiv</sup> 'From cuts to resistance', disabled people's experiences under welfare reform 2010-2014; Inclusion London

<sup>xv</sup> Delays and disarray shatter lives of new disability claimants; gentleman, A; The Guardian 28.1.15

<sup>xvi</sup> Caring and family finances legacy: carers struggling with alarming levels of hardship, 4.2.14 Carers UK

<sup>xvii</sup> 'The Other Care Crisis' 2013, SCOPE, Mencap, NAS, SENSE, Leonard Cheshire Foundation

<sup>xviii</sup> How have low income families been affected by changes to the council tax system? Burke et al 2014: JRF

<sup>xix</sup> 70,000 older people in significant need go without paid or unpaid care, finds study; Age UK ; M.Samuel, 27.11.14

<sup>xx</sup> Charity's social care scorecard outlines 'calamitous' cuts to older people's care. Age UK; Community Care online. R. Schraer, 21.1.15

<sup>xxi</sup> 'Autumn statement: last chance to ensure recovery does not bypass worst-off people and places' Unwin, JRF 2014

<sup>xxii</sup> 'The effect of the coalition's tax and benefit changes on household incomes and work incentives.'; Browne, J; Elming, W 23.1.15 IFS

<sup>xxiii</sup> 'Low income households with children and the very rich have lost the most from the coalition's tax and benefit changes.' 23.1.15 Browne, J and Elming, W. IFS.

<sup>xxiv</sup> 'PIP: is it fit for purpose?' 8.4.2013; Pearlman, V; CAB

<sup>xxv</sup> An insight into the impact of the cuts on some of the most vulnerable in Camden, July 2012;

Mhairi Aylott, Will Norman, Catherine Russell and Vicki Sellick

<sup>xxvi</sup> London Poverty Profile, Trust for London 2013

<sup>xxvii</sup> 'Hard Times, New Directions? The impact of local government spending cuts in three deprived neighbourhoods of London.' Oct 2014; Fitzgerald, A; Lupton, R and Brady, A.M. Centre for the Analysis of Social Exclusion, LSE

<sup>xxviii</sup> Brent Cabinet Budget report, 15.12.14 Brent Council

**ANALYSIS OF CENTRAL ITEMS 2014/15 -2018/19**

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Coroners Courts	243	233	238	243	248
LGA	43	43	44	45	46
London Councils	162	167	170	173	176
LGIU Subscription	26	26	26	26	26
West London Alliance	34	36	38	40	42
Copyright Licensing	20	20	20	20	20
External Audit	380	380	380	380	380
Capital Financing Charges	26,306	26,222	27,357	27,473	27,573
Levies	2,717	2,591	2,734	2,884	3,041
Premature Retirement Compensation	5,365	5,488	5,625	5,766	5,910
South Kilburn Development	900	900	900	900	900
Insurance Fund	2,603	2,603	2,603	2,603	2,603
Freedom Pass Scheme Growth	0	0	805	1,650	2,537
Affordable Housing PFI	0	0	36	73	111
Council Elections	100	100	100	100	100
Carbon Tax	240	248	256	264	272
Redundancy and Restructuring Costs	1,054	1,054	1,054	1,054	1,054
Pension Recharges	0	(880)	(880)	(880)	(880)
Transformation Enabling Fund	1,390	1,390	1,390	1,390	1,390
Other Items	80	77	77	77	77
<b>TOTAL</b>	<b>41,663</b>	<b>40,698</b>	<b>42,973</b>	<b>44,281</b>	<b>45,626</b>

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

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## **NON-SERVICE AREA BUDGETS - CENTRAL ITEMS**

### **1. SUMMARY**

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

### **2. DETAIL**

- 2.1 The table to this Appendix summarises the budgetary implications for the council for 2015/16 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 forecast outturn for 2014/15 is £228k which is lower than the budget of £243k.
- 3.2.2 The 2015/16 budget is not yet available and is not expected before the Brent budget is set. We are expecting the budget to rise by £5k to £233k from the current forecast.

#### **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 2015/16 subscription paid to The Local Government Association has been set at £43k for 2015/16. This is unchanged from the 2014/15 subscription.
- 3.3.3 The London Councils' subscription covers a number of cross London bodies. The 2014/15 joint committee subscription will be levied as follows:

	<b>2015/16</b>
	<b>£'000</b>
London Councils :	
Core	158
London Government Employers	4
Total Main Subscription	<u>162</u>
Young Peoples Education & Skills Board	<u>5</u>
<b>Total</b>	<u><b>167</b></u>

The core contribution of £167k for 2015/16 has reduced by 2.9% from the 2014/15 contribution of £172k. However, in 2014/15 in recognition of the financial climate faced by boroughs, the Leaders' Committee approved a one-off payment of £10,000 per borough from accumulated Joint Committee reserves thus reducing the payment to £162k. In addition to the above other service areas receive charges principally the London Councils grants scheme charge of £339k.

### **3.4 LOCAL GOVERNMENT INFORMATION UNIT**

- 3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. For 2015/16 Brent's subscription is expected to remain unchanged at £26k.

### **3.5 WEST LONDON ALLIANCE**

- 3.5.1 The West London Alliance is a partnership between a number of West London local authorities, which aims to provide a collaborative service and a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription for 2015/16 will total £36k.

### **3.6 COPYRIGHT LICENSING**

- 3.6.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2014/15 was £17k and will continue to budget for £20k in 2015/16.

### **3.7 EXTERNAL AUDIT**

- 3.7.1 This budget relates to the work undertaken by KPMG in relation to the statutory audit of the Council's financial statements and grant claims. For 2014/15 the budget for external audit fees was £380k and this is planned to remain unchanged in 2015/16.

## **4 CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS**

- 4.1 These budgets are a direct result of borrowing to finance capital programme expenditure and are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes in recent years and should also reference the Treasury Management Strategy included in Appendix K. They also reflect the overall level of the capital programme (see Section 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 2015/16.
  - (b) Capital Financing Charges, which are the principal repayments and interest on the council's borrowing.
- 4.2 In the recent past the council has underspent on this budget. This reflected successful debt restructuring exercises, new borrowing at lower than anticipated interest rates, higher than estimated interest receipts and improved cash flow. The current low level of interest rates continues to support the budget, but the capital programme will increase the budget in future years.
- 4.3 The council is estimated to have £424m of long-term debt outstanding at 31 March 2015 at an average interest rate of around 4.68%. Investments are estimated to average £180m during 2015/16, with an estimated average return of 0.75%, reflecting very low rates on new deposits. Interest on investments is shared between the General Fund and other interest bearing accounts. The budget assumes long term borrowing will be at 3.0% rising to 5% in later years, although some borrowing may be taken at lower variable rates.
- 4.4 The net budget for 2015/16 for interest receipts and capital financing charges is £26.222m. It is forecast that interest earned on deposits in 2014/15 will amount to £632k and the estimate for 2015/16 is £1.354m. It is not expected that interest rates will rise during 2015 but this is dependent on the state of the national economy and international markets in 2015/16.

## **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 2015/16 are shown below.

	<b>2014/15 Actual £'000</b>	<b>2015/16 Estimate £'000</b>
Lee Valley Regional Park	249	249
London Pension Fund Authority	310	314
Environment Agency	183	190
West London Waste Authority – Fixed Cost Element	1,862	1,786
Contingency	113	52
	<b>2,717</b>	<b>2,591</b>

5.3 A council tax base for 2015/16 of 82,799 was agreed by General Purposes Committee on 6 January 2015. All the levies are calculated on each authority's relative tax base. This means that changes in levies paid by Brent may not be exactly the same as increases or decreases in the budgets of the levying bodies. The reduction in the West London Waste Authority for 2015/16 levy partly reflects reductions in the overall costs but also changes in the charging mechanism where costs have transferred between the fixed cost and the pay as you throw (PAYT) elements.

5.4 Lee Valley Regional Park Authority (LVRPA)

LVRPA is funded by a levy on all London Boroughs, Essex and Hertfordshire County Councils and Thurrock Unitary Authority. Its purpose is to *“regenerate, develop and manage some 10,000 acres of Lee Valley which had become largely derelict and transform it into a unique leisure and nature conservation resource for the benefit of the whole community.”* The LVRPA has not yet announced any change in its levy for 2015/16 and current estimates remain unchanged from 2014/15 at £249k.

5.5 London Pensions Fund Authority (LPFA)

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

The LPFA has announced that its levy for 2015/16 and it will be £314k a small increase from 2014/15 due to changes in Brent's tax base.

5.6 Environment Agency

For 2015/16 most flood defence expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As in previous years, a small element remains payable relating to regional schemes, many of them to



improve flood defences. The Environment Agency has announced its levy for 2015/16 and Brent's levy will rise by £7k to £190k.

**5.7 West London Waste Authority (WLWA)**

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

- 5.8 The charges from the WLWA are split into two parts - a fixed element and a variable element. The fixed charge is apportioned according to each constituent authority's council tax bases before the start of the financial year and is included in the central levy costs. The variable element is called Pay As You Throw (PAYT) and is charged according to the tonnages delivered to WLWA. Charges vary depending on the type of waste sent for disposal such as landfill or organic waste and these costs are paid for by Environment & Neighbourhoods.
- 5.9 2014-15 was the first full year of the West London Residual Services Contract which is to provide interim landfill services pending the construction of the Energy for Waste Plant in South Gloucestershire. From 2015/16 the financing costs of this scheme will be removed from the fixed cost levy and consequently the agreed charge for Brent will fall by £76k from £1.862m to £1.786m.
- 5.10 At present there is a £52k contingency within the Levies Budget to fund any variation in charges that arise during 2015/16.

**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 31<sup>st</sup> March 1994. The amount paid to pensioners is uplifted by the Consumer Price Index (CPI) inflation rate applicable in the previous September (2.3%). It is now estimated that a provision of £5.488m will be required in 2015/16, an increase of £123k.

**7. SOUTH KILBURN DEVELOPMENT**

- 7.1 Work on the regeneration of South Kilburn is progressing well. To date 362 new homes have been completed as part of 'Phase 1a' (defined as Texaco Garage Site, McDonald House, Marshall House Albert Road Zone 11a and the Carlton Vale Roundabout Site Zone 3C) of the South Kilburn Regeneration Programme. 256 of these new homes are affordable (social rent) and have been occupied by South Kilburn secure tenants.
- 7.2 On 13th February 2012 the Executive authorised the disposal of the land at Cambridge Court, Wells Court and Ely Court and Bond Hicks Bolton and

Wood House (together defined as 'Phase 1b') to Catalyst Housing Group. On 13th July 2012 the Phase 1b sites were handed over to Catalyst Housing Ltd (formerly Catalyst Housing Group) and a capital land receipt was obtained. Construction works are now almost complete, delivering 208 new homes by spring 2015, 122 of these new homes will be affordable (social rent). The affordable homes are being made available to secure tenants currently residing in Gloucester House, Durham Court, Masefield House and Wordsworth House (together defined as 'Phase 2b'), thereby facilitating vacant possession of these sites for redevelopment. As of December 2014, 33 secure tenants had moved into their new homes.

- 7.3 On 22nd April 2013 the Executive authorised the Strategic Director of Regeneration & Growth [formerly the Director of Regeneration & Major Projects] to enter into development agreements in respect of land at Bronte House and Fielding House (together defined as 'Phase 2a') and British Legion and Albert Road Day Care Centre (together defined as 'Site 11b') with preferred developer partners.
- 7.4 In December 2013 the Bronte House and Fielding House redevelopment site was handed over to Network Housing Association Ltd for development. Network Housing Association Ltd will comprehensively redevelop Bronte House and Fielding House to deliver 229 new homes of which 103 will be affordable (social rent) and made available to existing South Kilburn secure tenants living in homes due for demolition. The new homes will be completed by November 2016.
- 7.5 In December 2013 Site 11b was handed over to Bouygues (UK) Limited to redevelop the site to deliver a new mixed used development comprising 144 new homes (28 of which will be affordable (social rent)) and 480m2 of commercial floor space by November 2016.
- 7.6 The capital receipts from the disposal of both Site 11b and Bronte House and Fielding House are being recycled back into the delivery of future phases of to ensure the momentum of the programme is maintained. In particular the capital receipt from the disposal of Site 11b will provide a cash injection into the programme enabling works to commence on some of the more challenging and difficult sites.
- 7.7 Detailed planning permission has been obtained for the redevelopment of Gloucester House and Durham Court (being part of 'Phase 2b') which will deliver 236 new homes (134 private sale and 102 affordable (social rent)), an energy centre for the South Kilburn Neighbourhood Decentralised Heating System, a basement car-park, associated landscaping and general amenity space and provision of replacement public play space.
- 7.8 Officers are also currently in the process of procuring an architecturally-led design team for the comprehensive redevelopment of Peel Precinct, 97 to 112 Carlton House and 8 to 14 Neville Close (together defined as 'Peel') to deliver a new health centre for South Kilburn as part of a high quality mixed use development with approximately 235 residential dwellings. It is envisaged that

a hybrid planning application for comprehensive redevelopment of Peel will be submitted towards the end of 2015. A Health Care Provider will also be procured to manage, operate and maintain the South Kilburn Health Centre. A review of the South Kilburn Spatial Planning Document (SPD) will also be undertaken in 2015. On 19 December 2014 the Council entered into a collaboration agreement with Woodville Properties Limited, the landowner of 5 to 9 Chippenham Gardens, which includes Kilburn Park Post Office, to bring forward the comprehensive redevelopment of 5 to 9 Chippenham Gardens with the Council's adjoining land at 4 to 26 Stuart Road (together defined as the 'Post Office Plus Site'). Design work to deliver a high quality mixed use residential led development will commence shortly with a planning application submitted towards the end of 2015.

- 7.9 Projected revenue spending in 2014/15 will be in the region of £900k. This has been used to fund work on the decanting of residents, legal costs, independent advice for residents and other consultant fees. A saving of £200k has been identified against this budget for 2015/16.

## **8. INSURANCE FUND**

- 8.1 The council operates an Insurance Fund in order to self insure its buildings and contents as well as to cover employee and third party legal liabilities and professional indemnity, though it has insurance policies to limit the council's overall exposure to large scale catastrophic events. The authority has an excess of £309k on any particular claim and has a maximum exposure of £3.5m in any financial year. These arrangements are in place to minimise the council's costs as opposed to covering all costs through external insurance. Service areas are charged insurance premiums for buildings, contents and vehicles. The level of the Fund is reviewed against the known and potential level of liabilities for claims. Members have been informed in previous years that the amount in the Fund needed to be reviewed closely and significant on-going contributions would be required to ensure the Fund has resources to meet current and future claims.

- 8.2 The main strains on the Fund are as follows:

(i) **Tree Roots**

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis though the Council has a stop loss cover of £3.5m to limit our exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are now being fast tracked with the previous average of some three to four years in settling a claim being brought down to closer to 12 months. Insurers have also been seeking 100% of the damages from local authorities and costs have risen as insurers now instruct solicitors to handle claims that were previously dealt with by loss adjusters. This has all meant that there has been a steady upward pressure on settlement costs for subsidence claims and the council has adopted an

amended tree maintenance policy to combat this. Work continues between the Insurance Section, Community Services, and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs.

**(ii) Third Party Claims**

The vast majority of third party claims relate to accidents by members of the public. Although there has been a downward trend in claims numbers in recent years, settlement costs per claim have risen to such a level that it effectively wipes out any savings made by lower numbers of claims. It is hoped that the implementation of the Ministry of Justice's Claims Portal will start to reduce claim costs and the council has now outsourced its highways operations under the LoHAC Framework so more liabilities should transfer to the supplier.

- 8.3 The overall cost of insurance will reduce by £200k in 2015/16 to reflect better renewal terms and optimisation of excesses.

**9. FREEDOM PASS SCHEME GROWTH**

- 9.1 The Freedom Pass Scheme provides free off peak travel for all people in London aged 60 or over. People with disabilities are funded for 24-hour travel on almost all tube and bus services and off peak on National Rail and independently operated bus services in Greater London. From April 2008, the government introduced free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK and provided central funding to meet the additional cost of free off peak travel for non-residents.
- 9.2 For 2015/16 the cost of concessionary fares increased to £16.091m from £15.902m an increase of £189k. Overall, the costs of concessionary fares have increased by 2.1% for London Councils and 1.2% for Brent. The largest element in the increase relates to TfL fares where the Mayor announced on 11 November an overall increase of 2.5%.
- 9.3 For future years the assumption for the budget is that fares will increase by 2.5% and that there will be 2.5% increase in the volume of journeys as more people qualify for concessionary fares. For 2015/16 the increase in concessionary has been included within the Adults budget.

**10. PRIVATE FINANCE INITIATIVES - PFI**

- 10.1 This section includes details of the Affordable Housing PFI.
- 10.2 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previously been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI. The budget increased gradually to 2011/12 as properties were delivered and then by 2.5%

thereafter. Dwellings are owned by Hyde Housing and are non-HRA. Rent collection has largely been a Hyde risk.

- 10.3 The PFI is governed by the single project agreement which reached financial close on 6<sup>th</sup> July 2010. This comprised the construction of 384 dwellings in total of which 20 are supported living units split between a 15 bed and a 5 bed development. All of the 384 dwellings were successfully handed over as programmed. The PFI contractor BCE also provides full housing management and maintenance services for the dwellings.
- 10.4 As a result of housing benefit changes a deficit is projected to arise over the remainder of the contract. In order to reduce this deficit a number of revisions have been negotiated to the Project Agreement and these were approved by Cabinet in November 2014 and a revised contract is expected to be in place by February 2015. These revisions provide for the Council to use the PFI units more flexibly including by letting units at intermediate rents and also defer the obligation to convert a number of the units to social housing. While these measures will reduce the deficit modelling indicates that they will not eliminate it. The deficit projected for 2015/16 is projected as £455,000 and this will be met from a rent surplus/rebate from the project. In future years it is envisaged that the deficit will be met from earmarked reserves for temporary accommodation.
- 10.5 The Council will contribute £1,383k to this scheme in 2015/16, and this includes an increase of £35k when compared to 2014/15 to reflect the Council's agreed contribution to the scheme. The contribution for 2015/16 is included in Regeneration and Growth's budget. In addition it is estimated that £455,000 shortfall in rents against the contractual base revenue payments required will be met from a contingency to be paid to the council from the project's rent pool.

## **11. COUNCIL ELECTIONS**

- 11.1 This is a budget to cover the costs of the 2018 local elections; a budget of £100k will be provided for each year and rolled up into a reserve which can be used to pay for the elections. It will also cover any costs of by-elections up to the time of the next local elections.

## **12. CARBON TAX**

- 12.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory UK-wide scheme that is designed to incentivise large public and private sector organisations to take up cost-effective energy efficiency opportunities through the application of reputational and financial drivers. Organisations will be required to purchase credits to cover CO<sub>2</sub> emissions for any given year. Monies are to be retained by the government to support public finances and environmental initiatives. Phase 1 of the CRC scheme ended in March 2014 and a second phase will run from April 2014 for 5 years until 2018/19 with a review by government in 2016.

- 12.2 For 2014/15 the authority budgeted for a CRC payment of £240k. In the run up to 2014/15 the government announced that there would be a discounted rate for 2014/15 of £15.60 for purchasing allowances in advance against a non-discounted rate of £16.40 for paying for the allowances in September 2015. Brent took advantage of purchasing allowances in advance for both 2014/15 and part of 2015/16. The government has recently announced discounted and non discounted rates for 2015/16 of £16.10 and £16.90 per tonne respectively an increase of 3%. The authority is currently assessing its options for purchasing allowances for 2015/16 and future years. For 2015/16 we are budgeting for a CRC payment of £248k.

### **13. REDUNDANCY COSTS**

- 13.1 As part of the Authority's One Council Programme a number initiatives have been in place to rationalise and improve the Council's services and meet savings required by central government. This process of rationalising council structures will continue during 2015/16. The Council therefore needs to make provision for any redundancy and severance costs. By using the redundancy and restructuring reserve to meet the one off costs of restructures in previous in full it is possible to maintain the redundancy budget at 1.054m for 2015/16 unchanged from 2014/15.

### **14. PENSIONS FUND RECHARGES**

- 14.1 This income budget of £880k covers the charges made by the general fund to the Pension Fund in respect of administrative expenses from Finance, Human Resources and Democratic Services. These were formerly credited directly to service areas and were centralised during 2014/15 to simplify and streamline the process.

### **15. TRANSFORMATION ENABLING FUND**

- 15.1 The budget for the Transformation Enabling Fund provides monies to support the Programme Management Office in helping service areas achieve the delivery of savings and cost avoidance measures set out in the One Council Programme. The budget for 2015/16 is unchanged at £1,390k.

## 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 1<sup>st</sup> April 1991.

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

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

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## **COUNCIL TAX AND NDR INSTALMENT DATES AND RECOVERY POLICY**

### **Introduction**

There are over 114,300 domestic properties and 8,480 non-domestic properties within Brent and the Revenues service is responsible for collecting Council Tax and Business Rates due for each of these properties. The Revenue generated from Council Tax collection forms a significant proportion of the Authority's overall Revenue budget and as such we recognise our responsibility to maximise collection to protect the overall financial health of the Authority. We also recognise the diverse nature of Brent as a Borough, with pockets of affluence and large areas of deprivation. We aim to take account of differing customer needs and circumstances and to reflect these in our policies for recovering Council Tax. In overall terms, we aim to deal robustly with those who are wilful non payers and to deal sensitively with those who are willing to pay but are experiencing difficulties in doing so and to ensure that payment arrangements are fair. All recovery action will be in line with the Revenues and Benefits Anti Poverty policy, which seeks to ensure that entitlement to benefit is identified wherever possible and those with genuine hardship have the opportunity to discuss and review their payment arrangement. From 1 April 2013 the Council Tax benefit scheme was replaced with a less generous Council Tax support scheme which resulted in 21,000 council tax accounts having more to pay or having to pay some Council tax for the first time in a number of years. This presented a challenge in having to collect these amounts from those least able to pay without detrimentally impacting on expected collection rates; the policy below includes considerations and strategies used in respect of these accounts.

### **1. COUNCIL TAX INSTALMENT DATES**

- 1.1 Changes were introduced in 2013/14 which enabled council taxpayers to pay their Council Tax by 12 instalments should they opt to do so. The default continues to be 10 instalments; however accounts in receipt of Council Tax Support (CTS) have been given 12 instalments in order to spread the amount due over the full year. Instalments are due on the following dates:

(a) Direct Debit payers

1st, 12th, 17th, or 28<sup>th</sup>; 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 2015 and end in January 2016, unless the payer has requested 12 instalments in which case the last instalment will be due in March 2016.

(b) Non Direct Debit payers

First instalment on the 1<sup>st</sup> April 2015, then on the 1<sup>st</sup> of each month to 1<sup>st</sup> January 2016 or 1<sup>st</sup> March 2016 if the taxpayer has requested 12

instalments. We will offer alternative dates within the month in order to meet the needs of the taxpayer

## **2. NNDR INSTALMENT DATES**

- 2.1 From 2014/15 ratepayers were able to elect to pay their Business Rates over 12 months, from April to March. They will have to opt in to this. The default remains 10 instalments these being due on the 1st of each month from 1 April 2015 to 1 January 2016.

## **3. BRENT POLICY FOR COUNCIL TAX RECOVERY**

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

- Reminder (s)
- Pre Summons Letter for CTS accounts
- Summons for a Liability Order Hearing
- Pre Bailiff Letter including a means enquiry form and debt leaflet giving help and advice if customers are in debt

### **3.1.2 Reminder Notices**

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

### **3.1.3 Pre-Summons Letter**

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

### **3.1.4 Summons for a Liability Order Hearing**

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

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

### **3.1.5 Inserts enclosed with a Summons**

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

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

### **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. A pre summons list is produced containing the names and addresses of potential summons cases. The list is then cross checked against the items of work appearing in workflow including outstanding benefit claims, benefit appeals, complaints and Council Tax correspondence. Where appropriate a summons is not issued giving the Benefits Department/Capita time to resolve the enquiry.

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

- a) there has been a delay by the taxpayer in providing the necessary supporting documentation with their benefit or Council tax discount application or information required to assess the claim
- b) the taxpayer is late in making an application and therefore all the arrears would not be cleared by an award of benefit
- c) where it appears that there will not be any or full entitlement to benefit
- d) the issue raised is frivolous with the intention of delaying the payment of Council Tax
- e) the issue raised is not connected to the Council Tax liability.

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

Potentially vulnerable customers include:

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

### 3.3 Summons Arrangements

- 3.3.1 Once a taxpayer has been summonsed they will be offered the opportunity to contact the Council to make an arrangement. Should contact be made they will be offered any of the following arrangements.
- 3.3.2 Normally payment of the balance by three equal monthly instalments. This can be paid by cash or cheque to the Council. This arrangement must include summons and liability order costs of £120.00.
- 3.3.3 As Direct Debit is the preferred payment method arrangements by Direct Debit can have a greater number of monthly instalments. This arrangement must include total costs of £120.00, which includes those for a liability order.
- 3.3.4 Consideration will be given to extending payment arrangements and re-instating instalments where severe financial hardship is demonstrated. This extension is at the discretion of the Recovery Team.
- 3.3.5 Customers who have multiple Liability Orders spanning multiple years debt 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. However, depending upon the reasons for the customer falling into arrears and their circumstances. We reserve the right to take further action including charging orders and bankruptcy proceedings in order to protect the council's interests.

### 3.4 Attachment of Earnings Orders

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

### 3.5 Benefit Deductions

A Liability Order must be obtained before deductions can start.

Benefit deductions can be applied to state benefits such as Income Support, JSA and Employment Support Allowance, where the taxpayer is in receipt of those benefits a deduction from those benefits will be considered. For those persons in receipt of the maximum council tax support and in receipt of a qualifying benefit this is the preferred method of recovery. In these cases consideration will be given to reducing the court costs.

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

### **3.6 Pre Bailiff (Enforcement Agent) 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 enforcement agent 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 incurred at the 3 different enforcement agent stages – compliance, enforcement and removal. Information is also given in relation to total costs, which includes the summons and liability order costs. An arrangement for payment can still be made at this stage. Inserts are also enclosed giving debt advice, requesting information in respect of employment or benefit entitlement. A means enquiry form is also enclosed for completion by the tax payer if they require an extended arrangement.
- 3.6.2 The Pre Bailiff notice is also issued to Taxpayers defaulting on arrangements where a liability order has previously been granted.
- 3.6.3 In practice there is a big response to this notice. Capita will deal with enquiries before enforcement agents are instructed.

### **3.7 Bailiff (Enforcement Agents) 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

Any cases in receipt of Council Tax support will only be referred to enforcement agents if no other means of recovery is possible and it has not been possible to make contact with them to agree an arrangement. Enforcement Agents have been instructed to take a considered collection approach to those cases in receipt of council tax support.

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

The enforcement agent may make charges in accordance with the Regulations. As from 1 April 2014 the charges that enforcement agents can

make has been simplified as a result of major reform to bailiff law. Brent Customer Services closely monitors bailiff conduct to ensure compliance with both the codes of practice and the new legislation.

The enforcement agent has discretion to make arrangements. They are requested to return the Liability Order back to the council within four months if they are unable to collect unless otherwise authorised.

**3.7.3 The Enforcement Agents currently used and authorised by the London Borough of Brent for both Council Tax and NNDR are:**

- (a) Equita
- (b) Newlyn Collection Services Ltd
- (c) Ross and Roberts

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

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

**3.9 Other Methods**

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

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

**3.10 Customers who are identified as experiencing financial hardship**

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

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

experiencing difficulty in paying their Council Tax, are in receipt of Council Tax Support and who have also been affected by other welfare reform cuts will be referred to the Council's welfare benefits team for possible assistance.

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

### **3.11 Fast Tracking Benefit Enquiry**

Where a Taxpayer makes a late application for Council Tax Support after recovery has started or provides information enabling their claim to be assessed then the assessment will be fast tracked. This means should an appointment be necessary to complete assessment of the claim the customer will be offered an appointment with an assessment officer within 24 hours and informed what information they need to bring to the interview in order to have their entitlement assessed. The outcome of the benefit assessment could mean there is full or partial entitlement to Council Tax Support that reduces the balance due or the claimant is advised they have no entitlement to Council Tax Support. The claimant will be offered the opportunity to enter into a payment arrangement for the outstanding balance, which if agreed and adhered to will prevent the recovery action from progressing to the enforcement agents.

## **4.0 BRENT POLICY FOR NNDR RECOVERY**

4.1 The following documents are currently used for NNDR up to bailiff (enforcement agent) stage:

- Reminder (s)
- Summons for a Liability Order Hearing
- Pre-Bailiff Letter

### **4.2 Summons for a Liability Order Hearing**

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

Note that the summons contains all the requirements of a legal summons and also contains notification that summons costs of £145.00 have been incurred and that the payment must include the costs.

### **4.3 Pre-Bailiff (Enforcement Agent) Letter**

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

that the account will be passed to the enforcement agent 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 incurred at the 3 different enforcement agent stages – compliance, enforcement and removal. Information is also given in relation to total costs, which includes the summons and liability order costs. An arrangement for payment can still be made at this stage.

#### **4.4 Bailiff (Enforcement Agents) Action for NNDR**

4.4.1 The following cases will be subject to Bailiff action:

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

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

The enforcement agent may make charges in accordance with the Regulations. As from 1 April 2014 the charges that enforcement agents can make has been simplified as a result of major reform to bailiff law. Brent Customer Services closely monitor bailiff conduct to ensure compliance with both the codes of practice and the new legislation.

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

4.4.3 The enforcement agents currently used and authorised by the London Borough of Brent for both Council Tax and NNDR are:

- (a) Equita
- (b) Newlyn Collection Services Ltd
- (c) Ross and Roberts

#### **4.5 Bankruptcy and Committal to prison**

In cases where all other recovery methods have failed we may seek to undertake insolvency proceedings or to seek the ratepayer's committal to prison. Which course of action is taken will depend upon whether it is a limited company or an individual, their circumstances and their payment history.

#### **5.0 Liability Order Costs**

5.1.1 Summons costs are applied for when the Complaint is laid and the costs debited to the account when the issue of the summons has been agreed. Both the summons and the summons insert give details of these costs.



These summons costs will only be cancelled if the summons is withdrawn or in special circumstances where the costs are waived. Summons costs for Council Tax are £90 and Non-Domestic Rates £145.

- 5.1.2 Liability Order costs for council tax is £30.00 and for non-domestic rates £25.00. They are incurred when a Liability Order is granted. These costs can be asked for at Court even where the remaining balance outstanding relates to costs only. Taxpayers who therefore pay before the hearing date without settling Summons Costs may incur further costs. Liability Order Costs will be applied for in all cases where a balance remains outstanding on the Court list.

## **6.1 Policy Review**

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

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## HOUSING REVENUE ACCOUNT

### Introduction

- 1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income, relating to the authority's own housing stock, i.e. it reflects the council's landlord role. There can be no cross-subsidy between the General Fund and the HRA, although legitimate charges flow between the accounts. Any balances on the HRA at the end of the year are carried forward within the HRA to the next year. The council must agree and publish an annual budget for the HRA.
- 2 A detailed report on the HRA budget for 2015/16 is being considered by the Executive on 23 February 2015. That report set out proposals for an overall rent increase of 2.8% for the main properties within the stock. This is in line with the previously agreed Council policy and takes into account the government's recently updated rent restructuring policy. The HRA budget is formally agreed by Full Council when this report is considered at its meeting on 2 March 2015.

### The HRA Budget 2015/16

- 3 The 2014/15 HRA budget includes the following:
  - An inflation allowance of 2.2% for pay, an increase in the Employer's Superannuation Contributions for BHP staff from 20.3% to 20.8%. For non pay price rises a general increase of 0% has been used, except for repairs, cleaning, grounds maintenance and gas servicing which have been increased in line with the inflation provisions set out in their contracts.
  - An overall average rent increase of 2.8% (average £3.14 per dwelling per week) for the main properties within the stock. This increase is to be applied taking into account of the government's rent restructuring guidance and applying the agreed Council policy.
  - An increase in service charges of 0.4% amounting to an average increase of £0.03 per dwelling per week.
  - Net Savings after taking account of stock loss, efficiency and other savings of £264k.
  - Growth of £1.434m, all relating to the allowance for depreciation (to be spent on HRA Capital Expenditure).
  - An estimated 8,433 HRA dwellings at 1<sup>st</sup> April 2015.
  - Rent collection assumed at approximately 97.7% of the rental income due.
  - The current level of HRA borrowing is expected to be £140.6m at 31 March 2015. Brent's HRA borrowing limit under HRA self financing is £199.3m; and the estimated HRA borrowing "headroom" is £58.7m.
  - HRA Reserves brought forward from 2014/15 are estimated to be £1,178k. The HRA budget for 2015/16 assumes that £778k of these reserves will be used.
  - The HRA is estimated to show a surplus of £400k at 31<sup>st</sup> March 2016.
- 4 Details of the HRA budget 2015/16 are shown in Appendix I (ii).

## **HRA Risks**

- 5 The main risk associated with the HRA budget for 2015/16 are:
- Recovery of Leaseholder Service Charges (Major Work); and
  - Rent Collection – maintaining high collection performance and the impact of welfare reforms.

## **HRA Business Plan/HRA Asset Management Strategy**

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

HRA Probable Budget 2014-15 and Budget 2015-16			
Description	(1) Original Budget 2014-15 £000's	(2) Estimated Out Turn 2014-15 £000's	(3) Budget 2015-16 £000's
Provision For Bad Debts	1,158	1,158	1,158
Rent & Rates	1,733	1,733	1,733
Services	590	590	590
Capital Financing	8,440	8,440	8,440
Depreciation (Major Repairs Allowance (MRA))	15,461	15,461	17,673
Leaseholder Service Charges Income	(2,760)	(2,760)	(2,760)
Rent Income	(51,224)	(51,224)	(52,505)
Non Dwelling Rent	(254)	(254)	(254)
Other Income	(59)	(59)	(59)
General Management	11,165	11,165	10,901
Special Management	4,866	4,866	4,866
Housing Repairs	10,995	10,694	10,995
<b>Net Expenditure</b>	<b>111</b>	<b>(190)</b>	<b>778</b>
Surplus B/Fwd	(511)	(988)	(1,178)
To/(from) Earmarked Reserve	0	0	0
Surplus C/Fwd	400	1,178	400
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	Proposed 2014/15 Capital Budget (£000)	Proposed 2015/16 Capital Budget (£000)	Proposed 2016/17 Capital Budget (£000)
<b>Regeneration &amp; Growth</b>			
Asset Management Plan	410	410	410
Property Schemes	45	0	0
Carbon Reduction Measures	60	64	28
GLA Refit Programme	942	0	0
Bridge Park Regeneration	0	1,447	0
Barham Park Regeneration	577	0	0
Chalkhill	0	517	0
Civic Centre	1,724	877	0
Church End Regeneration	5	536	451
Pop Down Square	0	0	0
Ark Academy	600	492	0
Crest Academies	8,918	825	0
Devolved Capital	1,659	424	424
Expansion of Secondary/Primary School Places	31,378	65,395	35,360
Schools Asset Management Plan	3,985	3,218	2,000
Universal Infant Free School Meals	590	0	0
HCA Empty Homes Grant	498	0	0
Private Sector Renewal Support Grant and Disabled Facilities Grant council	4,912	4,910	4,910
New Accommodation for Independent Living	230	5,032	0
Affordable Housing	0	1,451	0
Enfranchisement	270	440	0
Landscaping	530	101	0
Planning & Major Projects Schemes	968	650	0
The Library at Willesden Green	250	9,525	0
South Kilburn Regeneration Project	7,357	22,147	21,702
<b>Regeneration &amp; Growth Total</b>	<b>65,908</b>	<b>118,461</b>	<b>65,285</b>
<b>Chief Operating Officer</b>			
ICT Initiatives	400	400	400
Cemetery and Mortuary Service	26	20	20
Air Quality Works	47	122	0
CCTV	228	0	0
Delivering the Sports Strategy	1,333	700	535
Parks	1,169	720	155
Libraries	93	0	0
Pavements, Roads and Streetscene/Street Trees	5,119	4,234	3,550
Transport for London Funded Schemes	4,857	3,777	3,700
Vale Farm Improvements	349	0	0
<b>Chief Operating Officer Total</b>	<b>13,621</b>	<b>9,973</b>	<b>8,360</b>
<b>Children &amp; Young People</b>			
Increasing PVI nursery provision for two year olds	307	300	0
<b>Children &amp; Young People Total</b>	<b>307</b>	<b>300</b>	<b>0</b>
<b>Adult Social Services</b>			
Social Care/Mental Care SCP	59	0	0
Supported Living to Extra Care	0	1,521	0
Surplus Capital Grant not yet Allocated to Schemes	0	748	748
<b>Adult Social Services Total</b>	<b>59</b>	<b>2,269</b>	<b>748</b>
<b>General Fund Total</b>	<b>79,895</b>	<b>131,003</b>	<b>74,393</b>

<b>HRA</b>			
Additional Affordable Housing	0	7,147	n/a
Disabled Facilities Works (on council properties)	800	850	n/a
Major repairs of council properties	9,616	37,317	n/a
Energy & Environmental Improvements	0	3,500	
<b>HRA Total</b>	<b>10,416</b>	<b>48,814</b>	<b>n/a</b>
<b>Grand Total</b>	<b>90,311</b>	<b>179,817</b>	<b>74,393</b>



	Proposed 2014/15 Capital Budget (£000)	Proposed 2015/16 Capital Budget (£000)	Proposed 2016/17 Capital Budget (£000)
<b>General Fund</b>			
<b>Grant and External Contributions</b>			
Adults PSS Grant	0	737	0
Basic Need Grant	16,568	54,817	35,080
Better Care Fund – Disabled Facilities	0	1,852	1,852
Better Care Fund – Social Care Capital	0	748	748
Capital Maintenance for LA schools	5,225	3,718	2,000
CPOs to be refunded by Developer	5	1,983	451
Crest Academies - PFS Contributions	6,981	0	0
Devolved Formula Capital	1,659	424	424
Diocese/School Contribution	750	413	280
Disabled Facilities Grant	1,706	0	0
Football Foundation Grant	0	218	0
GLA Mayor's Housing Covenant	0	860	0
HCA Empty Homes Grant	498	0	0
Notting Hill Housing Association	577	0	0
Pothole Fund Grant	299	0	0
Quintain Contribution – Civic Centre	290	0	0
Salix Grant Funding (Carbon Trust Works)	327	64	28
Targeted Basic Need Grant	3,867	0	0
Targeted Capital Fund	2,825	0	0
The Growth Fund	389	0	0
Transport for London	4,857	3,777	3,700
Universal Infant Free School Meals	590	0	0
Willesden Library Contractor Contribution	250	9,525	0
WLA Contribution to Housing Grants	440	0	0
Other Grants and Contributions	196	0	0
<b>Grant and External Contributions Total</b>	<b>48,299</b>	<b>79,136</b>	<b>44,563</b>
<b>Internal Contribution</b>	<b>1,801</b>	<b>3,277</b>	<b>713</b>
<b>Capital Receipt</b>			
Corporate Capital Receipts	3,929	2,464	3,733
Enfranchisement	270	440	0
Right to buy capital receipts	400	400	400
South Kilburn Capital Receipts	5,662	19,592	20,788
<b>Capital Receipt Total</b>	<b>10,261</b>	<b>22,896</b>	<b>24,921</b>
<b>Section 106 &amp; CIL</b>	<b>6,961</b>	<b>13,043</b>	<b>212</b>
<b>Unsupported Borrowing</b>	<b>9,581</b>	<b>9,354</b>	<b>3,841</b>
<b>Self Funded Unsupported Borrowing</b>	<b>2,992</b>	<b>3,297</b>	<b>145</b>
<b>General Fund Total</b>	<b>79,895</b>	<b>131,003</b>	<b>74,393</b>
<b>HRA</b>			
<b>Grant and External Contributions</b>			
HCA Grant	0	4,800	n/a
Loft Conversion Grant	30	0	n/a
<b>Grant and External Contributions Total</b>	<b>30</b>	<b>4,800</b>	<b>n/a</b>
<b>Internal Contribution</b>	<b>1,500</b>	<b>2,300</b>	<b>n/a</b>

<b>Capital Receipt</b>	<b>0</b>	<b>500</b>	<b>n/a</b>
<b>Major Repairs Reserve</b>	<b>8,886</b>	<b>32,754</b>	<b>n/a</b>
<b>Unsupported Borrowing</b>	<b>0</b>	<b>8,460</b>	<b>n/a</b>
<b>HRA Total</b>	<b>10,416</b>	<b>48,814</b>	<b>n/a</b>
<b>Grand Total</b>	<b>90,311</b>	<b>179,817</b>	<b>74,393</b>

## **TREASURY MANAGEMENT STRATEGY STATEMENT**

### **Introduction**

1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services requires local authorities to determine their Treasury Management Strategy Statement (TMSS).
2. As per the requirements of the Prudential Code of Practice, 2011 the Authority has adopted the CIPFA Treasury Management Code.
3. The purpose of this TMSS is, therefore, to set out the following:
  - i. Treasury Management Strategy for 2015/16
  - ii. Annual Investment Strategy for 2015/16

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

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

### **Capital Financing Requirement**

- 5 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with usable reserves, are the core drivers of the Authority's Treasury Management activities.
- 6 At 30 November, 2014 the Authority's had £432m of long and short-term debt and £142m of investments. These are set out in further detail below.

## Existing Investment & Debt Portfolio Position

Table 1

	30/11/2014 Actual Portfolio £m	30/11/2014 Average Rate %
<b>External Borrowing:</b>		
PWLB – Maturity	288	5.01
PWLB – EIP	41	2.55
Local Authorities	7	0.27
LOBO Loans	96	4.73
<b>Total Gross External Debt</b>	432	4.64
<b>Investments:</b>		
Market Deposits	139	0.63
Money Market Funds	3	0.48
<b>Total Investments</b>	142	0.63
<b>Net Debt</b>	290	

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

### Interest Rate Forecast

- 8 Arlingclose forecast that official UK Bank Rate will remain at 0.5%, possibly into 2016. Any rise would then be relatively modest. Officers will monitor developments with the advice of Arlingclose but giving due regard to other published information.

### Borrowing Strategy

- 9 The Council currently holds a significant cash balance at present and this seems likely to continue for the next two or three years at least. This occurs in a situation in which longer term rates are significantly in excess of short term rates. If borrowing is undertaken in this environment there will be a net cost of holding this money until it is used, sometimes called the "cost of carry". As borrowing is often for longer dated periods (anything up to 60 years) the cost of carry needs to be considered against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position. Therefore the Council does not intend to borrow in advance of need to fund its activities.

- 10 The Authority will adopt a flexible approach to any future long-term borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:
- Affordability;
  - Maturity profile of existing debt;
  - Interest rate and refinancing risk;
  - Borrowing source.

### **Sources of Borrowing and Portfolio Implications**

- 11 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:
- Internal balances
  - PWLB
  - Other local authorities
  - European Investment Bank
  - Leasing
  - Structured finance
  - Capital markets (stock issues, commercial paper and bills)
  - Commercial banks
- 12 The cost of carry has resulted in an emphasis on the use of internal resources and then increased use of shorter dated borrowing and repayment by Equal Instalments of Principal (EIP). This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and borrowing costs closer to investment returns. It also maintains an element of flexibility to respond to possible future changes in the requirement to borrow. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review.
- 13 The Authority has £95.5m exposure to LOBO loans (Lender's Option Borrower's Option) of which £56.0m of these can be "called" within 2015/16. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan, at which point the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion which is compensated for by a lower interest rate being paid. This risk is somewhat mitigated by the fact that the Council's current cash holdings mean that any repayment could be accommodated by reducing deposits in a relatively short time.
- 14 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted. In the current environment it is unlikely that LOBOs will be called, but officers are confident that if any are these could be repaid from resources available, or refinanced more cheaply if this was felt to be advantageous.

## Debt Rescheduling

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

## Annual Investment Strategy

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

**Table 2: Specified and Non-Specified Investments**

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

- 22 Registered Providers (Housing Associations and Registered Social Landlords) have been included within specified and non-specified investments for 2015/16. Any investments with Registered Providers will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 23 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). Within these criteria the Chief Finance Officer (CFO) will have discretion to accept or reject individual institutions as counterparties on the basis of any information which may become available. The countries and institutions that currently meet the criteria for investments are included in Annex A. The Council uses the lowest rating quoted by Fitch, Standard and Poor or Moody, as recommended by CIPFA.
- 24 Any institution will be suspended or removed should any of the factors identified above give rise to concern, and caution will be paramount in reaching any investment decision regardless of the counterparty or the circumstances. Credit ratings are monitored continually by the Authority, using the advice of Arlingclose on ratings changes, and action taken as appropriate.
- 25 The Authority banks with National Westminster Bank (Natwest). At present, Natwest does not meet the Authority's minimum credit criteria (its Moody's rating is Baa1). While it does not give cause for immediate concern, its status

is being monitored and the necessary actions should it deteriorate have been considered. In the meantime, as far as is consistent with operational efficiency, no money is being placed with Natwest and credit balances in the various Council accounts are being kept to a minimum level.

### **Investment Strategy**

- 26 With short term interest rates expected to remain low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns
- 27 Following on from the banking crisis of 2008/09 and government interventions to prevent the collapse of the banking system, there has been an increase in legislative restrictions on the extent and manner in which public money can be used in the event of an impending bank failure. In future, governments will be unable to invest public money to rescue banks in difficulty until a significant contribution has been made by those who have certain kinds of investments in the bank concerned, a process called "Bail in". These include deposits by those deemed to be in a position to assess the risk involved, including local authorities.
- 28 Secured deposits of various kinds are not included in bail in provisions. Some other forms of deposits are, but can be sold if felt to be at risk. It is likely that the Council's preferred instruments in lending to institutions without some kind of government guarantee will increasingly be in the form of secured or marketable instruments.
- 30 In order to diversify a portfolio largely invested in cash, investments will be placed with a number of approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set by the Chief Finance Officer to ensure that prudent diversification is achieved.
- 31 Money market funds (MMFs) will be utilised but good treasury management practice prevails, and whilst MMFs provide good diversification, the Authority will also seek to mitigate operational risk by using at least two MMFs where practical. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In addition, each Fund will be limited to a maximum deposit of £10m and no more than half the Council's deposits will be placed with MMFs.
- 32 The investment strategy will provide flexibility to invest cash for periods of up to 370 days in order to access higher investment returns, although lending to UK local authorities can be for up to 5 years. The upper limit for lending beyond a year is £20m. In practice, lending for more than one year will be only to institutions of the highest credit quality and at rates which justify the liquidity risk involved. Marketable instruments may have longer maturities, though the maturity will be considered in conjunction with the likely liquidity of the market and credit quality of the institution.



- 33 Collective Investment Schemes (Pooled Funds):  
The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns. Investments in pooled funds will be undertaken with advice from Arlingclose. The Authority currently has no investments in Pooled Funds at present, but is likely to make prudent use of them in the future.
- 34 Investment Policy:  
Treasury Management in the Public Services: Code of Practice (the Code) was updated in November 2011, with a greater focus on risk management and significance of capital security as the Council's primary objective in relation to investments.
- 35 The Council maintains, as the cornerstones for effective treasury management:-
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

### **Policy on Use of Financial Derivatives**

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

### **Policy on apportioning Housing Revenue Account (HRA)**

- 38 Local authorities are required to recharge interest expenditure and income attributable to the HRA in a way which is fair to the HRA without detriment to the General Fund. The guidance is very general, so the Council is required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Code recommends that local authorities outline this policy in their TMSS.

- 39 As of 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Individual loans or parts of loans have been allocated to the HRA, on the basis of achieving the same long term rate as that which applied to the General Fund at the self financing date. In the future, new long-term borrowing will be assigned in its entirety to one pool or the other, allocating the costs and benefits to each accordingly.
- 40 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow will result in a notional element of internal borrowing. This balance will be assessed over the year and interest charged to the HRA at an appropriate rate for short term borrowing. The HRA will also hold reserves and balances which will be invested with the Council, and interest will be paid on identified balances at a rate which recognises that any investment risk is borne by the General Fund.

### **Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

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

### **Training**

- 42 CIPFA's Code of Practice requires the CFO to ensure that all members with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Arlingclose delivered a training session for members on 24 November, 2014. Staff regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and others. Relevant staff are also encouraged to study for professional qualifications from CIPFA and other appropriate organisations.

### **Treasury Management Advisers**

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

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

**Annex A****ANNUAL INVESTMENT STRATEGY 2015/16**

**List of institutions which meet the Council's credit worthiness criteria:**

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

Sweden	Svenska Handelsbanken
Switzerland	Credit Suisse AG
US	JPMorgan Chase Bank NA

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

An operational list of institutions which are approved to take deposits from the Council will be prepared and circulated to dealing and approving Officers from time to time. A protocol will also be maintained describing how investments will be chosen and managed.

Group Limits - for institutions within a banking group, the authority may lend the full limit to a single bank within that group, but may not exceed the limit for all group members. All direct investments with a bank or group will be subject to that limit.

## **Annex B**

### **Non-Specified Investments**

#### **Instrument**

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

Deposits with registered providers

Gilts

Bonds issued by multilateral development banks

Sterling denominated bonds by non-UK sovereign governments

Money Market Funds rated below AAA and Collective Investment Schemes

Corporate and debt instruments issued by corporate bodies

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

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

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## Prudential Indicators, 2014/15 – 2017/18

### 11.1 Background:

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

### 11.2 Gross Debt and the Capital Financing Requirement:

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Estimated capital financing requirement for:				
- General Fund	437.8	428.1	418.1	418.1
- HRA	140.6	149.1	149.1	149.1
- Total	578.4	577.2	567.2	567.2
HRA Limit on Indebtedness:				
- HRA	199.3	199.3	199.3	199.3

### 11.3 Estimates of Capital Expenditure:

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Planned capital spending:				
- General Fund	79.9	131.0	74.4	n/a
- HRA	10.4	48.8	n/a	n/a
- Total	90.3	179.8	74.4	n/a

### 11.4 Affordability indicators:

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

Ratio of Financing Costs to Net Revenue Stream	2014/15 Approved %	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund	9.76	9.76	10.49	11.60	12.07
HRA	16.09	15.99	15.01	15.14	14.74

<b>Total</b>	<b>10.77</b>	<b>10.76</b>	<b>11.27</b>	<b>12.25</b>	<b>12.59</b>
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### 11.5 Incremental Impact of Capital Investment Decisions:

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

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2014/15 Approved £</b>	<b>2015/16 Estimate £</b>	<b>2016/17 Estimate £</b>	<b>2017/18 Estimate £</b>
Increase in Band D Council Tax	3.00	12.87	20.64	21.95
Increase in Average Weekly Housing Rents	0.00	1.13	1.68	1.68

### 11.6. Authorised Limit and Operational Boundary for External Debt:

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

	<b>2014/15 Approved £m</b>	<b>2014/15 Revised £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
Authorised Limit	790	790	750	750	750
Operational Boundary	690	690	650	650	650



## 11.7 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

- 11.7.1 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums (i.e. fixed rate debt net of fixed rate investments).
- 11.7.2 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	Existing level at 01/01/15 %	2014/15 Approved %	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	40	40	40	40	40	40

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

## 11.8 Maturity Structure of Fixed Rate borrowing:

- 11.8.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 11.8.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
- 11.8.3 LOBOs are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment.

Maturity structure of fixed rate borrowing	Level at 31/12/14 %	Lower Limit %	Upper Limit %
under 12 months	9	0	40
12 months and within 2 years	10	0	20
2 years and within 5 years	9	0	20
5 years and within 10 years	4	0	60
10 years and within 20 years	6	0	100
20 years and within 30 years	0	0	100
30 years and within 40 years	24	0	100
40 years and within 50 years	38	0	100

### 11.9 Credit Risk:

- 11.9.1 The Authority considers security, liquidity and yield, in that order, when making investment decisions.
- 11.9.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.
- 11.9.3 The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
  - Sovereign support mechanisms;
  - Credit default swaps (where quoted);
  - Share prices (where available);
  - Economic fundamentals, such as a country's net debt as a percentage of its GDP;
  - Corporate developments, news, articles, markets sentiment and momentum;
  - Subjective overlay.
- 11.9.4 The only indicators with prescriptive values remain to be long term credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

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

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

Upper Limit for total principal sums invested over 364 days	2014/15 Approved £m	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
	20	20	20	20	20

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## **ADVICE FROM THE CHIEF LEGAL OFFICER**

### **1. INTRODUCTION**

This appendix sets out in some detail Members' individual responsibilities to set a legal budget and how Members should approach the task. It also reminds Members about the rules concerning pecuniary interests.

### **2. WHEN THE BUDGET MUST BE SET**

Under Section 31A of the Local Government Finance Act 1992, budget calculations have to be made before 11<sup>th</sup> March, but they are not invalid merely because they are made on or after 11<sup>th</sup> 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 1<sup>st</sup> April as no sum is payable for Council Tax until 14 days after the date of posting bills. Serious financial losses will accrue very soon from a late setting of Council Tax as income is delayed and interest is foregone.

An important feature of Council Tax is that the statutory budget calculation must be followed exactly. If not the Council Tax resolution will be invalid and void.

### **3. NOTICE**

There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days of the Council's decision under section 38(2) of the Local Government and Finance Act 1992. There is also a duty to consult with representatives of Non-Domestic Ratepayers about the proposed revenue and capital expenditure before the budget requirement is calculated under section 65 of the Local Government and Finance Act 1992.

### **4. MEMBERS' FIDUCIARY DUTIES**

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to

sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.

Within this overall framework, there is of course considerable scope for discretion within the 2015/16 financial year, especially on the part of the Cabinet. Setting a budget is not the same as deciding what expenditure will in fact be incurred. To budget for expenditure is to estimate likely expenditure and/or make financial provision for such expenditure. However, 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. For some specific proposals within the overall Budgetary framework, Cabinet decisions have already been made. For some other proposals, subject to relevant consultation where necessary, decisions by the Cabinet will need to be made, especially where the making of such a decision would result or would be likely to result in the permanent closure of a facility used by the public or a permanent and significant reduction in the level of services or facilities provided to the public other than where such closure or reduction in service is considered necessary by the relevant strategic director for reasons of health and safety.

Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored. A Member who votes in accordance with the decision of his or her political group but who does so after taking into account the relevant factors and professional advice will be acting within the law. Party loyalty and party policy are capable of being relevant considerations for the individual Member provided the member does not blindly toe the party line without considering the relevant factors and professional advice and without properly exercising any real discretion.

Under the Brent Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the Chief Finance Officer and the Monitoring Officer (the Chief Legal Officer). If the Council should fail to set a budget at all or fail to set a lawful budget, contrary to the advice of these two officers there may be a breach of the Code by individual members if it can be demonstrated that they have not had proper regard to the advice given.

## **5. ARREARS OF COUNCIL TAX AND VOTING**

In accordance with section 106 of the Local Government Finance Act 1992 ("the 1992 Act"), where a payment of Council Tax that a member is liable to make has been outstanding for two months or more at the time of a meeting, the Member must disclose the fact of their arrears (though they are not required to declare the amount) and cannot vote on any of the following matters if they are the subject of consideration at a meeting:

- (a) Any decision relating to the administration or enforcement of Council Tax.

- (b) Any budget calculation required by the Local Government Finance Act 1992 underlying the setting of the Council Tax.
- (c) Any recommendation, resolution or other decision which might affect the making of the Annual Budget calculation.

Members should note the following points:

- (i) These rules are extremely wide in scope. Virtually any Council decision which has financial implications is one which might affect the making of the budget underlying the Council Tax for next year and thus is caught. The former DoE (now DCLG) shared this interpretation as it made clear in its letter to the AMA dated 28<sup>th</sup> May 1992.
- (ii) The rules do not apply just to full Council meetings but extend to committees and sub-committees of the Council and to the Executive and its Highways Committee.
- (iii) Members who make a declaration are not entitled to vote on the matter in question but are not prevented by the section from taking part in the discussion.
- (iv) Members will have a defence under section 106 of the 1992 Act if they did not know that the section applied to them (i.e., that they were in arrears to the relevant extent) at the time of the meeting. Thus unwitting Members who for example can prove that they did not know and had no reason to suppose at the time of the meeting that their bank has failed to honour a standing order will be protected should any prosecution arise.
- (v) It is not enough to state that a benefit application has been submitted which has not yet been determined, as Members remain liable to pay pending determination.
- (vi) Breach of the rules is a criminal offence under section 106 of the 1992 Act which attracts a maximum fine of £1,000.

Members' attention should also be drawn to the effect of the Local Authorities (Standing Orders)(England)(Amendment) Regulations 2014 which came into effect on 25 February 2014 which is that where any vote is taken at a Council meeting on setting the budget for the authority, the Minutes of the meeting will record the names of all Councillors present at the vote and how each Councillor voted (for or against) or the fact that they abstained from voting.

## **6. PECUNIARY INTERESTS**

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

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

- (a) It is the Member interest, or
- (b) It is an interest of:
  - (i) a member's spouse or civil partner,

- (ii) a person with whom a member is living as husband and wife, or
- (iii) a person with whom a Member is living as if they were civil partners, and the Member or is aware that the other person has the interest.

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

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

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

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

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

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

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

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

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

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

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

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

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



beneficial interest exceeds one hundredth of the total issued share capital of that class.

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

Members will receive more detailed advice prior to the meeting about the interests they may or may not need to declare at the meeting but members should seek early advice to avoid any confusion on the night of the meeting.

### **Sensitive Interests**

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

### **Dispensations**

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

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

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

## **7. RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER AND AUDITORS’ POWERS**

## **Chief Financial Officer and Monitoring Officer**

Section 114 of the Local Government Finance Act 1988 places the Chief Financial Officer under an obligation to prepare a report (to full Council) if it appears to him that the expenditure the Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure. A failure to take note and act on such a report could lead to a complaint to the Standards Board. Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears to her that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration.

Under section 25 of the Local Government Act 2003 the Chief Financial Officer is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council and the adequacy of the proposed financial reserves. These are the estimates which the Executive is required to determine and submit to Full Council and are contained within this report. However, if the Council were minded to agree a budget based on different estimates e.g. if Council did not agree with the estimates provided by the Executive then those estimates which the Council would adopt would effectively become 'the estimates' for the purpose of Section 25 and as such should be subject to a report by the Chief Financial Officer.

## **External Auditors' Powers**

Section 91 of the Local Government Act 2000 and section 19A of the Audit Commission Act 1998 provide that an External Auditor may issue an "Advisory Notice" if he has reason to believe that an Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both.

While the advisory notice has effect it is not lawful for the authority to implement or take the course of action in question unless it has considered the issues raised in the notice and given the auditor notice that it intends to proceed with that course of action in a specified period and that period has expired.

In addition, it is also open to the Auditor to apply for judicial review on any decision of an Authority or failure to act which it is reasonable to believe would have an effect on the accounts of an Authority.

## **8. SPECIFIC BUDGET ADVICE**

### **Balances and Other Budget Calculations**

A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 31A(2)(b) and (c) of the Local Government Finance Act

1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. Members will need to pay careful attention to the advice of officers here. As set out previously, under section 25 of the Local Government Act 2003 the Chief Finance Officer is required to report to the authority on the adequacy of the proposed financial reserves.

In addition to advising on the robustness of the estimates as set out above, the Chief Finance Officer is also required to report on the robustness of the proposed financial reserves. The same advice applies to these as to the other calculations required to be made by the Council.

Having considered the officer's report the Council is then required to "*have regard to the report*" but it is not required to adopt the recommendations in it. However, Members must demonstrate they have acted reasonably if they do not adopt the recommendations.

### **Localism Act 2011**

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

Any authority taking up the council tax freeze grant from the Department of Communities and Local Government for 2015/16 will not be subject to a council tax referendum in that year. Only those principal authorities not accepting the freeze grant and increasing council tax by 2% or more would have to hold a referendum by no later than the first Thursday in May 2015 in the 2015/16 financial year. In this scenario, substitute calculations would need to be drawn up in accordance with the principles laid down by the Secretary of State and these substitute calculations would take effect in the event of any increases of 2% or more not being approved in the referendum.

### **Alternative Proposals**

If alternative proposals to those contained in this report are moved at the budget setting meeting, the Chief Finance Officer will need to consider if the estimates or proposed financial reserves contained in this report are affected and whether a further report (which may be oral) is required under section 25 of the Local Government Act 2003. If the Chief Finance Officer is unable to report on the estimates or the reserves because of the lateness of the alternative proposals then he will not be able to comply with this statutory

requirement. The Act does not say what happens if this duty is not fulfilled and nor does it say whether the Council can set the budget without that advice. It follows from this then that there is no express statutory prohibition. However, the authority is at risk of a Judicial Review by an interested person e.g. a resident or the Audit Commission if the Council has failed to have regard to a report of the Chief Finance Officer on the estimates and reserves used for its budget calculations.

## **Capital Programme**

The requirements of the “*Prudential Code*” established in the Local Government Act 2003 are set out in the report.

## **Expenditure Charged to the Housing Revenue Account**

Members will be aware that the Housing Revenue Account (HRA) is by law to be maintained separately from the General Fund and there are strict rules which determine to which account any expenditure must be charged. There are only very limited areas of discretion here. Members should bear in mind that if they wished to review any current determination which affects the apportionment of charges between the General Fund and HRA, they would need to do so on the basis of an officers' report and specific legal advice. The Housing Revenue Account must be maintained in balance throughout the year and the Council is under a duty to prevent a debit balance in the Housing Revenue Account pursuant to Section 76 Local Government and Housing Act 1989.

## **Equalities Legislation**

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

A ‘protected characteristic’ is defined in the Equality Act as:

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

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

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

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

Due regard to the need to eliminate discrimination, advance equality, and foster good relations must form an integral part of the decision making process. The Council must consider the effect that implementing a particular policy will have in relation to equality before making a decision.

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

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

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

The equality and diversity implications of budget proposals are considered at all stages of the budget process, from the development of the initial budget strategy, through consideration of individual growth and savings proposals, to the production of service development plans. The processes in place are therefore aimed at ensuring that the budget proposals in this report do not discriminate against communities or individuals because of age, ethnicity, gender, disability, religion, or sexual orientation, and support the council in meeting its other duties to promote equal opportunities and good race relations.

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## Earmarked Reserves and Provisions

Part A Officers have the authority to make transfers from these reserves and provisions up to the amounts in them for the specified purpose.

### Reserves

2 Year Olds - Additional Funding	Member Training & Development
Advance Cash Receipting Module	Mortgage Repossession Fund Grant
Adoption Reform Grant	Multi Agency Front Door
Affordable Housing PFI	Museums, Libraries & Archives
Ark Academy - TFL Contribution	National Museum Foundation
BACES	New Accommodation for Independent Living (NAIL)
Barham Park	New Initiatives
Big London Energy Switch	NNDR Revaluation Refunds
Brent Cycling Project	Nursery Milk
Brent Irish Advisory Service	PCT Joint Venture
Capital Financing	Physical Activity Summit
Capital Funding	Planning Service Major Cases
Carpenders Park Cemetery	Poplar Grove Lease agreement
CCG Funding - Public Health Resource Centre	Positive Activities for young People
CEO Maternity costs & Cultural Change Initiatives	Preventing Homelessness
Chalkhill	Private Landlords Rent Deposit Scheme
Chief Executive	Property
Chief Executive - Strategic Projects & Initiatives	Public Health
Children's Centres - Payment by Results	Public Health Transitional Costs
Civic Centre	Public Realm
CLG - Small Business Allowance	Pupil Premium
CLG Funding Secondment Officer	Redundancy & Redundancy
Client Deposits	Remuneration Strategy
Collection Fund	Resident's Attitude Survey
Community Infrastructure Levy (CIL)	Revenue & Benefits Capita contract
Connect Programme	Revenue Contribution to Capital
Consumer Support Network Grant	Safeguarding Inspection - London Councils
Copland Legal Case	Salix
Council Tax Scheme Grant	Scaffolding Dispute
Countryside Stewardship Grant	Schools
Crest Academy	Schools Legal Contingency

Crest Academy/Surveys	Section 106
DCLG Flats Food Waste	Section 106 Capital
DCLG New Burdens	Section 106 Rechargeable Income
DCLG New Burdens Additional Funding	SEN Reform Grant
Dennis Jackson	Service Pressures
DWP - Atlas Funding	Service Pressures - Temporary Accommodation
DWP – Local Housing Allowance 2012/13	Services to Schools - DfE MaST
DWP - Transition Funding	Services to Schools - NHS Grants
DWP - Welfare Changes	Sexual Health
DWP - Welfare Assistance	Single Payment Scheme
Early Years	Social Care Training Programme
Employment Initiatives	Social Fund
English National Stadium	South Kilburn
Environment Stewardship Grant	South Kilburn Sinking Fund
External Schools Active Grant	SP&I Climate Change Social Media Project
Family Justice Review	SP&I Community Safety Grant
Finance systems	SP&I Grants Paid in Advance
Fly Tipping Initiatives	SP&I NHS Funding
Football Foundation	SP&I Voluntary Sector Grants
Gordon Brown	SP&I Working with Families
Gordon Brown RCCO	Special Projects
Headstart Grant	Sports & Health Projects
Health Check Pilot Project	Sports England
Homeless Strategy	Sports, SEN & Healthy Schools
Hospital Sunday Fund	Stonebridge HAT Project
HRA - Benfield Trust	Streetgames Funding
HRA - Other Contributions	Supplementary School
Individual Electoral Registration	Tackling Illegal Landlords
Innovation Grant	Telecom Equipment Income
Insurance	Tenancy Fraud Initiative
Insurance - Housing	Trading Standards - Proceeds of Crime
JFS School PFI	Transformation
Kellogg's Fund	Viewstar Project
LA Horticultural Apprentice Grant	Violent Crimes Fund
Land Charges Court Case	Warm Homes Grant
Teacher Recruitment TDA (Golden Hellos)	Welfare Reform
Legal/Disciplinary Costs Disputes	Well London Programme
Library/arts projects	Wembley Youth and Community
Local Elections	Westbrook Bequest
Local Housing Allowance	Willesden Green



Local Housing Allowance - Implementation	Willesden Green Library Refit
Local Housing Allowance Funding	Willesden Sports Centre PFI
Local Safeguarding Board	Working Neighbourhood Fund
Long Term Sickness	Works in Default
Lottery Heritage	Youth Offending - Nurse Funding
LTA and Wembley Stadium Trust - Tennis Development	

Provisions

Carbon Reduction Commitment	HRA Insurance
NNDR Backdated Appeals	Insurance
NNDR Deferrals	MG House Lease
Corporate Leases	Provision - Repairs PSL Scheme
Disrepair cases	

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