

**SERVICE GROWTH / COST PRESSURES - 2017/18 - 2019/20**

Service	Item	2017/18	2018/19	2019/20	Comments
		£m	£m	£m	
	<b>Demographic Changes</b>				
Regeneration & Environment	Brent Transport Services	0.1	0.1	0.1	Between 2015 and 2020, the council is expected to see significant increases in its population. The overall rate of increase is expected to be 5% over this period, with particularly sharp rises in the under 18s (6.6%), and over 85s (24%). The numbers in these two groups are significant determinants of the level of spending on children's social care and adult social care respectively. Some of this population growth has already taken place and has therefore been factored in to the council's existing budgets. For the avoidance of doubt, this is the additional cost of providing the same level of services caused by a rising population. It follows that recognising this in the budget is a technical assumption – albeit an important one – and does not imply any change in policy choices.
Regeneration & Environment	Refuse Collection	0.1	0.1	0.1	
Regeneration & Environment	Public Realm (excluding Refuse Collection)	0.2	0.2	0.2	
Children & Young People	Children's social care	0.4	0.4	0.4	
Adult Social Care	Learning Disabilities (18-65)	0.2	0.2	0.2	
Adult Social Care	Older People (65+) Non Home Care	0.3	0.3	0.3	
Adult Social Care	Older People (65+) Home Care	1.5	1.5	1.5	
Resources	Customer Services	0.1	0.1	0.1	
Resources	Legal services	0.1	0.1	0.1	
Central	Income	(1.0)	0.0	0.0	
	<b>Total Demographic Changes</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	
	<b>Service Specific Inflation</b>				
Various	Payroll Inflation	1.1	1.1	1.1	The pay settlement for 2017/18 is known to be 1%, which adds £1.1m to the total staffing costs. As the 2018/19 settlement is not yet agreed the budget assumes, for financial planning purposes, that it will also be at 1%.
Central	Contract inflation	3.0	3.0	3.0	General contract inflation is assumed to average at 1.3%, which will cost £3.0m each year
Adult Social Care	Older People - Living wage for carers	0.4	0.4	0.4	The cost of paying providers for the uplift caused by the annual increases to bring the national living wage up to 60% of median earnings by 2020 will add £0.4m to the adult social care budget each year
Central	Other service specific inflation	0.8	0.8	0.8	General contract inflation is assumed to average at 1.3%, which will cost £0.8m for specific identified service issues
Resources	Business Rates	0.6	0.2	0.0	As a result of the business rates revaluation, the rates payable by the authority for the properties it occupies increase by £0.6m in 2017/18, with a further £0.2m in 2018/19.
Regerantion & Environment	West London Waste fixed charge levy growth	0.8	0.3	0.0	There are additional charges from the West London Waste Authority, expected to total £0.8m in 2017/18 and a further £0.3m in 2018/19 across the pay as you throw levy and the fixed cost levy. This increase is due to a combination of population and business growth, inflation, and 2017/18 being the first year of the operation of the Severnside Energy Recovery Centre. These costs are currently being reviewed as a part of the service review for the Public Realm
	<b>Total Service Specific Inflation</b>	<b>6.7</b>	<b>5.8</b>	<b>5.3</b>	
	<b>Pension related costs, risk mitigation and insurances</b>				
Central	Insurance fund	0.1	0.1	0.1	There are a set of costs associated with pensions, redundancy and other related payments. The main issue is the impact of the triennial actuarial review of the pension fund, which will affect pension costs from 2017/18 onwards. The relative position of the pension fund has recently strengthened, but this has been against the background of generally poor investment returns over the last three years, coupled with likely increases to mortality assumptions. The run off of the closed LPFA fund adds to this, partially offset by the ongoing gradual reduction in the number of payments for previously granted premature retirements. (Any new early retirements are met by capital contributions at the point of the decision). Finally, the ongoing strategy to meet new redundancy costs from identified reserves has reduced the pressure on the revenue budget and the need to make savings. As this was not intended to be permanently sustainable the base budget is adjusted upwards to match likely future liabilities. The total impact of these items is £1.0m, including insurance costs, the majority of which relates directly to the actuarial review.
Central	Central Items other cost pressures (excl Levies)	0.4	0.4	0.4	
Central	Pension fund	0.0	0.8	0.4	

Central	PFI credits	1.0	0.5	0.1	The council also receives grants for its three PFI schemes, commonly referred to as PFI credits. The long-term structure of these has been built into the council's budget plans, as it was known at the time that the deals were signed, in some cases as long as 20 years ago. With the end of the street lighting PFI contract within the budget planning period this leads to a reduction in this grant income line, offset by changes in the relevant service expenditure lines, but for transparency is shown here as a pressure of £1m in 2017/18, rising to £1.5m over the budget planning period.
	<b>Total Pension related costs, risk mitigation and insurances</b>	<b>1.5</b>	<b>1.8</b>	<b>1.0</b>	
	<b>Freedom passes and levies</b>				
Adult Social Care	Freedom pass growth	0.7	0.7	0.7	The council also needs to recognise unavoidable costs associated with London wide policies. The main issue here is freedom passes, the cost of which is paid for across London and redistributed according to data provided by the Oyster cards that record journeys. Given Brent's ageing demographic, and relatively good transport links, the inevitable consequence is that the costs of the scheme continue to rise locally, by an estimated £0.7m each year
Central	Levies	0.2	0.2	0.2	Brent is required to contribute towards London wide levies, such as to the Environment Agency and for Lea Valley Park, adding £0.2m per year to the cost base
	<b>Total Freedom passes and levies</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	
	<b>Contingency and social value</b>				
Central	Savings risk mitigation fund	1.1	1.0	1.0	Any logically constructed budget also requires contingencies. The council aims to deliver all of its agreed savings proposals, and has a good record of consistently achieving over 90% of these. Good governance mechanisms are in place to continue this record of achievement, but it is nonetheless proposed to continue to make a 10% allowance for slippage, in line with recent policy. This allows for reinvestment in services when delivery exceeds this allowance and, more importantly, avoids the need for short-term action to cut services if delivery slips.
Central	Social value investment fund	2.5	2.5	2.5	This is an important contingency device, and setting a budget without it in today's challenging financial environment would be imprudent. The council also retains its £2.5m social value investment fund
	<b>Total Contingency and social value</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	
	<b>GRAND TOTAL OF SERVICE COST / GROWTH PRESSURES</b>	<b>14.7</b>	<b>15.0</b>	<b>13.7</b>	