

	<p style="text-align: center;"><b>Executive</b> <b>12 December 2011</b></p> <p style="text-align: center;"><b>Report from</b> <b>Director of Strategy, Partnerships and</b> <b>Improvement and</b> <b>Director of Finance and Corporate Services</b></p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p style="text-align: center;"><b>Performance and Finance Review, Quarter 2, 2011-12</b></p>	

## 1.0 Introduction

Brent's Borough Plan 'Brent our Future' is a four year strategy document which sets out the Administration's priorities over the coming years. These priorities form the core of our Corporate Planning Framework, which is broadly based around three overarching strategic objectives:

1. To create a sustainable built environment that drives economic regeneration and reduces poverty, inequality and exclusion.
2. To provide excellent public services which enable people to achieve their full potential, promote community cohesion and improve our quality of life.
3. To improve services for residents by working with our partners to deliver local priorities more effectively and achieve greater value for money from public resources.

The unprecedented 28% reduction in central government funding over the next four years continues to intensify pressure on Council services, and difficult economic conditions have directly affected levels of employment across the borough. The scale and pace of national policy changes, particularly in relation to Housing Benefits and the implementation of the new Universal Credit, is expected to fuel increased demand for services, which will have an enduring effect on the borough. However despite these challenges, the Council remains committed to preserving services and protecting the most vulnerable residents.

The purpose of this report is to provide Members with a corporate overview of Finance and Performance information to support informed decision-making and manage performance effectively.

## 2.0 Recommendations

The Executive is asked to:

- a. Note the Finance and Performance information contained in this report and agree remedial actions as necessary.
- b. Consider the current and future strategic risks associated with the information provided and agree remedial actions as appropriate.
- c. Challenge progress with responsible officers as necessary.
- d. Agree the budget virements contained in the report.

## 3.0 Executive Summary - FINANCE

3.1 The Council's revenue budget position for the quarter 2 is as follows:

Item	Budget £000	Forecast Outturn £000	Variance £000
Adult Social Services	91,973	92,471	498
Children & Families	56,724	56,840	116
Environment & Neighbourhood Services	39,953	40,135	182
Regeneration & Major Projects	26,579	26,578	(1)
Finance & Corporate Services / Central Services	28,207	28,694	487
<b>Service Area Total</b>	<b>243,436</b>	<b>244,718</b>	<b>1,282</b>
Central Items	21,953	22,448	495
<b>Total Council Budget</b>	<b>265,389</b>	<b>267,166</b>	<b>1,777</b>

- The Council is currently forecasting an over-spend of £1.777m an increase of £483k from the quarter 1 figure of £1.294, primarily due to emerging pressures in two areas.
- Environment Neighbourhood Services are now forecasting an overspend of £182k as a result of pressures on the library budget which will be exacerbated by the delays in the library closure programme from the judicial review and appeal court hearing. Shortfalls of income over a number of services are also contributing to the overspend.
- Central Services are now forecasting an overspend of £487k due to income shortfalls from design work and payroll services to schools, as well as additional pressures on the Procurement Team.
- Overall the main overspending pressures remain with adult social care transitions (£900k), children's social care legal costs (£830k) and the temporary accommodation budget (£1m).
- The majority of these demand costs are currently being met by a centrally held provision of £2m although potential claims currently exceed this by £500k.

- Service areas are currently in the process of putting together plans to eliminate their current overspends by the end of the year.
- There are issues over the delivery of £3m procurement savings from the One Council Programme in 2011/12, although officers are confident that any shortfall can be contained.
- The overspend on schools budget for 2011/12 remains at £1.5m. Agreement has been reached with the Schools Forum to bring the schools budget deficit including the £5.7m carried forward from previous years back into balance by the end of 2014/15.
- The current forecast overspend would reduce our contribution to balances from £2.5m to £723k and reduce our overall general fund non earmarked balances to £8.303m. Though the action taken by service areas is expected to improve this situation before the end of the financial year.

3.2 The Council's capital budget position for Quarter 2 is as follows:

Item	Qtr 1 Budget Position £000	Forecast Outturn £000	Variance £000
Adult Social Services	1,724	1,724	0
Children & Families	4,461	4,461	0
Environment & Neighbourhood Services	12,662	14,155	1,493
Regeneration & Major Projects	139,603	139,952	349
Housing – General Fund	7,334	7,334	0
Housing - HRA	20,529	20,599	70
Finance & Corporate Services / Central Services	4,307	4,307	0
<b>Total Capital Programme</b>	<b>190,620</b>	<b>192,532</b>	<b>1,912</b>

The Council is currently forecasting an increase in capital expenditure of £1.912m from the Quarter 1 figure. Full details of the variances to the previously reported figure are given in the attached Finance Appendix. The increased forecast expenditure is matched by increased levels of grant funding or is funded through additional levels of self funded borrowing, where the revenue costs are met through identified savings or are within existing budgetary provision. As such the Council's Capital Programme remains in balance without detrimental impact upon revenue budgets.

#### 4.0 Financial implications

These are set out in the attached appendix.

#### 5.0 Legal implications

The capital programme is agreed by Full Council as part of the annual budget process. Changes to or departures from the budget during the year (other than those by Full Council) can only be agreed in accordance with the Scheme of Transfers and Virements contained in the Council's Constitution. Any decisions the Executive wishes to take and any changes in policy which are not in accordance with the budget and are not covered by the Scheme of Transfers and Virements will need to be referred to Full Council.

The Director of Finance and Corporate Services is satisfied that the criteria in the scheme are satisfied in respect of virements and spending proposals in this report.

## **6.0 Diversity Implications**

This report has been subject to screening by officers and there are no direct diversity implications.

## **7.0 Contact officers**

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**Director of Strategy, Partnerships & Improvement**

**CLIVE HEAPHY**

**Director of Finance & Corporate Services**