NON-SERVICE AREA BUDGETS
- CENTRAL ITEMS

1. SUMMARY

1.1 This Appendix provides details of all other General Fund budgets that are not included within service area budgets. These come under the headings of Central Items in the summary budget at Appendix B. It should be read in conjunction with Section 4 on Brent's 2012/13 budget proposals.

2. DETAIL

2.1 The table to this Appendix summarises the budgetary implications for the council for 2012/13 and the potential requirement for the next three financial years. The following sections of this Appendix take each of the items in turn.

3. AGENCY/THIRD PARTY BUDGETS

3.1 Agency and third party budgets are set out below. These are generally payments over which the Council has limited control in the short term.

3.2 CORONERS COMMITTEE

3.2.1 Brent is one of five boroughs forming the London Northern District Coroners Courts Committee, namely Haringey (the lead borough), Brent, Barnet, Enfield and Harrow. Haringey deals with the administration, and charges the other boroughs on a population basis. Brent's final outturn for 2010/11 was £226k. The estimated figure for 2011/12 is £226k, against a budget of £235k. The slight underspend is due to some anticipated one-off costs not arising.

3.2.2 The 2012/13 budget is not yet available and is not expected before the Brent budget is set. We are therefore holding the budget at £235k.

3.3 LOCAL AUTHORITY ASSOCIATIONS

3.3.1 The council is a member of the Local Government Association (LGA) and London Councils. The objectives of both organisations are to protect and promote the interests of member authorities, including discussions with central government on legislative issues, and to provide research and statistical information. London Councils concentrate on issues affecting London boroughs.

3.3.2 Brent's 2012/13 subscription paid to The Local Government Association has been set at £44k for 2012/13. This is a reduction of £5k from the 2011/12 subscription of £49k.

3.3.3 The London Councils' subscription covers a number of cross London bodies. The 2012/13 subscription will be levied as follows:

	2012/13
	£'000
London Councils :	
Core	168
London Government Employers	4
Total Main Subscription	172
Young Peoples Education & Skills Board	4
Total	**176**

The core contribution for 2012/13 has reduced by 8.8% from £193k in 2011/12 to £176k. This is a reduction of £17k from 2011/12. The Central budget for the subscription is £172k inclusive of £4k for Local Government employers charge. The costs of the Young Peoples Education & Skills Board will be met by Children and Families directly. In addition to the above other service areas receive charges principally the London Councils grants scheme charge of £377k which is met by Adults Social Services.

3.4 LOCAL GOVERNMENT INFORMATION UNIT

3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. In 2011/12 Brent was classed as a 'Premium' authority and paid the highest level of fee which was £26k.

3.4.2 For 2012/13 Brent's subscription will remain unchanged at £26k.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between a number of West London local authorities (the core authorities being Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), 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 2012/13 will total £30k.

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 2011/12 was £19k and we expect the charge for the 2012/13 subscription to be slightly higher at £20k.

3.7 External Audit

3.7.1 This budget relates to the work undertaken by the Audit Commission in relation to the statutory audit of the Council's financial statements. It is net of charges for inspections and grant claim audits which are charged out to service areas. In 2011/12 the Audit Commission declared a reduction in fees to reflect their new approach to Value for Money audit work and the general decrease in costs associated with the move to IFRS. For 2011/12, Brent's fees reduced to £439k, with an overall budget of £474k including an allowance of includes £15k to cover the operational costs of the audit process and a provision of £20k for any additional and necessary audit work. For 2012/13, the Commission is proposing to reduce audit fees by a further 10% from the published 2011/12 scale fees, reflecting the Commissions continued reduction in costs. However, on the basis of the addition work the authority incurred as part of 2010/11 closing it is prudent not to assume any saving in 2012/13 and the leave the budget the same as 2011/12.

3.7.2 The Department for Communities and Local Government (DCLG) announced in August 2010 of the intention to disband the Audit Commission. In July 2011 the Audit Commission announced that it had agreed to transfer the work of its in-house audit practice to the private sector, by outsourcing through a procurement exercise. The procurement timetable is for new auditor appointments to be place by 1 September 2012. New contracts will start from the audit of the accounts for 2012/13, and are expected to run for three or five years. The Commission is expected to reduce significantly in size by the end of 2012/13 as a consequence of the outsourcing but will remain to oversee the contracts and make auditor appointments prior to the introduction of a new audit framework.

3.8 Corporate Insurance Policies

3.8.1 This budget encompasses the policies for public liability, fidelity guarantees, employer's liability, officials' indemnity, personal accident, engineering and terrorist insurance not linked directly to specific properties. It also includes claims handling. Premiums for premises, contents and vehicles policies are charged to units and service areas. The central contribution to the cost of council-wide policies will be £360k for 2012/13 compared to £340k for 2011/12. This figure excludes the much larger contribution to the self-insurance fund (Paragraph 9 of this section)

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 Section 10 of the main report. They also reflect the overall level of the capital programme (see Section 9). 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 2012/13.

(b) Capital Financing Charges, which are the principal repayments and interest on the council's borrowing.

4.2 The amount of debt attributable to the HRA is a crucial factor in the charge falling on the General Fund. This is governed by a complex set of regulations based around Housing Subsidy. To minimise the net cost to Brent the council seeks to ensure that the optimum allowable under the rules falls on the HRA as this receives 100% subsidy.

4.3 In the recent past the council has 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.

4.4 The council is estimated to have £405m of long-term debt outstanding at 31st March 2012. This is reduced from 2011 following the DCLG repaying approximately £200m in HRA debt. Long term debt has been taken out for periods of up to 60 years with most for the debt maturing after 2050. The average interest rate on existing loans, following debt restructuring, is around 4.75%. Opportunities for debt restructuring remain limited as the current Public Works Loan Board arrangements mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia. This is reviewed on a regular basis. Investments are estimated to average £20m during 2012/13, with an estimated average return of 0.5%, 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 5% although some borrowing may be taken at lower variable rates.

4.5 The net budget for 2012/13 for interest receipts and capital financing charges is £25,563 inclusive of civic centre costs (2011/12 £25.359m). It is forecast that interest earned on deposits in 2011/12 will amount to £149k and the estimate for 2012/13 is £97k. It is not expected that Interest rates will rise during 2012 but this is dependent on the state of the national economy and international markets in 2012/13. The position in future years will be considered as part of the Medium Term Financial Strategy.

5. LEVYING BODIES

5.1 Levying bodies are defined by statute. They have an absolute right to demand payment from the council and that payment must be met from the General Fund.

5.2 Levies estimated to be paid in 2012/13 are shown below.

	2011/12 Actual £'000	**2012/13 Estimate £'000**
Lee Valley Regional Park	288	282
London Pension Fund Authority	332	333
Environment Agency	191	192
West London Waste Authority – Fixed Cost Element	1,427	1,713
	2,238	**2,520**

5.3 A council tax base for 2012/13 of 98,398 was agreed by General Purposes Committee on 24th January 2012 (an increase from 97,252 agreed for 2011/12). 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 West London Waste Authority Pay As You Throw charges which was introduced in 2011/12 are calculated according to actual waste tonnages delivered for disposal and are included in the Environment and Neighbourhoods budget.

5.4 <u>Lee Valley Regional Park Authority (LVRPA)</u>

LVRPA is funded by a levy on all London Boroughs, Essex and Hertfordshire County Councils and Thurrock Unitary Authority. Its purpose is to *"regenerate, develop and manage some 10,000 acres of Lee Valley which had become largely derelict and transform it into a unique leisure and nature conservation resource for the benefit of the whole community."* The LVRPA levy was confirmed as £282k in 2012/13 a 2% reduction on the 2011/12 levy.

5.5 <u>London Pensions Fund Authority (LPFA)</u>

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

The main LPFA levy for outer London boroughs has increased by £1k from £332k in 2011/12 to £333k in 2012/13.

5.6 Environment Agency

For 2011/12 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 did not increase its total levy requirement for 2012/13. However, Brent's 2012/13 payment has changed slightly from 2011/12 because of variations in Brent's council tax base compared to other boroughs.

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 Prior to 2006/07 the WLWA levy was calculated solely according to constituent boroughs' council tax bases. From 2006/07 until this year the levy was based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2008/09 was used to set the 2010/11 levy. Tonnages above those charged for through the levy were invoiced separately. The budget was held in Environment & Neighbourhood Services. Other expenditure including civic amenity waste and administration continued to be apportioned to boroughs on their council tax bases.

5.9 From 2011/12 the WLWA split their charges 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 was called Pay As You Throw (PAYT) and was charged according to the tonnages delivered to WLWA. Charges varied depending on the type of waste sent for disposal such as landfill or organic waste and these costs are now paid for by Environment & Neighbourhood Services.

5.10 For 2012/13 the fixed charge will increase to £1.713m from £1.427m in 2011/12. This increase in charges is due to a reduction in support from balances in 2012/13. In 2011/12 WLWA were able apply £6m from balances for 2012/13 this has reduced to £2.8m and consequently even though WLWA's costs have reduced by £1m boroughs are being asked for a significantly higher contribution.

5.11 The total levies budget of £2.579m includes a contingency of £59k for helping with any one off PAYT costs. Future levy estimates include an allowance for further reductions in the support from balances provided by the WLWA.

5.12 Overall WLWA budget increased by 9.7% between 2011/12 and 2012/13 and is expected to rise by 8.6% in 2013/14 and 3.7% in 2014/15 with the further removal of support from balances. Pressures on the PAYT budget will continue in future as the landfill tax is expected to continue to increase by £8 per tonne per annum. (Landfill tax will be charged at £64 per tonne in 2012/13).

5.13 It is possible that in future years WLWA may have to pay Landfill Allowance Trading Scheme (LATS) penalties if tonnages sent to landfill exceed WLWA's allowance which reduces each year. These penalties would have to be passed on to WLWA's constituent authorities. This could potentially cause a significant increase in future costs depending on future waste tonnages and methods of waste disposal. The importance of the council's recycling initiatives and good contract management cannot be understated as a contributor to reducing costs.

6. PREMATURE RETIREMENT COMPENSATION (PRC)

6.1 This is the ongoing revenue cost of pensions caused by premature retirements, that do not fall on the Pension Fund, which took place primarily up to 31st March 1994. The amount paid to pensioners is uplifted by the Consumer Price Index (CPI) inflation rate applicable in the previous September (5.3%). It is now estimated that a provision of £5.416m will be required in 2012/13.

7. REMUNERATION STRATEGY

7.1 The council faces a range of significant challenges in its approach to remuneration for its staff. These include resolving a range of pay anomalies including London Weighting and a number of supplements and bonus payments, and putting in place adequate arrangements to ensure the recruitment and retention of the required skilled staff.

7.2 The budget of £229k includes provision for support to deliver its workforce development plan including one-off pay protection, supplements for hard to fill posts, job evaluation costs and back-dated pay compensation.

8. SOUTH KILBURN DEVELOPMENT

8.1 Work on the regeneration of South Kilburn is continuing. The Council have entered into development agreements with two Housing Associations for three sites. As of May 2011, four sites have planning permission. The first two Phases 1a sites have been disposed of and are under construction. On the remaining phase 1b sites, planning permission has been secured and efforts are now focused towards securing their disposal through a mini competition tender process that will be secured by a developer agreement. The remaining two sites will be disposed of in May 2012 subject to our ability to provide vacant possession. Design and planning work is now underway on two phase 2 sites and planning applications are to be submitted in March 2012.

8.2 A European compliant Developer Framework has been procured and contains four RSL/Developer partners that have been appointed over a four year term. The council has recently undertaken a mini competition in order to select a partner from the framework to take forward the delivery of the Phase 1b residential sites. It is anticipated that the preferred partner will be appointed in February 2012. Land receipts from the successful disposal of the phase 1b Development sites will be reinvested to fund the acquisition of property interests and deliver projects required to maintain the momentum of the programme, including the professional fees for design teams for the purposes of securing planning permissions.

8.3 Projected spending in 2011/12 will be in the region of £900k. This has been used to fund work on the decanting of residents, legal costs, independent advice for residents and other consultant fees. Provision of £900k has been made in 2012/13 to meet decant costs, negotiations with the preferred development partners, legal costs, specialist consultant advice and ongoing independent advice for residents.

9. INSURANCE FUND

9.1 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.

9.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £50k per annum for the last 4 years.

(ii) Tree Roots

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis though the Council has a stop loss cover of £3.5m to limit our exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are now being fast tracked with the previous average of some three to four years in settling a claim being brought down to closer to 12 months. The Ministry of justice is currently reviewing the claims process and Brent will be looking to adopt any measures recommended with a view to improving claims handling procedures. Insurers have also been seeking 100% of the damages from local authorities. The council has adopted an amended tree maintenance policy and work continues between the Insurance Section, Environment and Neighbourhoods and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. Although there has been a downward trend in recent years however, the poor weather and increased number of potholes in the winters of 2009/10 and 2010/11 has seen the number of claims rise, though we still compare well with other London boroughs.

9.3 The number of claims still remains relatively high. There is also an increase in the average cost of a claim for both tree roots and third party claims which means there is still significant pressures on the fund. A budget of £1.8m is recommended for 2012/13 and future years unchanged from the 2011/12 level.

10. FREEDOM PASS SCHEME GROWTH

10.1 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.

10.2 From April 2008, the government introduced free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK. A specific grant was paid to individual boroughs outside London and to London Councils within London to meet the additional cost of free off peak travel for non-residents. In London there was the added complication that pass-holders already enjoyed free travel in London boroughs other than their home borough.

10.3 The overall concessionary fares budget for London in 2009/10 was £257.4m with £56.7m met from government grant and £27.0m met from rebates and the use of reserves leaving £173.6m to be met from London Authorities. The use of rebates meant that the Authority's contributions fell from £7.863m to £7.000m. The costs of the Freedom Pass are met within the Adult Social Care budget with additional growth required provided within central items. In order to smooth out changes in the contribution, the funding within the Adult Social Social Services budget was kept at £7.863m in 2009/10, with £863k being put in reserve.

10.4 At the same time as the new arrangements for free travel for out-of-borough pass-holders was introduced, a proposal was made to change the basis for allocation of charges to boroughs from number of pass-holders to number of journeys. This change was opposed by a number of boroughs, including Brent, which lost out as a result of the change but, following arbitration, it was agreed that the new arrangements for charging would be introduced on a phased basis from 2009/10, with 40% of the charge based on number of journeys in 2009/10, 70% in 2010/11 and 100% in 2011/12.

10.5 In 2010/11 the government issued a revised formula for allocating the concessionary fares special grant which saw London's grant would fall by £30.2m from £58.3m to £28.1m. The combined effect of the loss of grant and the phased introduction of the revised charging mechanism led to an increase in Brent's contribution to £10.035m. The costs of the Freedom Pass are met within Adult Social Services and the 2010/11 contribution was funded by their existing budget of £7.863m plus £863k held in reserve from the underspend in Adult Social Services' concessionary fare budget for 2009/10 and the contribution of £1.309m held centrally.

10.6 As part of 2011/12 and 2012/13 settlement government made two changes to the way concessionary fares are funded. The first was a transfer of responsibility for administering concessionary fares from shire districts to shire counties and the second was the rolling up of the specific grant into formula grant In order to reflect these changes in the formula grant there was a transfer out of monies from shire districts (lower tier authorities) and a transfer in to shire counties (upper tier authorities). London has both upper and lower tier responsibilities so its authorities saw changes to the way it received funding as part of the funding formula. As a consequence London boroughs saw a proportion of the £28.1m of specific grant transfer into their formula funding. In Brent's case the increase was £1.594m.

10.7 For 2011/12 the cost of concessionary fares increased to £13.767m from £10.035m an increase of £3.732m of which £1.594m relates to the change in funding arrangements. The rest of the increase of £2.138m relates partly to the completion of the phasing in of the revised charging mechanism based on usage and mainly to the costs of travel in London. TfL and the London Boroughs (through London Councils) entered into a multi-year agreement in 2004 on the amount TfL received for the Freedom Pass, and from April 2008, agreed an additional payment for National Concessionary Permit use. This agreement covered the period to 2009/10. Discussions took place in early 2009 with the London Boroughs on the principle of adopting a new five year deal which was agreed at officer level and endorsed by the Mayor in February 2009 as the first year of a new five year deal running to 2015. This agreement was based on the assumption of annual fare increases of RPI plus 1% from January 2010. The actual fare increase was above this on average, bus fares rose by 12.7% and tube fares by 3.9% and the settlement was some £12m less than TfL might have claimed had the actual fare package been used. At the end of 2010 the Mayor withdrew from this agreement and London boroughs were faced with the full costs of meeting the increases.

10.8 For 2012/13 the cost of concessionary fares increased to £14,771 from £13.767m an increase of £1.004m. Overall, the costs of concessionary fares have increased by 6.95% for London Councils and 6.80% for Brent. The largest element in the increase relates to TfL fares where the Mayor announced on 2 December the overall package for TfL fares increase which provided for an RPI +1% (6%) fares increase on tube, DLR and Overground and an RPI increase (5%) on buses and trams. The increase also includes estimates that journey volumes increase slightly with around a 1% increase on buses and a 2¼% increase on the Underground. For future years the assumption is that fares will increase by 4% and that there will be 1.5% increase in the volume of journeys as more people qualify for concessionary fares. In addition due the volatility of transport costs an additional contingency of £500k has been built into the forecast for 2013/14. For 2012/13 the increase in concessionary has been included within Adult Social Services budget.

11. AFFORDABLE HOUSING PFI

11.1 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had 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.

11.2 The PFI is governed by the single project agreement which reached financial close on 6th July 2010. This comprised the construction of 384 dwellings in total of which 20 are supported living units split between a 15 bed and a 5 bed development. The completed scheme will also contain a further 15 supported living units in the later developments. At present 231 (60%) of the dwellings have been successfully handed over and the project is on course to complete the construction phase by the end of September 2012 as programmed. The PFI contractor BCE also provides full housing management and maintenance services for the dwellings.

11.3 The previously reported risk relating to the Council's ability to support the modelled rents as a result of the introduction of housing benefit caps in April 2011 has so far not materialised. In future there is a conversion from temporary to permanent tenancies to consider but there is flexibility in size of dwellings to be converted and there is an opportunity to take advantage of the rent differentials between North and South of the Borough, which means that the potential negative effects of the benefit caps may be contained within the original budget.

We have worked closely with the Council's PFI partners BCE to arrive at this position and have had the figures checked and modelled by BDO. This process is ongoing but there should be no need to seek an exemption from the DWP or additional funding from CLG. However, there remains a significant risk from any further changes to benefit levels generally.

11.4 The Council will contribute £1,288k to this scheme in 2012/13, and this includes an increase of £100k when compared to 2011/12 to reflect pressures on interest rates and a re-phasing of the Council's contributions over the life of the scheme.

12. COUNCIL ELECTIONS

12.1 This is a budget to cover the costs of the 2014 local elections, a budget of £100k will be provided for each year and rolled up into a reserve which can be used to pay for the elections. It will also cover any costs of by-elections up to the time of the next local elections.

13. CARBON TAX

13.1 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_2 emissions for any given year. Monies are to be retained by the government to support public finances and environmental initiatives. The estimated cost to Brent at this time is £432k for 2011/12. This based on 36k tonnes at £12 per tonne though approximately 47% of these costs will be met by schools leaving a net budget of £227k, this will not be payable until 2012/13. For future years a £4 escalator has been built into the price per tonne with the price rising to £16 per tonne in 2012/13 with an overall charge of £576k reducing by the school's contribution to £304k.

14. NEW HOMES BONUS

14.1 The government introduced a new grant in 2011/12 called the New Homes Bonus Grant. The objective was to provide an incentive to local authorities to increase housing supply in their area by providing a financial reward equal to the national average for the council tax band D for each new additional property (at Band D equivalent). This is currently £1,439, payable on a rolling basis for six years as a non ringfenced grant. Therefore councils receive a double benefit from each new home, with the additional council tax due plus the reward grant. There are also payments for long term empty properties brought back in to use (or reductions if this number increases), and an additional payment for of £350 for each new affordable home.

14.2 However the grant is largely funded by taking money out of the formula grant settlement. In effect this means that authorities with a below average number of new homes will lose out, and those with above average will gain. The government has indicated though that there will be additional money from the abolition of the Housing and Planning Delivery Grant, which will fund the cost in the first year (2011/12) and a falling proportion up to 2014/15. The effects on formula grant on Brent have already been taken in to account in the budget projections.

14.3 The 2011/12 grant was based on changes in property numbers between September 2009 and September 2010. During this period the increase in properties in Brent was slightly above the national average. The actual bonus figure for Brent was £1.065m. The bonus figure for year 2 of the scheme is based on changes between September 2010 and 2011. For this year there was an increase to 1,103 in the number of new properties coming in to the rating, and the bonus figure will be £1.729m. This is added to the year 1 figure, to give a total payment of £2.794m, which will be received early in the 2012/13 financial year.

14.4 The grant will be paid for six years and will be cumulative. The average figure for Brent for the first two years has been approximately £1.4m. If this were to be replicated for each of the next fours, by year 6 the grant for Brent would be £1.4m multiplied by six (i.e. £8.4m). From the seventh year, properties built in the first year one would drop out from the calculation, and be replaced by those built in the seventh year.

14.5 With the developments in Wembley in particular there is a reasonable likelihood that Brent will see a continued increase in properties over this period, particularly for the earlier years. There was an increase of 718 properties between September 2009 and September 2010. This figure increased to 1,103 in the following twelve months. Between 9 September 2011 (the date used for the 2011 figures) and 16 January 2012 there has been a further increase of 312, so the indications are that although the increase may be slowing slightly, the growth in properties numbers is continuing.

15. REDUNDANCY AND RESTRUCTURING COSTS

15.1 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. From the end of 2009/10 and through 2010/11 and 2011/12 the Council has been reviewing staffing and structures with a view to reducing the number of management posts, increasing managerial spans of control and improving the ratios of front line to support staff. Over the last couple of years this has seen the loss of upward of 540 posts. This has been achieved through the deletion of vacant posts, reductions in the number of agency staff, a voluntary redundancy scheme and some compulsory redundancies. This process of rationalising council structures is still ongoing and will continue into 2012/13 and the Council needs to make provision for any redundancy and severance costs in the year as well as providing for the additional costs to the pension fund of any staff who have been made redundant and taken early retirement, these costs are usually spread over three years. For 2012/13 the Council has provided £4.354m to cover these costs, a reduction of £2m reflecting the completion of the One Council staffing and structure programme.

16. PROCUREMENT INCOME

16.1 From July 2010 Brent entered into a new contract with Commensura as the main provider of agency staff replacing Matrix. A proportion of the agency staff savings accruing from this contract are held centrally. In addition there are also a number of rebates received for other procurement arrangements. In total the level of income in 2011/12 is forecast to be £480k. For 2012/13 this item has been incorporated within the inflation provision and has been offset against additional income from fees and charges raised by service areas not separately identified within the savings schedules.