

	<p style="text-align: center;"><b>Executive</b> <b>12 March 2012</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 3, 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.

## 3.0 Executive Summary - FINANCE

3.1 The Council's revenue budget position for the quarter 3 is as follows:

Item	Budget £000	Forecast Outturn £000	Variance £000
Adult Social Services	91,745	92,037	292
Children & Families	56,299	56,407	108
Environment & Neighbourhood Services	39,254	39,254	0
Regeneration & Major Projects	25,482	25,376	(106)
Finance & Corporate Services / Central Services	32,416	32,302	(114)
<b>Service Area Total</b>	<b>245,196</b>	<b>245,376</b>	<b>180</b>
Central Items	22,693	22,513	(180)
<b>Total Council Budget</b>	<b>267,889</b>	<b>267,889</b>	<b>0</b>

- The Council is currently forecasting a breakeven position. This is an improvement since quarter 2 of £1.777m. The main reasons for this are improvements in the outturn position for Finance & Corporate Services / Central Services and the Central Items of £601k and £675k respectively.
- Environment and Neighbourhoods is currently forecasting a breakeven position for 2011/12, an improvement of £182k on the quarter 2 position. There continue to be shortfalls on a number of income budgets (including metered income from parking) and pressures from the delays in implementing the library transformation programme. These are compensated for by savings from staff and increased income in Transportation.
- Central Services are currently forecasting an underspend of £114k for quarter 3. An improvement of £601k from the forecast overspend of £487k in quarter 2 where the overspend was due to various shortfalls on income items

(including schools' payroll) and pressures on the procurement budget. These pressures remain but a number compensating savings have been made from holding posts vacant, increased trading income and the use of project monies.

- Overall the main overspending pressures remain with adult social care transitions (£980k), children's social care legal costs (£830k) and the temporary accommodation budget (£750k).
- The majority of these demand costs are currently being met by a centrally held provision of £2m although potential claims currently exceed this by £250k. A reduction of £250k since quarter 2 reflecting an improvement in the forecasts for temporary accommodation.
- The position on service areas has improved significantly since quarter 2 and reflects the efforts by service areas to put together and action plans to eliminate their overspends by the end of the financial year.
- Within central items there has been an improvement of £394k in the position on capital financing costs. There are still pressures over the delivery of £3m procurement savings from the One Council Programme in 2011/12 and issues arising from closing in 2011/12, however officers are confident that any shortfalls can be contained.
- The budget figures for 2011/12 do not include the impact of the virements agreed at the Council Meeting on 27 February 2012.
- The overspend on schools budget for 2011/12 remains around £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 breakeven forecast means that our overall general fund non earmarked balances will be £10.080m at the start of 2012/13.

### 3.2 The Council's capital budget position for Quarter 3 is as follows:

Item	Qtr 2 Budget Position £000	Forecast Outturn £000	Variance £000
Adult Social Services	1,724	1,200	(524)

Children & Families	4,461	0	(4,461)
Environment & Neighbourhood Services	14,155	14,199	45
Regeneration & Major Projects	139,952	119,335	(20,617)
Housing – General Fund	7,334	5,146	(2,189)
Housing - HRA	20,599	14,668	(5,931)
Finance & Corporate Services / Central Services	4,307	1,926	(2,381)
<b>Total Capital Programme</b>	<b>192,532</b>	<b>156,474</b>	<b>(36,058)</b>

The Council is currently forecasting a decrease in 2011/12 capital expenditure of £36.058m from the Quarter 2 figure. Full details of the variances to the previously reported figure are given in the attached Finance Appendix. Any increases in forecast expenditure are 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 met from 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**

Cathy Tyson (Assistant Director, Strategy, Partnerships and Improvement)  
Brent Town Hall, Forty Lane, Wembley Middlesex, HA9 9HD 020 8937 1030

Mick Bowden (Deputy Director, Finance and Corporate Services) Brent Town  
Hall, Forty Lane, Wembley Middlesex, HA9 9HD 020 8937 1460.

<b>PHIL NEWBY</b> <b>Director of Strategy, Partnerships &amp; Improvement</b>	<b>CLIVE HEAPHY</b> <b>Director of Finance &amp; Corporate Services</b>
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