

	<p style="text-align: center;">Meeting of the Budget Panel 15th July 2008</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Action	Wards Affected: ALL
<p style="text-align: center;">Budget process 2009/10 and subsequent years</p>	

Forward Plan Ref: F&CR-07/08-36

1.0 SUMMARY

- 1.1 This report sets out the proposed process for setting the budget for 2009/10 and addressing budget pressures over the medium term. The aim is to continue to deliver improved services whilst recognising the tight constraints on resources. To do this, the proposals in this report need to be considered in the context of the council's overall service transformation programme.
- 1.2 The report is structured as follows:
- Section 2 Recommendations
 - Section 3 The Medium Term Financial Strategy
 - Section 4 Proposed approach to addressing the budget gap
 - Section 5 Council tax
 - Section 6 Fees and charges
 - Section 7 The capital programme
 - Section 8 Involvement of key stakeholders
 - Section 9 Budget timetable

2.0 RECOMMENDATIONS

The Executive is asked to:

- 2.1 Endorse the overall budget process set out in this report.
- 2.2 Agree that the budget strategy should cover more than one year (para 4.1).

- 2.3 Agree the approach to:
- a. Savings (para 4.3 (a) to (d));
 - b. 'Inescapable' growth in service areas (para 4.3 (e) to (g));
 - c. 'Inescapable' growth in central items (para 4.3 (h) to (i) and Appendix C);
 - d. Priority growth, Area Based Grant and LAA Performance Reward Grant (para 4.3 (j) to (m));
 - e. 'Invest to save' (para 4.3 (n));
 - f. Council tax (paras 5.1 and 5.2);
 - g. Fees and charges (paras 6.1 to 6.4);
 - h. The capital programme (paras 7.1 and 7.2);
 - i. The involvement of stakeholders (para 8.1 and Appendix E).
- 2.4 Note some of the further measures that would need to be taken to balance the budget at various levels of council tax increase (para 4.5).
- 2.5 Note the recommendations of the Budget Panel on the 2008/09 budget and actions that need to be taken to address these (para 8.1 and Appendix F).
- 2.6 Note the proposed budget timetable (para 9.1 and Appendix G).

3.0 THE MEDIUM TERM FINANCIAL STRATEGY

- 3.1 The council's Medium Term Financial Strategy (MTFS) was set out in the 2008/09 budget report agreed at Full Council on 3rd March 2008. The figures in the MTFS have been up-dated in Appendix A. Savings from 2008/09 onwards which had been included in service area budgets have been taken out. In addition, there have been amendments to central items for known changes including, most significantly, removal of allowance for any funding from the Local Authorities Business Growth Incentive (LABGI) scheme grant.
- 3.2 The main assumptions built into the forecasts are as follows:
- a. Formula Grant increases by 1.75% in 2009/10 and 1.5% in 2010/11, in line with the three year settlement announced last year, with a further increase of 1% in 2011/12;
 - b. pay increases of 2.5% pa;
 - c. price increases of 2% pa;
 - d. income increases of 2% pa;
 - e. pension fund contributions remain at 2008/09 levels;
 - f. provision for 'unavoidable growth' in:
 - i. service areas of £7.9m in 2009/10, £5.9m in 2010/11, and £5.7m in 2011/12; and
 - ii. central items of £7.5m in 2009/10, £5.6m in 2010/11, £3.1m in 2011/12;

- g. provision for service priority growth of £0.9m in 2009/10, a further £1.2m in 2010/11, and £1.0m in 2011/12;
- h. borrowing to fund the capital programme remains at levels included within the current capital programme;
- i. a 0.75% increase in the council tax base;
- j. spending each year is in line with budget;
- k. balances remain at £7.5m;
- l. any addition to balances above £7.5m are used for one-off purposes.

3.3 The combined impact of cost pressures on the council's budget - numbers accessing social care, amount and cost of waste disposal, concessionary fares, office accommodation etc – and government grant well below inflation (1.75% in 2009/10 and 1.5% in 2010/11, with lower increases assumed for future years) is an overall funding gap. Table 1 includes an up-dated budget gap based on the revised MTFS figures in Appendix A.

Table 1 Up-dated MTFS budget gap – no savings assumed

Year	Cumulative budget gap assuming:		
	5% council tax rise	2.5% council tax rise	0% council tax rise
	£m	£m	£m
2009/10	14.0	16.5	18.9
2010/11	23.2	28.4	33.4
2011/12	30.3	38.4	46.1

Note: These are total budget gap figures. Any savings within service area budgets would reduce these.

4.0 PROPOSED APPROACH TO ADDRESSING THE BUDGET GAP

- 4.1 The certainty provided by the three year funding settlement makes it easier than it was in the past to develop a budget strategy which covers more than one year. In addition, the development of transformation programmes in adult and children's social care and measures being taken to reduce waste and increase recycling mean that it is possible to review provision for 'inescapable' growth which in turn makes the budget gap more manageable. Furthermore, the introduction of Area Based Grant and the development of LAA priorities provides an opportunity for the council to review how it funds service priority growth.
- 4.2 Inevitably there will be factors that throw the budget strategy off course – such as government decisions on funding for homelessness and changes to migration patterns. There are also key decisions which members will not want to take before they are more aware of the options – including in particular the level of council tax to be set. However, these factors should not prevent council officers developing a budget strategy which provides a degree

of certainty within which service provision, and the transformation programme, can be planned over a longer period.

4.3 The key elements of the approach we propose are as follows:

Savings

- a. For the existing 'invest to save' programmes in children's social care and the One Stop Shop, budgets will continue to be reduced in line with 'invest to save' profiles until 'invest to save' monies are repaid. They would then be treated in the same way as other services (see para (d) below).
- b. The key challenge for adult social care is managing the growing demand for the service. There is more certainty about the funding position now that the dispute with the PCT appears to be resolved. In addition the transformation programme is already well underway. The additional pressures are being managed by early intervention (eg the POPP programme intended to prevent older people coming into care), use of more cost effective forms of care (supported living rather than residential care), the development of services tailored to client needs (either through direct payments or individual budgets), and service efficiencies through better commissioning and procurement and streamlined assessment processes. The focus of work in adult care services should be on this transformation, which will take a number of years, and not on an annual budget savings exercise.

It is therefore proposed to exempt adult social care from the 3% savings target. The expectation will be however that all growth pressures on adult social care will be contained within a standstill real terms council budget allocation¹, supplemented by the new Social Care Reform grant which is £460k in 2008/09, £1.069m in 2009/10, and £1.309m in 2010/11.

This approach will only work if continued implementation of the transformation programme is tied in with a rigorous approach to budgeting which ensures:

- i. full managerial accountability for staying within budgets;
 - ii. an activity based approach for assessing future budget needs; and
 - iii. a robust approach to assessing transformation savings and allocating them to individual budgets within adult social care.
- c. The key challenge for waste management is reducing the amount of waste which residents produce and increasing levels of recycling. Forecast increases in the West London Waste Authority levy are 23% in 2009/10 and a further 24% in 2010/11. Similar increases can be expected in the cost per tonne of waste not covered by the levy (ie section 52(9) charges). These increasing costs are a combination of the £8 per tonne increase each year in land-fill tax and the increased cost of both land-fill and other forms of waste disposal. They take no account of the potential adverse impact of the Landfill Allowance Trading Scheme (LATS).

¹ The only amendments to the Adult Social Care cash limit will therefore be 2.5% per annum for pay increases and 2% for prices and income increases.

It is proposed that the waste management budget in Environment and Culture is exempted from the 3% savings target. Environment and Culture will however be required to come forward with a strategy for delivering reductions in waste tonnage and increases in recycling over the next three years in order to reduce the provision for growth in central items for the WLWA levy and section 52(9) charges.

- d. All other services would be required to develop programmes to deliver 3% savings per annum across their service areas. Services would be expected to plan their savings over a period of three years and use a combination of demand management, supply side efficiencies, and income optimisation² to achieve savings. Savings would be a combination of opportunistic savings (eg reallocation of work following creation of a vacancy), quick wins based on transformation programmes already in train, and longer term savings arising from the planned council-wide transformation programme.

‘Inescapable’ growth

Service areas

- e. The consequence of the approach proposed under (a) to (d) above – in particular using the improvement and efficiency programme to contain growth within adult care services - is that there will be a significant reduction in the provision needed for ‘inescapable’ growth in service areas.
- f. There are however a number of very specific items which were identified as ‘inescapable’ growth in last year’s budget which will require growth funding in future years:
 - i. £15k in 2009/10 to 2011/12 for Town Centre CCTV;
 - ii. £320k in 2009/10 for additional Police Community Support Officers following the ending of the subsidy arrangement with the Metropolitan Police;
 - iii. £309k in 2009/10, a further £248k in 2010/11, and a further £25k in 2011/12 for properties at Middlesex House/Lancelot Rd which fall out of the HRA ; and
 - iv. £395k in 2010/11 and a further £20k in 2011/12 to re-align HRA/General Fund recharges following transfer of South Kilburn properties.
- g. In addition, a further £2m per annum will be allowed as a contingency for ‘inescapable’ growth in service area budgets. At this stage, potential uses identified for this contingency are as follows:
 - i. Unavoidable increases in costs as a result of contractually agreed indexing arrangements eg the waste contract to the extent that it is

² Services areas will be expected in the first instance to use income optimisation to offset losses of income due to economic slow-down. Surpluses above that will be available to meet savings targets. The key areas of income likely to be affected by downturn are planning fees, building control income, land searches, and commercial rent income.

indexed to fuel prices;

- ii. Changes to grant funding arrangements eg any decision by government to further reduce housing benefit thresholds for temporary accommodation.

Given current economic conditions with inflation (RPI for May) at 4.3%, this is an area of major risk.

Central items

- h. Details of central items are included in Appendix C.
- i. There is provision for 'inescapable' growth for the following items within the central items budget:
 - i. *Increases in capital financing charges.* An increase of £1m has been allowed for in 2009/10 with similar increases in subsequent years to fund borrowing costs associated with the capital programme.
 - ii. *Increases in levy costs.* This includes the impact of land-fill taxes and increases in contract costs on the West London Waste Authority levy and on section 52(9) charges (see (c) above). The allowance for increased levy costs in 2009/10 is £2m with similar increases in subsequent years.
 - iii. *Increases in property costs.* Allowance has been made for an increase of £1m in property costs in 2009/10. This reflects the costs that would be needed to make the council's current property portfolio 'fit for purpose' and enable modern ways of working were the council not planning a new Civic Centre. In practice, the majority of this funding will be diverted to support the delivery of the Civic Centre.
 - iv. *Loss of Local Authority Business Growth Incentive (LABGI) scheme funds.* The council has included £1.5m for LABGI income in the 2008/09 budget. There is no certainty that the council will have access to LABGI funds in future years and therefore this item has been taken out from 2009/10.
 - v. *Increases in Freedom Pass (concessionary fares) costs.* There are on-going discussions about changes to the basis of allocation of concessionary fare costs which would impact on the council's contribution. Allowance of £0.9m has been made for this in 2009/10 with lower increases in subsequent years.
 - vi. *Funding for the affordable housing PFI.* This is to fund the council's contribution to the scheme as properties come on stream. The growth is around £0.2m per annum for the next three years.
 - vii. *Funding for Building Schools for the Future.* On-going funding of £0.5m per annum has been included in central items from 2009/10. This is in addition to £140k per annum included in the capital programme. This funding is needed to deliver up to £250m of investment in the borough's secondary schools. The funding will need to be reviewed once the council has had the government response to its request to be included in an earlier wave of BSF.

Priority growth

- j. The current MTFS includes provision for service priority growth of £0.9m in 2009/10, a further £1.2m in 2010/11, and £1.0m in 2011/12. The items included within this were directorate priorities aligned to the 2006-10 Corporate Strategy but not subject to critical corporate review and not specifically linked into the development of the Local Area Agreement. In practice the provision for service priority growth has been reduced each year as resources have not been sufficient to fund it.
- k. There are also now alternative funding sources for growth which could be used instead of mainstream funding. The principal areas are as follows:
 - i. *Area Based Grant (excluding Supporting People)*. This is set to grow from £16.108m in 2008/09 to £17.695m in 2009/10, and £17.774m in 2010/11 (details are in Appendix D(i)). This is not ring-fenced and it is for the council to decide how this growth is allocated taking account of priorities within the Local Area Agreement. 2008/09 allocations have already been added to service area budgets. The use of the funds is currently subject to review and there is no guarantee that amounts added to cash limits in 2008/09 will be maintained at current levels in future years.

Pending completion of the review, it is proposed that:

- the amounts currently within budgets are frozen in cash terms (except where the grant finishes or is reduced during the three year period in which case a reduction has been made to the service area budget);
- service areas should avoid any new commitments against these budgets in future years.

The balance of ABG will be held back to allocate to priorities identified through the Local Area Agreement process. This amount will be supplemented by any additional resources which can be released as a result of the review.

- ii. *LAA Performance Reward Grant*. The council expects to receive a total of c. £8m of Performance Reward Grant in 2009/10 and 2010/11 subject to achievement of stretch targets in the 2006/07 to 2008/09 LAA.³ It is proposed that the revenue element of this is allocated through the LAA prioritisation process and that the capital element is held back for potential use as 'invest to save' funds. Because Performance Reward Grant is one-off money, any allocation to LAA priorities should only be used for spending where there is a clear exit route.
- iii. *Other grants not in Area Based Grant*. Details of these are included in Appendix D(ii). They include significant growth in particular areas including early years, extended schools, disabled children, and social care reform. Unlike Area Based Grant, this funding is allocated for

³ 50% of the Performance Reward Grant will be capital grant and 50% revenue.

specific purposes and therefore it is not proposed to hold any of the funding back. However, it does represent additional funding which contributes to the achievement of the council's improvement priorities.

- l. Supporting People funding becomes part of Area Based Grant in 2009/10. It will remain fixed at its current level of £12.807m but will no longer be ring-fenced. It is proposed that a review is carried out of use of Supporting People funds to establish the extent to which any of the funding can be released to fund other priorities within the Local Area Agreement.
- m. Given the additional sources of funding available, it is proposed to remove the allocation of additional service priority growth funding within future years' budgets. This would mean that no separate provision would be made for priority growth previously identified and that this would have to be considered within the context of the allocation of the funds identified in (k) above.

'Invest to save'

- n. As part of the 2007/08 accounts closing process, officers had been hoping to identify funding that could be part of an 'invest to save' pot. A significant source of this was to be Local Authority Business Growth Incentive scheme (LABGI) funding due to the opening of the Stadium and related developments but the government had to cut planned funding levels as a result of legal challenges. The result is that there will be less one-off revenue funding for 'invest to save' projects than had been hoped. Availability of other potential sources for 'invest to save' funds is being reviewed as part of 2007/08 closing of accounts.

- 4.4 The consequence of the measures in para 4.3 is that the overall budget gap to get to a 5% council tax rise is significantly reduced, as set out in Table 2 below (details are in Appendix B). This assumes that (1) the council can contain growth in adult care costs; (2) children's social care and One Stop Shop can deliver savings set out in their 'invest to save' programmes, and (3) all other service areas can deliver 3% per annum savings through transformation (amounting to £5.4m in 2009/10, with a further £6.4m in 2010/11 and £6.4m in 2011/12).

Table 2 Revised MTFs budget gap – assuming savings and other measures in para 4.3

Year	Revised cumulative budget gap assuming:		
	5% council tax rise	2.5% council tax rise	0% council tax rise
	£m	£m	£m
2009/10	2.3	4.8	7.2
2010/11	0.7	5.9	10.9
2011/12	(3.3)	4.8	12.5

Note: These are budget gap figures after taking account of the savings totals departments would have to deliver outlined above.

- 4.5 There are a number of options that Members will need to consider as the budget process develops. These could include for example:
- Reductions in the £2m contingency for 'inescapable' growth (eg by requiring services to meet contractual inflation above 2% within cash limits);
 - Reductions in growth provided for central items (eg achieving reductions in waste tonnages);
 - Using growth in Area Based Grant and/or Performance Reward Grant to reduce council tax increases rather than support achievement of LAA priorities;
 - More radical changes to service provision through the Improvement and Efficiency programme or stopping provision of low priority services.

5.0 COUNCIL TAX

- 5.1 Table 3 below provides details for information of council tax levels since 2000/01. Table 4 shows the percentage increase in each year.

Table 3 Band D council tax levels in Brent - 2000/01 to 2008/09

	2000/1 £	2001/2 £	2002/3 £	2003/4 £	2004/5 £	2005/6 £	2006/7 £	2007/8 £	2008/9 £
Brent	616.83	648.61	703.96	850.65	899.83	929.52	950.13	995.58	1,033.11
GLA	122.98	150.88	173.88	224.40	241.33	254.62	288.61	303.88	309.82
Total	739.81	799.49	877.84	1,075.05	1,141.16	1,184.14	1,238.74	1,299.46	1,342.93

Table 4 Council tax increases in Brent - 2001/02 to 2008/09

	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9
Brent	5.2%	8.5%	20.8%	5.8%	3.3%	2.2%	4.8%	3.8%
GLA	22.7%	15.2%	29.1%	7.5%	5.5%	13.3%	5.3%	2.0%
Total	8.1%	9.8%	22.5%	6.1%	3.8%	4.6%	4.9%	3.3%

- 5.2 Apart from 2008/09 which was a GLA election year, the Brent council tax increase has compared favourably with GLA increases. It is unclear at this stage what the new Mayor's intentions on precept increases are or what room for manoeuvre he will have. However, it is unlikely that he will want an increase above 2.5% each year and he is likely to try to achieve increases lower than this.

6.0 FEES AND CHARGES

- 6.1 The council has developed its approach to fees and charges following the 2004 Best Value Review. There are a number of examples where the council has successfully combined an entrepreneurial approach to fees and charges

with the achievement of council policy objectives/efficient resource allocation, including the review of the cemetery service, the nationality checking service, and charges for furniture storage for people in temporary accommodation. The current approach is reporting the full schedule of fees and charges to the Executive, which is intended to enable an overview of fees and charges across the council. However, the council's approach needs to be reviewed for the following reasons:

- a. The council's overall policy approach has not been well articulated;
- b. Fees and charges decisions are too often tied in with the annual budget process rather than part of a more considered review of the appropriate level at which charges should be set to optimise income whilst supporting policy objectives;
- c. The government and Audit Commission are encouraging councils to review opportunities to optimise revenue income;
- d. There is a shortage of tools to support managers to ensure they are optimising income;
- e. Incentives need to be in place for managers to generate additional income to support service delivery.

6.2 Some of these issues were addressed in the work commissioned from PWC in the lead up to the 2008/09 budget. This work was however carried out in a very short timescale and focused primarily on identifying 'quick win' fees and charges opportunities for the 2008/09 budget.

6.3 A corporate officer group⁴ has been set up to take this process forward. Its role is to:

- a. Ensure that there is a coherent fees and charges policy which is properly articulated;
- b. Develop tools to support managers in finding ways of optimising revenue income;
- c. Monitor achievement of additional income from fees and charges in 2008/09⁵;
- d. Develop the approach to fees and charges for the 2009/10 budget and future years.

The group will also act as the sounding board for further work commissioned from PWC on advertising and sponsorship income.

6.4 Work is currently being carried out on the policy framework with the intention of completing a draft in August for consultation and then taking it to the Budget Panel in October. This will form the basis for further guidance to

⁴ The corporate officer group includes representatives from corporate finance, Policy and Regeneration Unit, legal services and each of the main service departments.

⁵ This particularly relates to the £587k income target included in central items which is to be achieved from a combination of (1) advertising and sponsorship income; (2) on- and off-street parking charges; (3) reduced subsidy for staff parking; and (4) charges for credit cards. This additional income is included in the base budget and therefore needs to be achieved on an on-going basis.

service areas on the approach to be taken to fees and charges. In the meantime, the budget projections in section 4 above do not assume any additional income target above the £587k included for 2008/09 and future years in central items. The assumption is therefore that additional income over and above that required to achieve the central target will count toward service areas' savings targets (see para 4.3(d) above).

7.0 CAPITAL PROGRAMME

- 7.1 The capital programme is a four year rolling programme. Levels of funding, together with target outputs, have been agreed up to 2011/12. Services will be invited to submit proposals for schemes to include in the 2012/13 programme. In addition, consideration will need to be given to whether there are any additional schemes required as part of a wider 'invest to save' programme to enable the transformation programme to be delivered. The Capital Board will be carrying out a review of existing projects to ensure they are delivering promised outcomes. The Budget Panel has also asked for this information to be reported to them.
- 7.2 The key challenge will be to meet the demands on the schools' capital programme. Work is currently being carried out to address both immediate funding issues (repairs to school roofs) and the longer term challenges of a sustainable Special Education Needs programme, Building Schools for the Future (secondary schools), the Primary Capital Programme, the delivery of additional pupil places, and the on-going conditions needs of school buildings. The intention is to draw together an array of existing council mainstream resources, government grant funding, s106 funding, capital receipts (arising directly as a result of a school development), capital grant delegated to schools (DCF), school loans scheme, and potentially additional prudential borrowing charged to the Schools Budget to meet these needs.

8.0 INVOLVEMENT OF KEY STAKEHOLDERS

- 8.1 There are a number of key stakeholders that the council needs to involve in the budget process. Appendix E set out the main stakeholders and how we would hope to involve them. Appendix F sets out the recommendations of the Budget Panel following their review of the 2008/09 budget process and proposals for addressing these.

9.0 TIMETABLE

- 9.1 Appendix G sets out a draft outline timetable for the 2008/09 budget.

10.0 FINANCIAL IMPLICATIONS

- 10.1 The report is about financial issues. There are no direct costs or other direct financial implications arising from this report.

11.0 LEGAL IMPLICATIONS

11.1 There are no direct legal implications arising from this report.

12.0 DIVERSITY IMPLICATIONS

12.1 An Impact, Needs and Requirements Assessment (INRA) will be carried out on the budget process as in previous years.

13.0 STAFFING IMPLICATIONS

13.1 None directly as a result of this report.

14.0 BACKGROUND INFORMATION

14.1 Report to Full Council – 3rd March 2008, 2008/09 Budget and Council Tax

15.0 CONTACT OFFICERS

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APPENDIX A

UP-DATED MEDIUM TERM FINANCIAL STRATEGY FIGURES

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Service Area Budgets (SABs)				
Children & Families	58,680	60,609	61,563	62,728
Environment and Culture	47,453	48,772	49,981	51,222
Housing and Community Care				
- Housing and Customer Services	20,662	33,815	34,116	34,521
- Adults and Social Care	86,351	88,080	89,814	91,565
Central Units	13,832	14,639	15,105	15,492
Finance & Corporate Resources	7,208	7,589	7,851	8,127
Total SABs	234,186	253,504	258,430	263,655
Area Based Grant not yet in SABs	341	419	468	468
Growth For Service Areas				
'Inescapable' growth	0	5,866	6,129	6,174
Service Priority Growth	0	893	2,060	3,060
Additional Growth Pressures and Priorities	0	2,000	7,700	13,400
Total provision for growth	0	8,759	15,889	22,634
Other Budgets				
Central Items	38,658	46,132	51,733	54,825
Area Based Grant - excluding Supporting People	(16,108)	(17,695)	(17,774)	(17,774)
Area Based Grant - Supporting People	0	(12,807)	(12,807)	(12,807)
Contribution to/(from) Balances	(1,105)	0	0	0
	21,445	15,630	21,152	24,244
Total Budget Requirement	255,972	278,312	295,939	311,001
Plus Deficit on the Collection Fund	1,149	1,149	1,149	1,149
Grand Total	257,121	279,461	297,088	312,150
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Budget Gap at 0%, 2.5% and 5% Council Tax Increase				
Reductions required to achieve council tax increase of 0% in each year		(18,916)	(33,411)	(46,084)
Reductions required to achieve council tax increase of 2.5% in each year		(16,455)	(28,391)	(38,406)
Reductions required to achieve council tax increase of 5.0% in each year		(13,994)	(23,241)	(30,327)

APPENDIX B

REVISED MEDIUM TERM FINANCIAL STRATEGY FIGURES TO TAKE ACCOUNT OF APPROACH SET OUT IN SECTION 4

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Service Area Budgets (SABs)				
Children & Families	58,680	59,346	60,351	61,516
Environment and Culture	47,453	48,772	49,981	51,222
Housing and Community Care				
- Housing and Customer Services	20,662	33,815	34,116	34,521
- Adults and Social Care	86,351	87,910	89,516	91,267
Central Units	13,832	14,170	14,521	14,908
Finance & Corporate Resources	7,208	7,589	7,851	8,159
Total SABs	234,186	251,602	256,336	261,593
Area Based Grant not yet in SABs	341	341	341	341
Savings for Service Areas	0	(5,370)	(11,742)	(18,114)
Growth for Service Areas				
'Inescapable' growth	0	644	1,302	1,347
Funding for service priority growth:				
- Area Based Grant - Growth	0	1,771	2,012	2,012
- Estimated Performance Reward Grant	0	2,000	2,000	0
Provision for other 'inescapable' growth	0	2,000	4,000	6,000
Total provision for growth	0	6,415	9,314	9,359
Other Budgets				
Central Items	38,658	46,132	51,733	54,825
Area Based Grant - excluding Supporting People	(16,108)	(17,695)	(17,774)	(17,774)
Area Based Grant - Supporting People	0	(12,807)	(12,807)	(12,807)
Estimated Performance Reward Grant	0	(2,000)	(2,000)	0
Contribution to/(from) Balances	(1,105)	0	0	0
	21,445	13,630	19,152	24,244
Total Budget Requirement	255,972	266,618	273,401	277,423
Plus Deficit on the Collection Fund	1,149	1,149	1,149	1,149
Grand Total	257,121	267,767	274,550	278,572
Budget Gap at 0%, 2.5% and 5% Council Tax Increase				
Reductions required to achieve council tax increase of 0% in each year		(7,222)	(10,874)	(12,507)
Reductions required to achieve council tax increase of 2.5% in each year		(4,761)	(5,854)	(4,829)
Reductions required to achieve council tax increase of 5.0% in each year		(2,300)	(704)	3,250

APPENDIX C

ANALYSIS OF CENTRAL ITEMS 2008/09 - 2011/12

	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
Coroners Courts	198	203	208	213
LGA	69	71	72	74
London Councils	198	203	208	213
LGIU Subscription	19	19	19	19
West London Alliance	20	20	20	20
Park Royal Partnership	25	25	25	25
Copyright Licensing	13	13	13	13
External Audit	425	433	442	450
Corporate Insurance	280	300	320	340
Capital Financing Charges	23,374	24,394	25,584	25,810
Net Interest Receipts	(3,549)	(3,656)	(3,734)	(3,960)
Levies	8,373	10,430	12,574	15,091
Premature Retirement Compensation	4,200	4,280	4,370	4,460
Middlesex House/Lancelot Road	454	489	526	565
Remuneration Strategy	2,500	2,500	2,500	2,500
South Kilburn Development	570	570	1,500	1,500
Investment in IT	820	820	820	820
Insurance Fund	1,800	1,800	1,800	1,800
Property Repairs and Maintenance/Civic Facility	1,200	2,200	2,400	2,600
Neighbourhood Working	850	850	850	850
Local Authority Business Growth Incentives	(1,500)	0	0	0
Freedom Pass Scheme Growth	0	900	1,300	1,700
Affordable Housing PFI	514	764	1,003	1,159
Council Elections	0	0	350	0
Corporate Efficiency Savings	(1,150)	(1,150)	(1,150)	(1,150)
Income Generation Initiatives	(587)	(587)	(587)	(587)
Future of Wembley	350	350	350	350
Leasing Costs (Internal Scheme)	(120)	(117)	(100)	(100)
Invest to save	(156)	0	0	0
Capitalisation adjustment	(600)	(600)	(600)	(600)
Building Schools for the Future	0	500	500	500
Other Items	68	108	150	150
TOTAL	38,658	46,132	51,733	54,825

APPENDIX D(i)

AREA BASED GRANT 2008/09 TO 2010/11

	Government Department	Service Area	2008/09	2009/10	2010/11	Notes
			£	£	£	
Carers	DH	Children & Families	303,000	323,000	343,000	
Care Matters White Paper	DCSF	Children & Families	275,006	408,125	484,653	
Child and Adolescent Mental Health Services	DH	Children & Families	941,052	992,222	1,043,852	
Child Death Review Processes	DCSF	Children & Families	73,012	75,115	78,310	NEW
Children's Social Care Workforce (formerly HRDS and NTS)	DCSF	Children & Families	184,416	184,587	185,192	
Children's Fund	DCSF	Children & Families	1,038,192	1,038,192	1,038,192	
Connexions	DCSF	Children & Families	2,601,070	2,483,963	2,469,858	
Positive Activities for Young People	DCSF	Children & Families	513,351	513,351	513,351	
Positive Activities for Young People - additional investment	DCSF	Children & Families		368,560	631,817	NEW - supplemented by GLA funds
Teenage Pregnancy	DCSF	Children & Families	134,000	134,000	134,000	
Young People's Substance Misuse	HO	Children & Families	136,677	136,677	136,677	
			6,199,776	6,657,792	7,058,902	
14-19 Flexible Funding Pot	DSCF	Schools	69,311	70,797	72,135	Formerly Standards Fund
Choice Advisers	DCSF	Schools	46,368	46,368	46,368	Formerly Standards Fund
Education Health Partnerships	DCSF	Schools	74,319	74,319	74,319	Formerly Standards Fund
Extended Rights to Free Transport	DCSF	Schools	2,389	6,801	11,214	NEW
Extended Schools Start Up Costs	DCSF	Schools	450,178	922,426	379,341	
Secondary National Strategy – Behaviour and Attendance	DCSF	Schools	68,300	68,300	68,300	
Secondary National Strategy – Central Coordination	DCSF	Schools	162,009	162,333	162,478	
Primary National Strategy – Central Coordination	DCSF	Schools	154,644	154,783	154,794	
School Development Grant (Local Authority element)	DCSF	Schools	845,311	845,311	845,311	
School Improvement Partners	DCSF	Schools	91,020	91,020	91,020	
School Intervention Grant	DCSF	Schools	53,900	53,900	53,900	Formerly Standards Fund
School Travel Advisers	DCSF	Schools	25,000	25,000	25,000	
Sustainable Travel General Duty	DCSF	Schools	18,435	18,435	18,435	
			2,061,184	2,539,793	2,002,615	
Adult Social Care Workforce (formerly HRDS and NTS)	DH	H&CC - Adults	740,409	756,968	773,514	
Learning Disability Development Fund	DOH	H&CC - Adults	280,668	279,772	279,075	NEW
Mental Capacity Act and Independent Mental Capacity Advocate Service	DH	H&CC - Adults	137,532	172,504	164,789	
Mental Health	DH	H&CC - Adults	895,179	939,058	983,449	
Preserved Rights	DH	H&CC - Adults	1,301,710	1,253,703	1,206,280	
Carers	DH	H&CC - Adults	1,140,451	1,214,919	1,289,376	
			4,495,949	4,616,924	4,696,483	
Supporting People Administration	CLG	H&CC - Housing	216,395	199,311	170,838	
			216,395	199,311	170,838	
Local Involvement Networks	DH	Central Units	185,268	184,652	184,117	NEW
Working Neighbourhoods Fund (replaces Neighbourhood Renewal Fund)	CLG	Central Units	2,402,802	2,904,656	3,033,350	
Stronger Safer Communities Fund	HO	Central Units	342,007	342,007	342,007	
Preventing Violent Extremism	CLG	Central Units	205,000	250,000	286,000	
			3,135,077	3,681,315	3,845,474	
Total Area Based Grant(exc Supporting People)			16,108,381	17,695,135	17,774,312	
Supporting People (in ABG from 2009/10)	CLG	H&CC - Housing	12,806,959	12,806,959	12,806,959	
Total Area Based Grant(inc Supporting People)			28,915,340	30,502,094	30,581,271	

APPENDIX D(ii)

SPECIFIC GRANTS 2008/09 TO 2010/11

	Government Department	Service Area	2008-09 £	2009-10 £	2010-11 £	Notes
Contact Point	DCSF	Children & Families	160,000			NEW
Early Years: Increasing flexibility of entitlement for 3-4 year olds	DCSF	Children & Families	1,498,333	2,699,064	2,611,818	NEW
Sure Start, Early Years and Childcare	DCSF	Children & Families	7,791,968	8,758,433	9,915,282	
Youth opportunity fund	DCSF	Children & Families	178,000	178,000	178,000	
School Lunch Grant	DCSF	Schools	439,524	439,524	439,524	
Ethnic Minorities Achievement Grant	DCSF	Schools	4,784,956	5,110,342	5,414,062	
Music Services	DCSF	Schools	378,259	378,259	378,259	
Playing for success	DCSF	Schools	75,000			
Extended Schools - Sustainability	DCSF	Schools	388,811	711,498	1,002,446	NEW
School Development Grant	DCSF	Schools	12,471,631	12,471,631	12,471,631	
Targeted Support for Primary and Secondary Strategy	DCSF	Schools	1,577,541			Future years TBC
Social Care Reform	DOH	H&CC - Adults	459,919	1,068,659	1,309,461	NEW
Homelessness	DCLG	H&CC - Housing	805,000	805,000	805,000	
Housing and council tax benefit administration subsidy grant	DCLG	Finance & Corporate Resources	3,880,927	3,786,391		Future Years TBC
PFI			2,847,000	2,847,000	2,847,000	
Growth Areas - Revenue			70,000	-	-	NEW
Community Cohesion	DCLG	Central	200,000	200,000	200,000	NEW
Aim Higher	DCSF	Children & Families	40,000	277,200	894,300	
Total			38,046,869	39,731,001	38,466,782	

INVOLVEMENT OF STAKE-HOLDERS IN THE BUDGET PROCESS

Stakeholder	Level of involvement
Executive	<ul style="list-style-type: none"> - Regular briefings for Leader and Deputy Leader - Away-days in July and October - PCG up-dates - Briefing of individual portfolio holders by chief officers - Star chamber meetings - Formal Executive meetings
Opposition	<ul style="list-style-type: none"> - Regular meetings between DF&CR and Leader and Deputy Leader of Labour Group - Leader and Deputy Leader of Labour Group on Budget Panel
Budget Panel	<ul style="list-style-type: none"> - Timetable of meetings fixed starting in July - Carrying forward work from 2008/09 budget round - Focus on medium term financial strategy and links to delivery of corporate strategy - Requested review of fees and charges policy - Recommendations last year – and proposals for addressing them - in Appendix F of this report
Backbench councillors	<ul style="list-style-type: none"> - Training events for members - Briefing through group meetings - Attendance of DF&CR at group meetings - Backbenchers encouraged to attend Budget Panel - First reading debate in November - Budget setting meeting in March
Managers and staff	<ul style="list-style-type: none"> - Budget guidance - Support for budget managers through the transformation programme - Up-dates at Senior Managers' Group - Chief Executive newsletter - Departmental staff briefings - Consultation with staff on proposals that will affect them
Unions	<ul style="list-style-type: none"> - Meetings on overall budget in advance of First Reading debate in November and leading up to Council Tax setting meeting - Consultation on implementation of individual budget savings measures that have staffing implications
Local Strategic Partnership	<ul style="list-style-type: none"> - Regular briefings on council's budget prospects - Joint lobbying for resources where appropriate - Joint work on Local Area Agreement funds and specific service partnerships - Developing a joint medium term financial strategy with major partners
Voluntary sector	<ul style="list-style-type: none"> - Sharing of council's budget prospects through LSP membership - Attendance at BRAVA meeting in autumn to set out main issues and implications for voluntary sector and receive feedback - Consultation with individual voluntary organisations on funding for 2009/10 and future years
Business sector	<ul style="list-style-type: none"> - Sharing of council's budget prospects through LSP membership - Articles in Brent Business News, the quarterly newsletter of the Brent Employer Partnership

Stakeholder	Level of involvement
	<ul style="list-style-type: none"> - Meeting with business rate-payers on budget issues – jointly organised with Chamber of Commerce and the Brent Employer Partnership - All large rate-payers receive summary of budget issues in January with opportunity to comment
The Brent public	<ul style="list-style-type: none"> - Regular articles in The Brent Magazine - Newspaper briefings - Budget included on agenda of at least 1 meeting of each area forums and service user groups - Consultation with users on individual proposals - INRAs for all proposals with diversity implications

RECOMMENDATIONS OF BUDGET PANEL IN THEIR REPORT ON THE 2008/09 BUDGET

	Recommendation	Addressed in the 2008/09 budget	To be addressed
	<u>First Interim Report</u>		
A.	Recommendations reiterated from 2007/08		
1	That given the current budget challenges and demands facing the council the administration should consider all options to ensure the delivery of high quality services to our residents. This includes: <ul style="list-style-type: none"> • The range of Council Tax increase available 0-5% • Efficiency gains • Savings • Phasing priority growth. 	Yes	Applies to 2009/10 as well.
2	That balances should be set at an adequate level. In deciding what the adequate level is we strongly advise the administration to be guided by the Director of Finance and Corporate Resources.	Yes	Applies to 2009/10 as well.
3	That long term budgetary and service delivery risks should be assessed and explained when making decisions on savings.	Yes	Applies to 2009/10 as well.
4	That the budget should be robust, realistic and predictive of future demand to avoid overspends.	Yes	Applies to 2009/10 as well. Budget Panel will be reviewing high risk areas during 2008/09
5	That there should be no increases in planned levels of unsupported borrowing given the impact this has on the longer term financial prospects of the authority.	Yes	Applies to 2009/10 as well.
6	That members of the Budget Panel be given more time to analyse reports and data from the Executive at the equivalent periods in future years' budget cycles.	Partially	This was addressed in the 2008/09 budget process by scheduling most meetings to give members time to read papers and make comment to the Executive. The exception was savings proposals considered at the October Executive when a scheduled meeting had not been set up and there were difficulties finding a date that Panel members could make. Attempts

	Recommendation	Addressed in the 2008/09 budget	To be addressed
			have been made to address this in the scheduling of meetings of the Budget Panel to consider the 2009/10 budget process.
7	That all members be encouraged to attend future meetings of the Budget Panel to raise awareness of the items within the budget and feed into the budget scrutiny process. The budget panel proposes that one of its meetings or a portion thereof be earmarked for the purpose of taking submissions from other members and that they be invited accordingly.	Yes	Applies to 2009/10 as well.
B.	Further action required on recommendations carried forward from 2007/08		
8	That the Budget Panel is provided with details of progress on delivering the priorities within the Corporate Strategy and the way in which the recommended 2008/09 budget will support continued delivery of the priorities particularly given the reductions in priority growth.	Yes	Further progress on delivery of corporate priorities and plans for delivering them in future years to be considered at meeting of Budget Panel during 2008/09.
9	That the Executive commissions a strategic review of trading units within the council to ensure that the council is getting value for money from their services.	Partially	A strategic review is being carried out of Brent Transport Services which is the largest internal trading unit in the council. This has not been considered so far on a wider basis.
10	That, given on-going overspends in demand led budget areas, particularly adult care services, there is close monitoring of achievement of targets to reduce budget pressures included in both the children's and adult care transformation programmes.	Yes	Transformation programmes in children's and adults' care services are aimed at achieving this. High level monitoring of activity levels in the areas at a corporate level enables progress toward achieving targets to be monitored quarterly. Budget Panel will be receiving a review of progress during 2008/09.
11	That there is greater member scrutiny of the capital programme and that, as a first step, the Budget Panel carry out a strategic	No	The strategic review will be part of the Budget Panel's work programme for 2008/09

	Recommendation	Addressed in the 2008/09 budget	To be addressed
	review of the capital programme and the outcomes it delivers.		
12	That the Budget Panel be provided with more information on the measures that are being taken to ensure that utility companies are being held to account for the on-going condition of roads and pavements that they have made right following work carried out by them.	Partially	Additional monitoring – and additional income from penalties – has been introduced. The Budget Panel will be reviewing the extent to which the on-going condition of roads and pavements following repair is subject to review in the context of consideration of improvements in the overall condition of roads and pavements as a result of investment by the council.
13	That members with an interest in budget scrutiny be encouraged to attend the budget scrutiny event being arranged by London Councils.	N/A	The scrutiny event has happened. The timing of the event prevented members' attendance.
C.	Other recommendations relating to our work on the 2008/09 budget		
14	That the council works with London Councils to try to obtain a better financial settlement from central government in future.	Partially	The council worked with London Councils on lobbying activity on the 2008/09 to 2010/11 financial settlement. The next general settlement will be from 2011/12 which means lobbying activity will be less extensive in the current and next year. There will be campaigns on specific issues – eg the housing benefit subsidy ceiling for temporary accommodation, and-fill tax, and Local Authorities Business Growth Incentive Scheme - and an up-date will be provided to the Budget Panel of the council's involvement in these.
15	That the council continues its efforts to establish the true number of residents in Brent and receive funding commensurate with this.	Partially	The council commissioned work from Professor Les Mayhew on Brent's population which demonstrated a shortfall in the region of 18,000 in measures of population by the Office for National Statistics. Measures of population have become a key issue for government and Parliament with a cross-

	Recommendation	Addressed in the 2008/09 budget	To be addressed
			departmental ministerial group set up and separate enquiries by both House of Lords' and House of Commons' committees.
16	That, as part of recommendation 15, a full analysis is carried out of the impact of projected population change on the infrastructure and public services that are needed in Brent in the medium to longer term and the resources needed to ensure that the infrastructure and services are in place.	Partially	The 2008/09 budget report had a medium term financial strategy which addressed budget pressures, including those arising from growth in population, over the medium term. The capital programme also addressed future demand, including the need for more school places. The longer term impact is being reviewed by Performance and Finance Select Committee.
17	That the further provision of recycling facilities should be considered alongside the introduction of compulsory waste recycling as a way of increasing recycling rates and reducing waste going to land-fill.	Partially	The Waste Policy and Compulsory Recycling report was agreed at the Executive in February 2008. Success in reducing waste and increasing recycling is key to achievement of the council's sustainability objectives as well as limiting increases in waste disposal costs. The Budget Panel will revisit this as part of their work programme in 2008/09.
18	That, in future, there should also be wider member involvement in the development of LAA priorities.	N/A	Priorities are due to be agreed at the Executive in June. The Budget Panel will be reviewing this as part of consideration of funding of council priorities in the council's future budgets.
19	That the council makes all efforts to maximise commercial income.	Partially	A target for income from advertising and sponsorship, as well as other measures, was set in the 2008/09 budget. Work on this is being carried out by PricewaterhouseCoopers.
20	That Performance and Finance Select Committee is provided with benchmarking information on the costs and staff numbers of core services.	N/A	This is to be included in Performance and Finance Select Committee's programme for 2008/09.
21	That ward members should be provided with information about Section 106 money that relates to	N/A	There will be a further up-date on progress on this to the Budget Panel in 2008/09.

	Recommendation	Addressed in the 2008/09 budget	To be addressed
	their areas and suggestions should be sought as to projects that would benefit from the funding.		
	<u>Second Interim Report and Final Report</u>		
D.	Recommendations following the publication of the draft budget		
22	That fees and charges should be included in the Panel's work programme for 2008/09, including a presentation on how the council is going to develop a more focussed approach to maximising opportunities in the area of advertising and sponsorship. Work should be undertaken to look at the ways in which other local authorities successfully achieve this.	N/A	This is to be included in the Budget Panel's work programme for 2008/09.
23	That as the Budget Panel views Adult Social Care as a high risk area in terms of potential overspend and the council's ability to implement the transformation programme to extract saving, the Adult Social Care budget should be closely monitored and remedial action taken as soon as necessary.	N/A	See item 10 above.
24	That, in light of the wider issues that will arise from both implementation of the review of day care and adult care transformational, and potential implications for the budget if they cannot be implemented, these reviews are referred to another panel of the council for consideration.	N/A	This has been referred to Overview and Scrutiny Committee.
25	That there is greater transparency in relation to the implementation of the new Local Area Agreement and how and where the Area Based Grant is being spent. The Budget Panel should include this in its work programme for 2008/9	N/A	See item 18 above.
26	That the Budget Panel thanks the Executive for their feedback on	N/A	This Appendix acts as a monitoring sheet for the

APPENDIX F

	Recommendation	Addressed in the 2008/09 budget	To be addressed
	the recommendations made in the first interim report. The Budget Panel would like to receive regular feedback on progress particularly on those recommendations that have not been implemented to date.		recommendations. Executive members will be attending Budget Panel during 2008/09 to up-date on progress of specific items within this Appendix, as required by Budget Panel.
27	That given the continued deferment of priority growth, the Executive should provide information about progress made on delivering the Corporate Strategy priorities.	N/A	This will be included in the Budget Panel's work programme for 2008/09.
28	That the council should consult with other local authorities, who have made zero increases or reductions in council tax but have still delivered quality services to their local communities, to identify areas of good practice.	N/A	The Budget Panel will be considering how to take this forward as part of their 2008/09 work programme.

SERVICE AND BUDGET PLANNING TIMETABLE FOR 2009/10

Date	Action
May	CMT sign-up to proposed budget strategy
June/July	Bi-lateral meetings between Finance & Corporate Resources and service areas to review approaches being taken in service areas to deliver the budget strategy
July	2007/08 Performance and Finance Review outturn report to Executive
July	Executive and Budget Panel receive budget strategy report
16-17 July	First service and budget planning away-days
July	Service planning and budget guidance issued
August/ September	Work on formulating draft budgets
September	First stage 'star chamber' meetings between lead members, F&CR and service areas
September	Report to Executive on Performance and Finance Review 2008/09 – 1 st Quarter
Early October	Budget Panel meeting considers first stage savings prior to report to Executive
October	Executive agrees first stage savings
15-16 October	Second service and budget planning away-days - issues to be considered as part of First Reading debate put forward
October/ November	Service areas continue to develop proposals for achieving 3 year budget targets
Mid-November	Service areas and units begin process of developing service plans for the following year.
21 November	Budget Panel receives and discusses 1 st reading debate papers
26 November	Full Council. First reading of Policy Framework and Budget
December	Schools Forum meets to agree funding formula and budget issues
December	Report to Executive on Performance and Finance Review 2008/09 – 2 nd Quarter
Early December	Second stage 'star chamber' meetings
December/ January	Budget Panel collects evidence
December/ January	Consultation with residents, businesses, voluntary sector, partner agencies and trade unions on budget proposals.
Mid December	Confirmation of the following year's funding from central government
Mid December	Release of the Mayor's consultation draft GLA budget

APPENDIX G

Date	Action
December	PCG review star chambers and latest budget position.
December/ January	Capital Board recommends proposals for 4 year capital programme
January	Area Consultative Forum meetings – budget included as item on agendas
January	Executive reviews budget position and sets Collection Fund surplus/deficit
January	General Purposes Committee agrees Council Tax base
January	Budget Panel collects evidence and discusses 1 st interim report
January	Greater London Assembly considers draft consolidated GLA budget
End of January	PCG agree budget proposals to be presented to February Executive.
Early February	Schools Forum meets to agree the recommended Schools Budget
Early February	Budget Panel receives budget proposals prior to the Executive. Discusses second interim report.
February	Budget Book papers distributed to service areas and corporate units.
February	Executive considers and announces administration's final budget proposals, agrees fees and charges for the following year and agrees savings/budget reductions for the HRA budget report as well as the overall average rent increase.
Mid February	GLA budget agreed
Late February	Budget Panel receives the outcome of Executive's budget report and agrees a final report
March	Full Council agrees budget with final service plans
March	Service areas return completed budget book papers
March	Service plans and corporate budget book published