

	<p style="text-align: center;">Meeting of Full Council 24th November 2008</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Action	Wards Affected: None
<p>Report Title: First Reading Debate on the 2009/10 to 2012/13 Budget</p>	

1.0 Summary

- 1.1 This report, together with the separate report on this agenda on the priorities of the administration, meets the requirement in the Constitution (Standing Order 25(b)) that: 'The Executive shall present a report to Full Council setting out the financial position of the Council, financial forecasts for the following year and their expenditure priorities. There shall then be a debate on the issues raised in that report held in accordance with Standing Order 44 hereinafter called a "First Reading Debate".'
- 1.2 The record of the 'First Reading Debate' is sent to the Leader of the Council and the Chair of the Budget Panel in order to inform consultation by them on the budget. The role of the Budget Panel is to assist the budget process by providing detailed input during the Executive's development of its budget proposals. This will include scrutiny of the Executive's budget proposals prior to the Executive's recommendations on the budget being agreed at their meeting on 16th February 2009, as well as further consideration after the Executive's recommendations have been made. Final decisions on budget and council tax will be made at Full Council on 2nd March 2009.
- 1.3 The report has been written on the basis of the best information available to the council at this stage. There is considerably more certainty about external funding than at the equivalent time last year when the council was still waiting to find out the implications of the Comprehensive Spending Review for Formula Grant, Area Based Grant and other specific grants. This year, the council knows how much Formula Grant will increase by - 1.75% next year and 1.5% the year after – and the funding that will be available as part of Area Based Grant and specific grants. At this stage last year, the council was also uncertain about the position with the PCT. That issue has now been largely resolved. But the significant changes which have happened to the economy in the past 12 months – and the uncertainty about the future of the economy – mean that underlying assumptions about pay and price increases, interest

rates, service pressures and other items within the council's medium term financial strategy will have to be kept under close review.

1.4 This report is structured as follows:

Section 2	Recommendations
Section 3	Background to the 2009/10 to 2012/13 budget
Section 4	General Fund revenue budget issues in 2009/10
Section 5	Schools Budget
Section 6	Housing Revenue Account
Section 7	The capital programme
Section 8	Timetable
Section 9	Financial implications
Section 10	Legal implications
Section 11	Diversity implications

2.0 Recommendations

- 2.1 Full Council is recommended to consider the issues set out in this report when it holds its 'First Reading Debate' for the purposes of Standing Order 25(a).

3.0 Background to the 2008/09 to 2011/12 budget

- 3.1 The 2008/09 budget was agreed at Full Council on 3rd March 2008. Key features of the budget agreed for 2008/09 were as follows:

- A General Fund budget requirement of £256.0m in 2008/09;
- A council tax increase for Brent services of 3.8% in 2008/09;
- An overall council tax increase, including the GLA precept, of 3.3%, leading to a Council Tax for Band D properties of £1,342.93 in 2008/09;
- Level of balances set at £7.5m for 2008/09, which was within the range of £7.5m to £8m recommended by the Director of Finance and Corporate Resources based on an assessment of financial risks and to enable effective medium term financial planning;
- Financial projections for future years based on the assumptions that balances would remain within the £7.5m to £8m range and council tax increases would range between 0% and 5%.

- 3.2 Based on budget monitoring information up to the end of September 2008, the council is projected to have balances at 31st March 2009 of £5.769m, which is below the £7.5m target set in the 2008/09 budget, and represents a net overspend of £1.731m. This is made up of a combination of better than forecast outturn for 2007/08 offset by a forecast over-spend in 2009/10 of £1.863m in service areas and £130k in central items. Further details are in Appendix A.

- 3.3 The 3 year financial forecasts included in the 2008/09 budget report have formed the background for work on the 2009/10 to 2012/13 budget carried out over the past few months. The underlying assumptions in the current medium term financial strategy were up-dated in the budget process report to the Executive in July. The resulting projected budget gap is set out in Table 1 below. This assumed that:
- a. adult social care contained all demographic growth pressures by delivering savings through the transformation programme;
 - b. children's social care and customer services delivered savings as part of the 'invest to save' initiative;
 - c. all other services achieved 3% savings each year¹;
 - d. 'inescapable growth' would be contained within a total contingency for growth of £2m;
 - e. all priority growth would be funded from Area Based Grant, Performance Reward Grant or growth in other specific grants.

Table 1 Projected budget gap (July Executive)

Year	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

- 3.4 A report to the Executive on 6th October 2008 presented first stage budget savings and up-dated the budget position. Details of the first stage savings included in that report are attached as Appendix B. The report also set out a number of external and internal pressures which could affect the projections. These included:
- a. higher inflation in the short term but expected lower inflation rates in 2009/10;
 - b. reduced income from land searches, planning, commercial lets, parking and so on;
 - c. additional service demand for housing benefits, temporary accommodation and other demand led services;
 - d. lower interest on the council's investments as short term interest rates come down;
 - e. increased employer's contributions to the Pension Fund from 2011/12 following the 2010 Pension Fund valuation;
 - f. the effect of the currently projected overspend in 2008/09;

¹ The exception was waste services where the focus is to limit the increase in waste disposal costs.

- g. potential levels of 'inescapable growth' identified by service areas; and
- h. the need to identify further savings to achieve the 3% target for each service.

Since the report to the Executive in October, failure of the Icelandic banks has had a direct impact on the council by putting at risk the £15m invested in them, and an indirect impact by requiring a significant reduction in the list of institutions the council is willing to lend to. The council is hopeful it will recover most of its £15m invested in Icelandic banks, but lower interest on investments in 2009/10 and future years means that the council will have to review assumptions on this in the medium term financial strategy.

- 3.7 The next section deals with the latest position on the General Fund revenue budget.

4.0 General Fund revenue budget issues for 2009/10

Budget gap

- 4.1 Appendix C shows that the current budget gap for 2009/10 is about £2m higher than that reported in July. Details are provided in Table 2 below. The principal reason for the increase is that savings agreed by the Executive in October are some £1.9m less than the 3 % targets set. The higher gap in future years reflects the combined effect of this shortfall in 2009/10 flowing through to subsequent years and an increase in the provision for 'inescapable growth' in later years, resulting from the greater uncertainty caused by the current economic crisis about both the council's longer term spending pressures and future government funding levels..

Table 2 Revised projected budget gap (First Reading Debate)

Year	Cumulative budget gap assuming:		
	5% council tax rise	2.5% council tax rise	0% council tax rise
	£m	£m	£m
2009/10	4.5	7.0	9.4
2010/11	5.4	10.5	15.6
2011/12	3.6	11.6	19.0

- 4.2 Measures that can be taken to reduce the gap are as follows:

- a. *Surplus carried forward from 2008/09:* The current budget gap assumes that there will be no surplus carried forward from 2008/09. Whilst the council's medium term financial strategy limits use of one-off funds to support on-going spending, the council has used surplus balances to provide limited support to the budget on a one-off basis. This amounted to £1.6m in the 2007/08 budget and £1m in the 2008/09 budget. Whilst the 2008/09 budget is currently forecast to overspend (see para 3.2 above), officers are currently reviewing measures to bring it back into line and, if possible, identify a surplus that can be used in 2009/10. Actions include a combination of eliminating projected overspends in individual service areas, bringing forward

savings agreed for 2009/10, and identifying other measures to reduce spending in 2008/09. The council has succeeded in achieving surplus balances to be used in the following year's budget in recent years and officers are confident that this can be achieved again in 2008/09.

- b. *Identifying additional savings:* First phase savings agreed by the Executive on 6th October 2008. These were £1.9m short of the 3% target set for service areas. Additional savings to make up the 3% are in the process of being identified. In addition, service areas have been asked to identify further savings options of up to 2% which would reduce the budget gap by a further £3.1m. Members should note however that additional savings of this amount, on top of the 3% target savings and savings of a similar magnitude in previous years, are likely to lead to service reductions. In parallel with this exercise, officers are reviewing the extent to which target savings could be set for projects forming part of the Improvement and Efficiency Strategy. However, in most cases, savings from these projects will not come on stream until 2010/11 and any savings achieved in 2009/10 will have to be used in part at least to meet the 'corporate efficiency savings' target of £1.2m included within central items.
- c. *Reducing the provision of 'inescapable growth':* Inescapable growth – growth arising from demand pressures, price increases above inflation, or loss of income – was significantly reduced in the 2009/10 forecasts compared to previous years. Appendix D includes £644k of 'inescapable growth' in 2009/10 identified as part of the 2008/09 budget process. A further general contingency for 'inescapable growth' of £2m is included in the budget forecasts in Appendix C. This combined amount of £2.644m is significantly less than total 'inescapable growth' of £9.2m included in the 2008/09 budget. However, £5.9m of this was for adult care placements, including transfer of continuing care placements, and from 2009/10 any further growth in this area is to be contained by changes brought in as part of the adult social care transformation programme. A further £1.9m of the growth in 2008/09 was the result of reductions in the cap on housing benefit subsidy for temporary accommodation schemes which is unlikely to happen again in 2009/10. If these two elements had been excluded from 'inescapable growth' in 2008/09, the total allocated would have been £1.4m. On this basis, the £2.644m currently allocated in the budget is prudent. Forecast 'inescapable growth' in service areas is currently being reviewed but it is thought likely that a reduction in the provision will be possible.
- d. *Central items:* Details of central items in the budget are included in Appendix E. The provision made for these items in future years is still subject to fundamental review. Increases in these items include additional borrowing costs to fund the capital programme, rises in the levy that the council needs to pay to West London Waste Authority reflecting principally the impact of land-fill tax, additional investment required in the council's property portfolio, increased contributions to the freedom pass as a result of changes in the way in which boroughs are charged for it, provision for funding the council's revenue

contribution to Building Schools for the Future, and removal of income from the Local Authorities Business Growth Incentive Scheme, the replacement for which is still being developed and funding for which is significantly less than under the scheme it will replace. The impact of the measures taken to reduce waste going to land-fill on the WLWA levy paid by the authority could reduce central costs and there are other elements of central costs which may be capable of being reduced. On the other hand, reduced short term interest rates may require a reduction in the budget for income from net interest receipts to the council. There should be an overall reduction in the cost of central items compared to the forecasts but it is not possible at this stage to assess how much.

- 4.3 Delivering the balance of the 3% savings target (para 4.2(b) above) would reduce the budget gap by £1.9m. This would leave a further £2.6m to be found to get down to a council tax increase of 5% and £7.5m to reduce the council tax increase to zero.

Priority growth

- 4.4 The budget strategy agreed by the Executive in July included the removal of mainstream funding within the budget for priority growth and agreed the following alternative sources of funding:

- i. *Area Based Grant (including Supporting People)*. This is set to grow from £28.915m² in 2008/09 to £30.502m in 2009/10, and £30.581m in 2010/11 (details are in Appendix F(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:

- the amounts currently within budgets have been 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 have been told to avoid any new commitments against these budgets in future years.

The balance of ABG has been held back to allocate to priorities identified through the Local Area Agreement process. Members should note that the principal purpose of the move to Area Based Grant was to allow local authorities, who are better aware of local needs, to determine the allocation of ABG funds to local priorities.

- ii. *LAA Performance Reward Grant*. The council expects to receive a total

² Supporting People funding is a specific grant in 2008/09 but becomes part of Area Based Grant in 2009/10. ABG in 2008/09 without Supporting People funding is £16.108m.

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 As part of the 2009/10 budget strategy, it is proposed to allocate the revenue element of this through the LAA prioritisation process and to hold the capital element 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 F(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 specific purposes and therefore cannot be used for general budget purposes. However, it does represent additional funding which contributes to the achievement of the council's improvement priorities.
- iv. *Supporting People funding* becomes part of Area Based Grant in 2009/10. It will remain fixed at its current level of £12.807m each year but will no longer be ring-fenced. A review is to be 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.

4.5 A three stage approach to identifying priorities for allocating the resources has been developed as follows:

Stage 1 – Data Gathering

This is to establish what the ABGs are being used for in 2008/09. It includes how the money is being spent, and crucially, what outputs are being delivered. This stage has been completed.

Stage 2 – Critical Challenge

This is to understand and verify the information provided. The questions posed are as follows:

- How far is the current spending contractually, and/or statutorily committed?
- Can the outputs be provided in a different way that provides better value for money?
- What are the implications if the funding is reduced?
- How does the current use of the grant contribute to delivering the priorities in the LAA?
- What if any, are central government's expectations on what an ABG might deliver?
- What are the exit plans if the grant were to end, or be reduced after 2010/2011?

Early indications are that the scope to redirect ABG resources that are in base budgets (ie those allocated in 2008/09) is limited. There is also considerable

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

pressure from government departments and other stakeholders to allocate new resources in line with indicative allocations from government.

Stage 3 – Re-allocation of ABG

A framework has been developed to help inform decisions on how ABG funds, if any, should be redirected within the budget. This includes the following:

- What stretch target will be delivered?
- Why the target cannot be delivered from current resources?
- What will any extra resources buy?
- How might partners be involved in the project?
- Can other funding be accessed, either internally, or from outside the Council
- Is the funding only a one-off?

This is expected to be completed in December/January.

- 4.6 Members should note that there is a clear expectation from CLG that partners on the Local Strategic Partnership have some input to the allocation of ABG and performance reward grant. There have already been initial discussions with members of the LSP and these will be fed into consideration of use of the funds.

Council tax increase

- 4.7 Members need to recognise that the budget pressures the council faces are such that it may be difficult to achieve a budget which is affordable within the permitted maximum council tax rise of 5% without cutting service provision. If members are to achieve a council tax rise of significantly less than 5%, then it is likely that a range of reductions in direct services provide by the council would need to be considered. Each 1% increase in council tax below 5% requires additional budget reductions of approximately £980k.
- 4.8 The figures for council tax do not include the precept that will be set by the GLA. The Mayor will issue his consultation on the proposed GLA precept – which covers the Metropolitan Police, London Fire and Emergency Planning Authority, and Transport for London, as well as the GLA itself – in December 2008 and his budget proposals will then go through a process of scrutiny by the Greater London Assembly. The final precept will be decided in February 2009. At this stage, the indications are that the new Mayor will be seeking to freeze the GLA precept in 2009/10 and this is reflected in the figures for overall Brent council tax shown in Appendix C.
- 4.9 The level of council tax increase for the council is affected by the extent to which the council tax base has changed between 2008/09 and 2009/10 and the estimated deficit in the Collection Fund. The council tax base for Brent will be determined by the General Purposes Committee in January 2009 and the estimated deficit in the Collection fund will be determined by the Executive

in December 2008. The assumptions in Appendix C are that the council tax base will increase by 0.75% and that the deficit in the Collection Fund will remain at 2008/09 levels.

Government funding decisions

- 4.10 The government announced the Formula Grant, Area Based Grant and specific grants the council will receive in 2008/09 to 2010/11 as part of last year's finance settlement. Whilst the settlement for 2009/10 has to be formally confirmed, no significant changes are expected to the previously announced figures.

Longer term position

- 4.11 The council needs to look at spending decisions, and associated resource projections, over at least a three year period. This ensures effective service development and prevents the council having to make significant adjustments to its spending plans each year. It is important therefore that, when members consider budget issues, they take account of the longer term impact. This means recognising that one-off resources, such as balances or one-off grants, can act as a palliative in one year of the budget cycle but cause problems in future years. It also means that, if there is new growth which is on-going, the resource implications in future years have to be considered.
- 4.12 Further work needs to be carried out on the potential impact of demand and other growth pressures after 2009/10, the savings that will be delivered as part of the Improvement and Efficiency Strategy, and other projections through to 2012/13. This work will be reflected in an up-dated medium term financial strategy which will be included in the budget report to Full Council in March 2009.

Activity levels and outcomes

- 4.13 Setting the budget is not just a financial exercise. Having sufficient budget – and prioritising how that budget is used – is the means by which the council delivers services within Brent. In addition, budget discussions are often confined to spending at the margin – growth or savings – and do not focus on how the rest of the budget (the 95% or more not affected by growth or savings) is used. In order to help members focus attention on the activities the budget supports – and the performance of those activities – the council has developed a performance and finance review monitoring system which is now in its second year. The intention is that the process for setting performance targets and levels of activity the budget can sustain will be brought forward from previous years and incorporated within the 2009/10 budget report.

5.0 Schools Budget

- 5.1 The introduction of the Schools Budget from 1st April 2006 was a fundamental change to the way in which councils' budgets are constructed. Previously,

schools' spending was part of the overall council budget, and was funded from Formula Grant and council tax. From 2006/07, schools' spending was funded directly from a Dedicated Schools Grant. It is therefore totally ring-fenced and does not appear as part of the council's overall budget requirement. The result is that the £185.106m the council is spending through the Schools Budget on schools in 2008/09 is treated totally separately from spending on other General Fund services.

- 5.2 The government announced indicative allocations of Dedicated Schools Grant for 2008/09 to 2010/11 last autumn and the final 2008/09 allocation in June 2008. The average national provisional per pupil increase is 3.7% in 2009/10. The provisional per pupil increase for Brent is above average at 4.3%, primarily as a result of the award of additional funding to authorities such as Brent which spent below the government's hypothetical allocation under the pre-2006/07 system. Caution has to be exercised in allocating this amount to schools and central items, since the actual increase will not be announced until June 2009 based on the result of the January 2009 pupil count. In previous years the provisional figures announced by the DCSF have tended to be significantly higher than the final figures. For example for 2008/09 the final figure of £185.106m was £2.677m less than the provisional figure of £187.783m. The indicative per pupil increase for Brent in 2010/11 is 4.7% (compared to a national average increase of 4.3%).
- 5.3 When the Dedicated Schools Grant framework was introduced, the government also announced that there would be a fundamental formula review which began in January 2008 and is due to be completed by 2010. The review is still in its early stages and any reported outcomes from the review are still to emerge.
- 5.4 A total of £2.061m of funds allocated through Area Based Grant in 2008/09 was for schools' schemes and this will increase to £2.540m in 2009/10. The increase is primarily due to an increase from £427k to £922k in the allocation to fund extended schools set up costs. Specific grants to schools, on top of Dedicated Schools Grant, are £20.116m in 2008/09 and will increase to £20.689m in 2009/10.
- 5.5 The council is required to consult the Schools Forum, which consists of representatives of the different schools sectors and includes head-teachers and governors, on allocation of the Schools Budget. The Schools Forum will be considering this at their meetings in December through to February. There is a requirement that the year on year increase in the central element of the Schools Budget (which includes Special Education Needs element and other areas) cannot be greater in percentage terms than the increase in funding delegated to schools, unless the Forum agrees a higher increase. A key issue that will need to be addressed is competing demands on the central element of the budget which will include pressure on the cost of pupils with special education needs, the need to increase funding for schools' capital works, and other legitimate charges to this budget.

- 5.6 Final decisions on the allocation of the Schools Budget will be taken by the Executive in February 2009.

6.0 Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) covers the activities of the council as landlord for approximately 9,100 freehold dwellings and 400 leasehold dwellings. The HRA is separate from the General Fund and is ring-fenced – ie HRA expenditure is met from HRA resources, which primarily consist of government subsidy (Housing Revenue Account Subsidy) and rents.
- 6.2 The rent increase for council dwellings takes account of the government's guidelines on convergence between rents charged by councils and Registered Social Landlords (mainly housing associations). In 2008/09, this resulted in an average rent increase of 5.16%.
- 6.3 The HRA forecast outturn for 2008/09 indicates a surplus of £2.2mk, which is £1.8m more than that provided for in the original budget. The main reason for this additional surplus is the carry forward of the £1.9m underspend on the HRA in 2007-08.
- 6.4 The government has recently published its draft HRA determination and HRA subsidy determination for 2009/10. For rents, the draft subsidy determinations propose to increase guideline rents by an average of 6.2% in 2009-10 (with a limit on actual rent increases of 7% nationally). This will result in a reduction of £2.3m subsidy for the council's HRA in 2009/10. Officers currently forecast that, in line with rent convergence policy and based upon the draft determinations, the actual average rent increase for council tenants in 2009/10 will be approximately 6.2%, although this has to be worked through on a dwelling by dwelling basis.
- 6.5 The Executive will make decisions on the rent increase to be applied in 2009/10 in February 2009. The HRA budget will be agreed by Full Council in March 2009 as part of its consideration of the overall council budget report.

7.0 Capital Programme

- 7.1 The capital programme is a four year rolling programme which is up-dated each year. The current 2008/09 to 2011/12 capital programme was agreed as part of the overall 2008/09 budget process in March 2008 and has been up-dated to reflect changes reported to the Executive since. A high level summary of the current capital programme is attached as Appendix G.
- 7.2 The capital programme for 2008/09 to 2011/12 reflects priorities in the Corporate Strategy. The revised capital programme for 2009/10 to 2012/13 will be up-dated to reflect new information on spending needs resulting from revised asset management plans and also will be rolled forward to include the 2012/13 financial year.

7.3 The key challenge is funding for the schools' capital programme where pressure to provide additional school places and to ensure priorities within the schools' asset management plan are addressed is likely to require additional funding. This issue was addressed in the budget up-date report to the Executive on 6th October and has also been covered in reports to the Schools Forum and the Budget Panel. Key elements of the proposals in these reports are as follows:

- a. The development of a 10 year programme which fits in with government funding regimes including Building Schools for the Future and the national Primary Capital Programme and also reflects the long planning and delivery cycle for major school schemes;
- b. The council borrowing to fund school schemes at the level that the government theoretically provides revenue support through the Formula Grant system;⁴
- c. Using section 106 contributions and also seeking to maximise resources coming in from related developments such as the Stonebridge Schools proposal, although the current economic downturn will make that more difficult;
- d. Maximising use of government grant funding regimes including BSF, PCP, Targeted Capital Fund, and the IT fund, as well as funding available for the Academies programme;
- e. Working with the Schools Forum to see if there are opportunities to make more effective use of Devolved Capital Funding and prudential borrowing charged to the Schools Budget to optimise use of resources.

Officers will be reporting back to the Executive and the Schools Forum once they have worked up more detailed proposals.

7.4 The capital programme is currently based on the assumption that borrowing that falls on the General Fund will be at the level set out in the council's medium term financial strategy. Members could decide to reduce that borrowing as a way of helping bridge the budget gap in 2009/10 and beyond. To achieve this, there would have to be either reductions in the capital programme or identification of alternative funding sources other than those already identified.

8.0 Timetable

8.1 The timetable for finalising the 2009/10 budget is attached as Appendix H. Key dates are as follows:

- release of the Mayor's consultation on the GLA budget in mid-December;
- administration's draft proposals issued on 28th January 2009;
- GLA budget agreed on 11th February 2009;

⁴ In practice, because the council is on the Formula Grant 'floor' this funding does not flow through to the council and therefore has to be met from mainstream resources.

- Executive decides recommendations to Full Council on budget at meeting on 16th February 2009;
- Full Council decides budget on 2nd March 2009.

8.2 The Budget Panel will be scrutinising the budget at various stages of this process: prior to the administration's draft proposals being issued; after the proposals have been issued, with their discussions feeding into Executive consideration of the budget proposals on 16th February; and following the decisions of the Executive on 16th February, feeding into the Council budget debate. Last year the Budget Panel successfully involved a range of members in their meeting preceding the Executive's consideration of the budget proposals and the intention will be to follow the same approach this year. This meeting has been scheduled for 11th February 2009. Party Groups are also encouraged to invite the Director of Finance and Corporate Resources to brief their members in advance of the budget decision making process.

9.0 Financial Implications

9.1 The report is entirely concerned with financial implications.

10.0 Legal Implications

10.1 The council's Standing Orders contain detailed rules on the development of the council's budget. Some elements of these rules are required by the Local Authorities (Standing Orders) (England) Regulations 2001 but a number are locally determined.

10.2 In the case of the council's annual budget, including the capital programme, the Executive is required under the Constitution to present a report to Full Council setting out the financial position of the council, financial forecasts for the following year and their expenditure priorities. This report, together with the separate report on this agenda on the priorities of the administration, sets out the required information. There will be a debate on the issues raised herein and in the separate report, which will be conducted in accordance with Standing Order 44.

10.3 Following the First Reading Debate, a record of the debate will be sent to the Leader and to Chair of the Budget Panel. The Budget Panel will meet and produce a report setting out its view of the budget priorities and any other issues it considers relevant. This report will be submitted to each Executive Member and each Group Leader in order to inform budget proposal discussions. Prior to being agreed by the Executive, the Executive's budget proposals will be sent to members of the Budget Panel which will consider the proposals and submit a note of its deliberations and comments on the proposals to the Executive. The Executive will take into account the issues raised at the First Reading Debate and the note of the deliberations and comments from the Budget Panel in making its budget recommendations to Full Council.

- 10.4 The final proposals will be submitted by the Leader to a special meeting of Full Council for consideration and determination no later than 10th March in accordance with Standing Order 34. There is a statutory dispute procedure set out in Standing Order 25 to deal with circumstances where there is a disagreement between the Council and Executive on the budget proposals but this only applies where the budget setting meeting takes place before the 8th of February.

11.0 Diversity Implications

- 11.1 Prioritisation and decision making as part of the budget process are tied into the council's corporate strategy, individual strategies and service development plans. The priorities within these reflect the council's commitment to tackling discrimination and disadvantage as part of its Comprehensive Equality Plan (CEP). In addition, services are required to carry out Impact Need and Requirements Assessments where it is considered that individual growth and savings proposals could have an equality impact. The impact of budget decisions is monitored through the council's performance monitoring systems. Members need to bear in mind the diversity implications of any proposals they put forward as part of the First Reading Debate.

12.0 Background Papers

- Corporate Strategy 2006-2010
- Priorities for the Administration – on this agenda
- Capital Strategy 2006-2011
- 2008/09 budget and council tax report – Full Council on 3rd March 2008
- Performance and Finance Review Report – Quarter 1 (April to June 2008)– the Executive on 9th September 2008

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