

**LONDON BOROUGH OF BRENT  
COUNCIL MEETING - 6<sup>th</sup> MARCH 2006  
2006/07 BUDGET AND COUNCIL TAX**

	Page
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>1. INTRODUCTION</b>	<b>8</b>
Purpose and Contents of Report	8
<b>2. RECOMMENDATIONS</b>	<b>10</b>
<b>3. THE BUDGET MAKING PROCESS</b>	<b>15</b>
Main Functions of Budget	15
Policy Framework	15
Service Development Plans	16
The Consolidated Budget Position	17
Budget Consultation 2006/07	17
<b>4. THE PROBABLE OUTTURN 2005/06</b>	<b>19</b>
Introduction	19
The 2004/05 Final Position	19
The 2005/06 Budget	19
Estimated Position 2005/06	19
Corporate Units	20
Children and Families	20
Environment and Culture	21
Housing and Community Care	21
Central Items	22
General Fund Balances Carried Forward	22
Summary of the 2005/06 Probable Outturn	24
<b>5. THE 2006/07 REVENUE BUDGET REQUIREMENT</b>	<b>25</b>
Introduction	25
2006/07 Service Area Budgets	26
Growth within 2006/07 Service Area Budgets	27
Local Area Agreement	28
Savings within 2006/07 Service Area Budgets	28
Other Adjustments in 2006/07 Service Area Budgets	29
The Efficiency Programme	29
Central Items	30
Risks	31
Balances	34
Overall Budget Requirement	36

	<b>Page</b>
<b>6. RESOURCES</b>	<b>39</b>
Introduction	39
External Support	39
The Capping Rules	42
The Collection Fund	42
The Council Tax Base	43
Calculating the Council Tax Level	43
Greater London Authority (GLA)	44
Setting the Tax	45
Council Tax and NNDR Instalment Dates and Recovery Policy for Council Tax	46
<b>7. THE FUTURE - MEDIUM TERM FORECAST</b>	<b>47</b>
Introduction	47
Medium Term Financial Strategy	48
Resource Envelope	49
Managing the budget within the Resource Envelope	49
The 30 Year General Fund Business Plan	52
<b>8. DEDICATED SCHOOLS BUDGET</b>	<b>53</b>
Introduction	53
The New Arrangements	53
DSB Funding in Brent	53
<b>9. HOUSING REVENUE ACCOUNT</b>	<b>57</b>
Introduction	57
The Probable Outturn 2005/06	58
The 2006/07 Budget	58
HRA Medium Term Financial Plan	59
<b>10. THE CAPITAL PROGRAMME 2005/06 TO 2009/10</b>	<b>60</b>
Introduction	60
The 2005/06 Capital Programme	61
2006/07 to 2009/10 Capital Programme	63
Revenue Costs Associated with Capital Programme	67
<b>11. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY 2006/07</b>	<b>69</b>
Introduction	69
Treasury Management Strategy 2006/07	69
Economic Background	69
Lending Policy	70
Borrowing Policy	71

	<b>Page</b>
Debt Restructuring and Use of the Provision for Credit Liabilities	72
Annual Investment Strategy 2006/07	73
<b>12. SETTING PRUDENTIAL INDICATORS FOR 2006/07</b>	<b>74</b>
Introduction	74
Affordability	74
Prudence and Sustainability	76
Achieving Value for Money	80
Proper Stewardship of Assets	80
Practicality	80
Monitoring and Reporting on Prudential Indicators	81
<b>13. VALUE FOR MONEY</b>	<b>82</b>
<b>14. PROCEDURES REQUIRED TO CONTROL EXPENDITURE</b>	<b>85</b>
Introduction	85
Roles and Responsibilities	85
Monitoring the Budget	86
Virements, Transfers and In-Year Changes to Policy	86
Controlling the Budget	87
Financial Implications	89
<b>LIST OF APPENDICES</b>	<b>91</b>
Appendix A           2005/06 Latest Revenue Budget Compared with Forecast Outturn	92
Appendix A (i)       Allocation to One-Off Growth Items	93
Appendix B           2006/07 Revenue Budget	94
Appendix C           Summary of Service Area Budgets	95
Appendix D (i)(a)    Summary of Growth due to Demand, Price and Loss of Income	100
(i)(b)    Summary of Service Priority Growth	102
(ii)     Analysis of Savings Items Within Service Area Budgets	104
(iii)    Adjustments to Service Area Budgets 2006/07	110
Appendix E           Extract from Minutes - Council Meeting 28 <sup>th</sup> November 2005: <i>"First Reading Debate on 2006/07 Budget"</i>	111
Appendix F           Central Items	115
Appendix G           A Guide to the Local Government Finance Settlement	136

	<b>Page</b>
Appendix H (i) Council Tax Property Valuation Bands	153
Appendix H (ii) Council Tax and NNDR Instalment Dates and Collection Policy	154
Appendix I Financial Forecast 2007/08 - 2009/10	159
Appendix J Thirty year General Fund Financial Plan	161
Appendix K (i) Dedicated Schools Budget 2006/07	170
(ii) Dedicated Schools Budget 2007/08	171
(iii) Schools Forum Minutes - 5 <sup>th</sup> December 2005	172
(iv) Schools Forum Minutes - 6 <sup>th</sup> February 2006	177a
Appendix L Housing Revenue Account Objective/ Subjective Analysis	178
Appendix M (i) Capital Programme 2005/06 Projected Outturn	180
(ii) Proposed 2006/07 to 2009/10 Capital Programme	182
(iii) Proposed Capital Disposals	196
Appendix N (i) Annual Investment Strategy 2006/07	197
(ii) Local Government Investments – Specified	200
(iii) Local Government Investments – Non-specified	202
Appendix O Advice from the Borough Solicitor	205
Appendix P Scheme of Virements and Transfers Under Standing Order 17(a)	212
Appendix Q Background Information	221