



Full Council
27th November 2006

**Report from the Director of
Finance and Corporate Resources**

For Action

Wards Affected:
None

First Reading Debate on the 2007/08 to 2010/11 Budget

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 12th February 2007, 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 5th March 2007.
- 1.3 The report has been written on the basis of the best information available to the council at this stage. One significant area of uncertainty is PCT finances. The council has already had to bear an estimated £6m per annum of costs transferred from health to social care over the past two years. Further cuts to be considered by the PCT Board on 23rd November could have even more serious adverse implications both for the finances of the council and for services received by residents. The potential financial impact of this cannot be quantified at present but indications are that, without a reversal of the majority of these measures and substantial additional funding from central government, it will be very difficult for the council to balance the 2007/08 budget. The Leader of the Council has written to the Secretary of State for Health setting out the position and asking for a meeting with her to agree a way forward as a matter of urgency.

- 1.4 This report is structured as follows:
- Section 2 Recommendations
 - Section 3 Background to the 2007/08 to 2010/11 budget
 - Section 4 General Fund revenue budget issues in 2007/08
 - Section 5 Dedicated 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 2007/08 to 2010/11 budget

- 3.1 The 2006/07 budget was agreed at Full Council on 6th March 2006. Key features of the budget agreed for 2006/07 were as follows:
- A General Fund budget requirement of £235.5m in 2006/07;
 - A council tax increase for Brent services of 2.2% in 2006/07;
 - An overall council tax increase, including the GLA precept, of 4.6%, leading to a Council Tax for Band D properties of £1,238.74 in 2006/07;
 - Level of balances set at £7.8m for 2006/07, 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 2.5% and 5%.
- 3.2 The latest revenue budget monitoring report to the Executive on 13th November 2006 shows the council is on target to have balances at 31st March 2006 of £7.6m, which is within the range for balances set in the 2006/07 budget. This masks some significant movements in the budget. Balances at 31st March 2006 were £10.3m, £2.6m better than projected in the 2006/07 budget report, and this increase in balances brought forward has managed to offset the impact a projected in-year net overspend of £2.7m. The net overspend itself is made up of a projected overspend of £4.5m on services offset by a £1.8m under-spend on central items.
- 3.3 The 3 year financial forecasts included in the 2006/07 budget report have formed the background for work on the 2007/08 to 2010/11 budget carried out

over the past few months. This has focused on developing a sound basis for revised forecasts for the 2007/08 to 2010/11 budget (see Appendix 1) by:

- Preparing detailed budget matrices for the next 3 years which build in pay and price inflation, increases to contributions to the Pension Fund, and 2% annual savings;
- Agreeing budget savings to achieve the 2% targets included within service cash limits at the Executive on 11th September;¹
- Officers Identifying and quantifying:
 - o Additional budget savings (Appendix 2a, with potential areas for further savings in Appendix 2b);
 - o Budget pressures (Appendix 3); and
 - o Service budget priorities (Appendix 4);
- Officers reviewing central items (Appendix 5).

3.4 The introduction of multi-year grant settlements means that the level of funding the council is likely to receive in 2007/08 has already been announced and it is unlikely that significant amendments will be made to Formula Grant funding when the Secretary of State for Communities and Local Government announces the local government finance settlement which is expected later this month, although other announcements on specific grants may affect the projections. There will be no pre-announcement of grant beyond 2007/08 pending completion of the 2007 Comprehensive Spending Review and the forecast of grant funding for subsequent years is therefore based on officers' assessment last year that this will increase by 2.5% per annum.

3.5 The government has also made clear that it intends to maintain the existing council tax capping regime and that increases in council tax above 5% will not be permitted. The medium term financial forecasts in Appendix 1 continue to assume therefore that council tax increases will be a maximum of 5%, although, unlike last years plan, they now show a range 0% to 5% per annum (in last year's forecast, the range was 2.5% - in line with inflation projections – to 5%).

4.0 General Fund revenue budget issues for 2007/08

Budget gap

4.1 Appendix 1 shows a current budget gap for 2007/08 of between £20.9m² (to achieve a council tax increase of 5%) and £25.4m (to achieve a freeze in

¹ Savings put to the Executive on 11th September were agreed subject to further review of four items: (1) parking charges which has now been addressed as part of the report on this issue to the Executive on 13th November; (2) carers' services for people with physical disabilities will continue to be provided by Brent Crossroads but the service is being re-configured so that the saving is achieved; (3) the proposal not to allow for inflation on voluntary sector grants which is still being reviewed; (4) the proposal to limit growth provided to the youth service below previously agreed levels which has been withdrawn with the cash limit amended for this.

² The budget gap to get down to a 5% increase in council tax in 2007/08 in the medium term financial strategy included in last year's budget report was £3.4m. The principal reasons for the increase in the gap to £20.9m (an increase of £17.5m) are as follows:

council tax). Members need to be aware of a number of caveats that apply to this assessment of the budget gap, as follows:

- a. At this stage no account has been taken of potential additional budget savings in Appendix 2a – amounting to £3.4m - or the further areas for investigation in Appendix 2b.
- b. Budget pressures due to additional demand, price increases above the amount allowed for inflation or income loss, need to be subjected to further scrutiny both at star chamber meetings planned for December and by the Budget Panel. These currently amount to £10.9m in 2007/08, compared to a total of £5.1m agreed in the 2006/07 budget.
- c. It has been assumed that all priorities for growth are delivered in year 1 of the medium term financial strategy (ie 2007/08). Total service priorities identified are £12.874m (including £2.160m for the street care and waste contract which is subject to a separate report on this agenda). Service priority growth of this magnitude cannot be funded in one year and it needs to be prioritised to fit with ambitions set out in the corporate strategy and the budget priorities of the administration for 2007/08 outlined in the separate report on this agenda. For the purpose of comparison, a total of £1.3m service priority growth was agreed in 2006/07.
- d. The review of central items mentioned above has been a technical review. A number of the items are affected by policy decisions – for example, debt charges are affected by the size of the capital programme and the amount of new borrowing used to fund it, the amount required for the remuneration strategy depends on decisions taken in relation to the single status agreement etc. There are also some decisions largely beyond the control of the council that could affect central items, such as the West London Waste Authority levy.
- e. Service cash limits currently include 3% for pay inflation but the Chancellor of the Exchequer has announced his expectation that pay awards in the public sector will be 2%. It is unlikely that the actual pay settlement will be reached before the budget is set so a view will have to be taken on whether to maintain the 3% for pay awards in cash limits or reduce it.

4.2 In addition, there are other measures that can be taken to bridge the budget gap, including:

- a. *Delivery of additional efficiency savings over and above those included in Appendices 2a and 2b.* The corporate Efficiency Board, chaired by

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- Growth due to demand, price and income pressures for 2007/08 which had been identified last year stage was £2.0m compared to £10.9m in the forecast included in Appendix 1, a difference of £8.9m;
 - Service priority growth for 2007/08 which had been identified last year was £0.8m, compared to £12.9m included in Appendix 1, a difference of £12.1m.

This £21m increase in estimated growth is offset by a net reduction in central items, after taking account of virements to service cash limits of around £3.5m as a result of the technical review that has been carried out.

the Director of Finance and Corporate Resources, has a role in supporting departments to deliver efficiency savings but also seeks to identify further opportunities for delivering savings across the council. A target of £0.5m for on-going savings arising from this work was set for 2006/07 and a further £0.5m saving has been assumed for 2007/08, taking cumulative savings from this work to £1m. Opportunities for further corporate efficiencies need to be reviewed to establish if this target could be increased, although members should note that any decision to do so would have to be based on robust analysis of savings that can be delivered.

- b. *Increasing fees and charges.* The annual corporate review of charges, which is due to report to the Executive in February 2007, may provide opportunities for generating additional income. The review will take account of the impact of increases on services and users as well as the need to generate income to fund services from existing and new sources. Members should however note that savings proposals put forward already include proposals for increased charges in some areas, and therefore are included in savings already agreed or in the savings listed in Appendix 2a.³

Balances and risks

- 4.3 Budget plans for 2007/08 assume no use of balances to fund the budget. The council's balances stood at £10.3m at 31st March 2006 and are currently forecast to be £7.6m at 31st March 2007. This is in line with the £7.5m to £8m of balances recommended and agreed in the 2006/07 budget on the basis of financial risks and the need to be able to plan the council's finances effectively over the medium term.
- 4.4 Current pressures on the budget mean there are significant risks that need to be addressed. Paragraph 3.2 referred to the £4.5m overspend on services that is projected for 2006/07. This is principally in two areas – children's and adults' care – and the overspend would be greater if it were not offset by a projected under-spend on housing and one-off budget savings in corporate units.
- 4.5 In the case of children's care, the projected overspend is £3.3m in 2006/07, after taking account of actions to reduce it. The measures taken are short term and have not addressed the underlying causes of the overspend. In order to achieve longer term reductions in cost there is a need to invest to save in preventative services – such as the Freeman family centre and the pilot preventative work in Stonebridge and Kingsbury under the council's Local Area Agreement – and lower cost care, including more in-borough placements and development of a professional foster carer service for high need children. The budget pressures for 2007/08 included in Appendix 3 include provision to meet additional spending incurred in 2006/07 on an on-going basis but do not allow for significant further growth. If growth in

³ The increase in parking charges agreed at the Executive on 13th November has already been into account in the Environment and Culture cash limit in Appendix 1.

spending requirements continues at the rate it has in the current year, and longer term measures to reduce it are not effective, then the provision for demand pressures for children's services will not be sufficient.

- 4.6 The second main area of budget pressure is adult social care which is currently forecast to overspend by £2.8m in 2006/07. Almost £3m of growth was put into the 2006/07 budget to meet demand pressures on the adult social care budget, resulting from demographic pressures and transfer of costs from the Brent Teaching Primary Care Trust (tPCT). So the £2.8m is on top of growth already within the budget. Measures have been taken and are being taken to contain the additional spending. By jointly working with other boroughs in the West London Alliance, the council sought to keep cost increases for residential placements at or below inflation in 2006/07 and a similar approach is planned for 2007/08. Other work is being carried out to reduce the cost of placements – for example, in learning disabilities high cost out-of-borough placements are being reviewed to establish the extent to which more they can be replaced by more appropriate lower cost semi-independent living placements within borough. As with children's services, the budget pressures for 2007/08 included in Appendix 3 include provision to meet additional spending incurred in 2006/07 on an on-going basis but do not allow for significant further growth. If growth in spending requirements continues at the rate it has in the current year, and longer term measures to reduce it are not effective, then, as with children's services the provision for demand pressures for adults' services will not be sufficient.
- 4.7 None of the budget pressures listed in Appendix 3, for children's or adults' services, take account of the further savings package due to be considered by the PCT Board to bring its budget back into balance. Paragraph 1.3 of this report sets out the serious risks to the budget presented by potential further PCT cuts.
- 4.8 There are other areas of uncertainty which could affect the budget projections. For example, the Executive on 9th October 2006 appointed a preferred bidder for the non-HRA PFI scheme which will deliver up to 300 affordable properties for the borough over the next 3 years. Whilst the scheme represents value for money for the council, there is likely to be a revenue cost which can be offset to some extent by reducing the amount of prudential borrowing. However there are risks, including the impact of land values and scheme densities, which could affect the overall cost of the scheme and mean that additional revenue funding, not currently provided in the budget, is needed to make it viable.
- 4.9 A full financial risk assessment will be carried out in advance of the 2007/08 budget setting meeting and at that stage the Director of Finance and Corporate Resources will recommend the level of balances he considers are necessary for 2007/08. Members should also note that use of balances is one-off and that therefore any budget shortfall met from balances in one year needs to be made up by real savings or council tax rises in following years.
Council tax increase

- 4.10 The projections assume a range of council tax increases in 2007/08 from 0% to 5%. Each 1% variation in council tax increase is equivalent to spending of approximately £890k. As stated above, the government has made clear that it will use its capping powers to limit increases in council tax above 5%.
- 4.11 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 2006 and his budget proposals will then go through a process of scrutiny by the Greater London Assembly. The final precept will be decided in the second half of February 2007. At this stage, the indications are that the precept increase in 2007/08 will be no more than 5% and the figures in Appendix 1 reflect this.
- 4.12 The level of council tax increase for the council is affected by the extent to which the council tax base has changed between 2006/07 and 2007/08 and the estimated deficit in the Collection Fund. The council tax base for Brent will be determined by the General Purposes Committee and the estimated deficit in the Collection fund will be determined by the Executive – both in January 2007. In addition, the GLA precept increase is affected by changes to the council tax base across London. The GLA will know the impact of the council tax base on its precept once all London boroughs have set their council tax bases which they are required to do by the end of January 2007.

Government funding decisions

- 4.13 As noted above, Formula Grant⁴ has already been provisionally set at £150.6m for 2007/08, a 2.7% increase after base-line adjustments. It is unlikely that this will change significantly.
- 4.14 The council also receives significant amounts in specific grants towards adult and children's social care, supporting people costs, and benefit support toward the cost of temporary accommodation. Some of these grants are ring-fenced (such as supporting people) so any changes have to be contained within the individual service. However, most others are not now ring-fenced so there is some flexibility to use these for other purposes.
- 4.15 In most cases the council is awaiting announcements on specific grants. However, in the case of benefit support for families in temporary accommodation, the Department of Work and Pensions has stated its intention to reduce the subsidy ceiling for families in accommodation leased directly by the council by 5%. This will reduce income to the council by some £1m and will prevent Housing and Community Care department from delivering further savings in housing costs to offset the growth in adult care costs. The council has written to DWP setting out the reasons why the reduction is considered unreasonable. The final decision is yet to be taken.

⁴ Formula Grant is the combined amount the council receives in Revenue Support Grant and redistributed national non-domestic rates.

- 4.16 The government introduced a Local Authority Business Growth Incentive Scheme under which councils retain a share of the proceeds of growth in the business rates base in their area. The delayed opening of the Wembley Stadium means the council's income from this scheme is likely to be limited to £1m in the current year. However, subject to a rateable value being determined for the Stadium by December 2007, the council can expect additional LABGI in 2007/08 over and above the £1.5m included in the financial projections. However, the current LABGI scheme only runs until 2007/08 and details of its replacement will not be known until after the 2007 Comprehensive Spending Review. Any additional income over £1.5m in 2007/08 could therefore only be treated as one-off in 2007/08 and could not be used to fund the underlying budget. It is therefore proposed that any additional LABGI funding achieved in 2007/08 is used to fund 'invest to save' initiatives to deliver longer term savings particularly in those areas of council spending currently facing severe budget pressures.

Longer term position

- 4.17 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.
- 4.18 Further work needs to be carried out on the potential impact of demand and other growth pressures after 2007/08, phasing of priority growth, and other projections through to 2010/11. 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 2007.

Activity levels and outcomes

- 4.19 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 in budget discussions on the activities the budget supports – and the performance of those activities – Appendix 6 contains charts showing how the budget is divided between council services, activity measures of individual services (for example, the number of children in care) and how those have changed over time, and performance measures such as the percentage of council tax collected. Brent, along with other councils, has not been good in the past at

explicitly linking spending to activities and performance. Appendix 6 is an attempt to do so.

5.0 Dedicated Schools Budget

- 5.1 The introduction of the Dedicated 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 is 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 £159.1m the council is spending through the Dedicated Schools Budget on schools in 2006/07 is treated totally separately from spending on other General Fund services.
- 5.2 As with Formula Grant, the government has introduced a system of multi-year funding for the Dedicated Schools Grant. The council was told before the beginning of the current financial year that the per pupil increase in grant funding would be 8.2% in 2006/07 and 8.1% in 2007/08. The difference from Formula Grant is that figures are up-dated to reflect changes in assumed pupil numbers. So whereas at the time last year's budget was set, the council was allocated £156.1m of Dedicated Schools Grant for 2006/07, this was increased to £159.1m in June 2006 when the January 2006 pupil count was taken into account.
- 5.3 The Schools Forum, a statutory body comprising mainly elected representatives of head teachers and governors, had, before 2006/07, an advisory role in relation to schools spending, with council members being required to consider their views (although not necessarily accept them). Under the arrangements introduced for the current year, the Schools Forum have greater decision-making powers in some areas. In particular, there is a requirement that the year on year increase in the local authority central element of the Dedicated Schools Budget (the 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.
- 5.4 There are significant budget pressures currently on the central element of the DSB – with a £1m overspend forecast on Special Education Needs – which will have to be addressed as part of the 2007/08 budget making for the DSB. The Schools Forum is due to receive a report on DSB issues for 2007/08 at its meeting on 4th December 2006. Final decisions on the allocation of the Dedicated Schools Budget will be taken by the Executive in January/February 2007.

6.0 Housing Revenue Account

- 6.1 The Housing Revenue Account covers the activities of the council as landlord for approximately 9,200 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 2006/07, this resulted in an average rent increase of 4.5%.
- 6.3 The HRA forecast outturn for 2006/07 is overall in line with budget. Officers are currently undertaking a detailed review of the forecast outturn, which will feed into the rent setting report for 2007/08.
- 6.4 The government has published its draft HRA determination and HRA subsidy determination for 2007/08. The subsidy determination assumes a 5% average rent rise in 2007/08. On the basis that rents rise at 5% in 2007/08, there is currently a projected budget gap for the HRA in 2007/08 of £2.1m. Officers are in the process of putting together a detailed budget which will include options for bridging the gap.
- 6.5 The final HRA and HRA subsidy determinations will be published towards the end of December 2006.
- 6.6 A full HRA budget report is scheduled to be presented to the Executive on 12th February 2007.

7.0 Capital Programme

- 7.1 The capital programme is a four year rolling programme which is up-dated each year. The current 2006/07 to 2009/10 capital programme was agreed as part of the overall 2006/07 budget process in March 2006 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 7a.
- 7.2 The existing capital programme reflects the priorities in the previous Corporate Strategy. It now has to be revised in light of the proposed new Corporate Strategy for 2006-2010 and the associated revised Capital Strategy (both on this agenda).
- 7.3 A key element of agreeing the 2007/08 to 2010/11 capital programme is to identify capital investment needs to deliver the proposed Corporate Strategy. Appendix 7b sets out the extent of the provision within the existing capital programme to meet priorities within the Corporate Strategy
- 7.4 Service areas are currently reviewing in detail the existing service capital programmes so as to:
 - Align their capital programmes with the new Corporate Strategy;
 - Identify schemes which do not align and to propose new schemes which do;
 - Detail the outcomes/outputs that can be expected from each scheme;

- Propose any re-phasing of programmes required to meet urgent need;
- Identify new spend to save schemes, new capital receipts and new external sources of funding.

7.5 The level of funding for the capital programme needs to be considered in the context of the medium term financial plan. Achieving a reduction in unsupported borrowing is one way of helping to bridge the budget gap identified in Section 4 above. The table below shows the revenue budget implications of the current levels of unsupported borrowing. The capital programme development process has so far assumed that future years borrowing targets will not be amended.

Impact of Unsupported Borrowing on Revenue Costs

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
2004/05 Unsupported borrowing £8.010m	841	841	841	841
2005/06 Unsupported borrowing £12.046m	1,277	1,265	1,265	1,265
2006/07 Unsupported borrowing £9.579m	326	1,015	1,006	1,006
2007/08 Unsupported borrowing £14.915m	0	507	1,581	1,566
2008/09 Unsupported borrowing £7.257m	0	0	246	769
2009/10 Unsupported borrowing £8.369m	0	0	0	285
Cumulative total	2,444	3,628	4,939	5,732
Impact on Band D council tax	£25.99	£38.58	£52.52	£60.95

7.6 Capital programme issues will be subject to scrutiny in star chambers during December and will inform the capital programme proposals which will be included in the budget proposals considered by the Executive on 12th February 2007. The proposals will also be subject to scrutiny by the Budget Panel. The key issues members will need to consider are as follows:

- the extent to which the capital programme meets the priorities in the Corporate Strategy;
- the need for new schemes to be included in the programme to meet these priorities;
- prioritisation of the funding and phasing of schemes in the capital programme;
- the level of prudential borrowing that can be sustained over the longer term;

- the ability to attract alternative sources of funding to meet capital needs eg disposals, partnership working etc.

8.0 Timetable

8.1 The timetable for finalising the 2007/08 budget is attached as Appendix 8. Key dates are as follows:

- confirmation of 2007/08 funding from central government expected late November;
- release of the Mayor's consultation on the GLA budget in mid-December;
- administration's draft proposals issued in early February;
- Executive decides recommendations to Full Council on budget at meeting on 12th February;
- GLA budget agreed on 14th February;
- Full Council decides budget on 5th March.

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 12th February; and following the decisions of the Executive on 12th February, feeding into the Council budget debate.

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 have been required to carry out Impact Need and Requirements Assessments in developing individual growth and savings proposals. 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 - on this agenda
- Priorities for the Administration – on this agenda
- Capital Strategy 2006-2011 – on this agenda
- 2006/07 budget and council tax report – Full Council on 6th March 2006
- 2006/07 revenue budget monitoring report – the Executive on 13th November 2006
- Capital programme monitoring – the Executive on 13th November 2006

13.0 Contact Officers

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