

NON-SERVICE AREA BUDGETS - CENTRAL ITEMS

1. SUMMARY

- 1.1 This Appendix provides details of all other General Fund budgets that are not included within Service Area budgets. These come under the headings of Central Items in the summary budget at Appendix B. It should be read in conjunction with Section 5.

2. DETAIL

- 2.1 Table 1 to this Appendix summarises the budgetary costs to the council for 2007/08 and the potential requirement for the next three financial years. The following sections of this Appendix take each of the items in turn.

3. AGENCY/THIRD PARTY BUDGETS

- 3.1 Table 2 sets out the proposed budgets.

3.2 CORONERS COMMITTEE

- 3.2.1 Brent is one of five boroughs forming the London Northern District Coroners Courts Committee, namely Haringey (the lead borough), Brent, Barnet, Enfield and Harrow. Haringey deals with the administration, and charges the other boroughs on a population basis. Brent's share for 2006/07 was originally estimated at £168k, but the revised forecast is £187k. The 2005/06 original estimate of £163k was also exceeded (by £19k).

- 3.2.2. The reason for this has been an increase in legal challenges to the Coroner's verdicts. These entail high legal costs, which are shared among the five boroughs. There is no reason to expect this trend to reverse. There is therefore a need to increase this budget.

- 3.2.2 The 2007/08 budget is not yet available and is not expected before the Brent budget is set. It would normally be expected to rise roughly in line with inflation, after having taken account of the increased legal costs (which have been built in to the 2006/07 revised forecast). This would result in an estimated share for Brent in 2007/08 of £193k.

3.3 LOCAL AUTHORITY ASSOCIATIONS

- 3.3.1 The council is a member of the Local Government Association (LGA) and London Councils, formerly the Association of London Government (ALG). The objectives of both organisations are to protect and promote the interests of member authorities, including discussions with central government on legislative issues, and to provide research and statistical information. London Councils concentrate on issues affecting London boroughs.

3.3.2 The LGA agreed to increase subscriptions by 1 per cent in 2007/08 for all of its member authorities. Therefore, the LGA subscription will increase by £1k to £69k.

3.3.3 The London Councils subscription covers a number of cross London bodies. The 2007/08 subscription will be levied as follows:

	2007/08	2006/07
	£'000	£'000
London Councils (Core)	154	150
London Councils Grants Scheme		
- Admin. Grant	60	58
- Grants to Organisations	894	898
London Housing Unit	40	39
GLPC/Employee and Organisational Development	21	20
Transport and Environment Committee	7	5
London 2012 Olympics	5	5
Total	1,181	1,175

3.3.4 The subscription to the London Councils for the London 2012 Olympics commenced as a new subscription in 2006/07, and will finish in 2011/12. Funding is for three new posts within the association to work on the London 2012 Olympics.

3.3.5 This budget is only required to fund the Core and London 2012 Olympics subscriptions of £159k as the balance for the other elements is held by service areas.

3.4 LOCAL GOVERNMENT INFORMATION UNIT

3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. The subscription is £19k for 2007/08 and is likely to remain at this level for future years.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between the six west London Local Authorities (Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription is £20k for 2007/08.

3.6 PARK ROYAL PARTNERSHIP

3.6.1 The Park Royal Partnership was established in the early 1990's and has been successful in securing grant funding from the Single Regeneration Budget to promote the regeneration of the Estate. Park Royal together with adjacent Wembley has been designated a priority regeneration area for the London Development Agency. Brent provides an annual contribution of £25k.

3.7 COPYRIGHT LICENSING

3.7.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The budget for the 2007/08 subscription is estimated to be £11k.

3.8 EXTERNAL AUDIT

3.8.1 This budget (£410k in 2006/07) relates to the work undertaken by PricewaterhouseCoopers and excludes the various inspection regimes which are budgeted for elsewhere. It is the net figure after charges for grant claims to service areas.

3.8.2 Improvements in the quality of the final accounts should lead to a reduction of audit time and fees. This will save £25k in 2007/08, reducing the figure to £397k, after allowing for an inflationary increase in fees.

3.9 CORPORATE INSURANCE POLICIES

3.9.1 This budget encompasses the policies for public liability, fidelity guarantees, employers' liability, officials' indemnity, money handling, personal accident, engineering and terrorist insurance not linked directly to specific properties. It also includes claims handling. Overall insurance cover cost £1.291m in 2006/07 of which £418k was met centrally from this budget. The balance was recharged through the insurance fund in the form of premiums to units and service areas. These policies primarily covered premises and vehicles.

3.9.2 The council's current insurance arrangements expire at the end of the present financial year. The London boroughs decided in 2005 to investigate the feasibility of forming a mutual insurer, the decision being driven by the small number of insurers willing to quote for the business and the possibility of cost savings. Arrangements are already well advanced and it is expected that the venture will be up and running by 1st April 2007. There are currently 11 London boroughs signed up to become members. As a fall back position Brent is also running a full tender of the insurance requirements, therefore, with either option £120k savings are expected to result from the process. The 2007/08 budget will now be £260k. Final figures will not be available until March.

4. CAPITAL FINANCING CHARGES/NET INTEREST RECEIPTS AND PRUDENTIAL REGIME FINANCING CHARGES

- 4.1 These items are closely linked and influenced by the Treasury Management Strategy included in Section 11 of the main report and prevailing rates of interest. It also reflects the overall level of the capital programme (see Section 10).
- (a) Net interest receipts are those which the council estimates it will receive from positive cash flow and holding reserves during 2007/08.
 - (b) Capital Financing Charges are the principal repayments and interest on the council's borrowing. They include two elements:
 - (i) charges for borrowing which are supported and account taken of within the Local Government Finance Settlement (see Section 6).
 - (ii) debt charges generated by borrowing for schemes through the use of the prudential regime which have no specific revenue support. The costs have to be met at the expense of other priorities or through a higher council tax. (See Section 10).
- 4.2 The amount of debt attributable to the HRA is a crucial factor in the charge falling on the General Fund. This is governed by a complex set of regulations based around Housing Subsidy. To minimise the net cost to Brent the council seeks to ensure that the maximum allowable under the rules falls on the HRA as this receives 100% subsidy.
- 4.3 The forecast budget requirement has reduced by £2.8m for 2007/08 compared with our estimate prepared as part of last year's budget process. This reflects successful debt restructuring exercises, new borrowing at lower than anticipated interest rates, higher interest receipts from rising interest rates and improved cash flow.
- 4.4 The council is estimated to have £589m of long-term debt outstanding at 31st March 2007. This has been taken out over a number of decades for periods of up to 60 years. The average interest rate payable is around 5.2%. Current long-term rates are averaging 4.3%. The relatively expensive debt cannot be repaid early without incurring significant premia. Further details are set out in Section 11 of the report.
- 4.5 The budget for 2007/08 is £19.344m, made up of £22.537m for capital financing charges offset by £3.193m of net income for interest receipts. The table at the end of this appendix shows this split between debt charges/net interest receipts of £16.056m, prudential regime financing charges of £3.034m and affordable housing PFI costs of £254k.

5. LEVYING BODIES

5.1 Levying bodies are defined by statute. They have an absolute right to demand payment from the council and that payment must be met from the General Fund.

5.2 The levies for 2007/08 are shown below.

	2006/07 £'000	2007/08 £'000
Lee Valley Regional Park	279	285
London Pensions Fund Authority	256	281
Environment Agency	109	172
West London Waste Authority	5,049	5,717
	5,693	6,455

5.3 At the General Purposes Committee on 16th January 2007 a council tax base for 2007/08 was agreed. All the levies, except the West London Waste Authority levy for 2007/08, are calculated on each authority's relative tax base. This means that increases in levies paid by Brent may not be exactly the same as increases in the budgets of the levying bodies.

5.4 Lee Valley Regional Park Authority (LVRPA)

The LVRPA has increased their overall budget by 3%. The Authority was set up in 1966. They have stated that their purpose is to *"regenerate, develop and manage some 10,000 acres of Lee Valley which had become largely derelict and transform it into a unique leisure and nature conservation resource for the benefit of the whole community."* LVRPA is funded by a levy on all London Boroughs, Essex and Hertfordshire County Councils and Thurrock Unitary Authority.

5.5 London Pensions Fund Authority (LPFA)

The LPFA levy is to meet expenditure on premature retirement compensation relating to former employees of the Greater London Council as this cannot be charged to the Pension Fund. It is split between all London Boroughs but Inner London Boroughs bear significantly higher charges. The levy to outer London authorities has increased by 10.3% compared to 2006/07. This significant increase is due to the high incidence of settled and anticipated asbestos claims attaching to residual liabilities of the former GLC.

5.6 Environment Agency

For 2007/08 most expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As last year, a small element remains payable relating to regional schemes, many of them to improve flood defences. On Thursday 12th January 2006 it was decided to reduce councils' levies by 36.7% for 2006/07 through the use of balances. Brent paid £109k this year. Next year this use of balances will not be repeated and on 11th January 2007 the Thames Region Flood Defence Committee voted for a 60% increase in the amount to be raised from the levy. This has been endorsed by the Environmental Agency Board. The 2007/08 levy has increased by 60% compared to 2006/07, but only 1% compared to 2005/06.

5.7 West London Waste Authority (WLWA)

WLWA was established by statute in 1986. It is responsible for the waste disposal of six boroughs. These boroughs are Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The boroughs are responsible for the collection of waste in their areas.

5.8 Prior to 2006/07 the WLWA levy was calculated according to constituent boroughs' council tax bases (as is still done for the other three levying bodies). In early 2006 Defra announced new arrangements for waste disposal authorities (WDAs) levies. Most of the levy is now based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2005/06 - which will be used to set the 2007/08 levy. Other expenditure including civic amenity waste and administration, continues to be apportioned to boroughs on their council tax bases.

5.9 Transitional relief was introduced in 2006/07 to avoid big increases in levies for boroughs losing financially under the new levying arrangements such as Brent. Brent benefited by roughly £320k in transitional relief in the current year. Next year transitional relief will be halved. This will add £160k to the levy increase above any rise in WLWA expenditure. There will be no transitional relief after 2007/08. This will add a further £160k to the 2008/09 levy costs.

5.10 WLWA set their budget on January 31st. The meeting received a budget report which showed a 12.1% levy increase above 2006/07. The main reasons for the levy increase are:-

- (i) use of balances as a one-off to support the 2006/07 levy
- (ii) further increase in landfill tax
- (iii) introduction of a new scheme crediting boroughs which separately collect organic waste reflecting the lower costs to WLWA.

5.11 Brent has been disputing £224k non-household waste (section 52(9)) payments relating to 2003/04. This has previously been reported to this

committee. WLWA and Brent came to an agreement where Brent will pay 50% of the disputed amount – i.e. £112k. Both Brent and WLWA have made provision for the full £224k in their accounts so the settlement means balances will increase for both bodies.

- 5.12 WLWA has also been in dispute with Richmond about £556k s52(9) charges from 2004/05 and 2005/06. A similar solution to the one above added a further £278k to the level of WLWA's balances at 31st March 2007. The total of £390k from Brent and Richmond was used to reduce WLWA's 2007/08 levy.
- 5.13 WLWA Members provisionally decided in December to use £1M from balances. However Brent will also have to pay an extra £160k because of the reduction in transitional relief. On 31st January WLWA took account of the £390k from Brent and Richmond, £123k in further savings reported to the meeting and decided to use £110k from their unallocated balances. This reduced the levy increase to 10.4%. Brent will pay £5.717m in 2007/08.
- 5.14 £800k provision has been made for part year effects of new contracts in 2007/08, but the WLWA levy is expected to rise significantly in 2008/09 with the full year effects of the new contracts. It is possible that landfill tax could rise by more than £3 per tonne in 2008/09 which would further increase WLWA costs and hence the levy paid by Brent. WLWA members decided to leave just over £1m in unallocated balances on top of 3% working balances (£1.3m) to try and limit the effects of extra costs on the levy in 2008/09. WLWA reported that their disposal costs per tonne of waste are significantly below the other five statutory WDAs' costs and in previous years their levy rises were lower than the other 5 WDAs increases.
- 5.15 The levy increase finally agreed by WLWA is well above the current rate of inflation. There will also be some extra costs for Environment estimated at up to £128k. This sum is currently included within the overall levies budget. Non-household waste (section 52(9)) used to be charged at marginal cost. Now the charge has been increased to average cost to agree with the charge for household waste through the levy. In addition the credit for organic waste will not be increased by as much as the increase in household waste charges.
- 5.16 The introduction of the statutory Landfill Allowance Trading Scheme (LATS) in April 2005 has not yet led to any extra costs for WLWA. There are not expected to be any LATS costs next year or in 2008/09. Tonnages allowed to be landfilled are decreasing each year. Unused allowances will not be able to be carried forward into 2009/10. If WLWA's tonnages sent to landfill exceed the allowance, the penalties in future years could run into millions of pounds. This would have to be paid by the six constituent boroughs. This could be affected by the results of legal action WLWA is currently taking against the Mayor for London. WLWA is being prevented from tendering to dispose of waste by alternative methods to landfill.

6. PREMATURE RETIREMENT COMPENSATION

- 6.1 This is the ongoing revenue cost of pensions caused by premature retirements, that do not fall on the Pension Fund, which took place primarily up to 31st March 1994. Those costs generated by action taken after 1st April 1994 are charged directly to the service area where the decision was taken. The amount paid to pensioners is uplifted by the inflation rate applicable in the previous September (September 2006 3.6%). It is estimated that a provision of £4.270m will be required in 2007/08.

7. MIDDLESEX HOUSE AND LANCELOT ROAD SCHEME

- 7.1 A new funding agreement for the scheme was agreed in 2000/01 with the then Network Housing Association. It has received the required consent from the Secretary of State for Environment, Transport and the Regions. This budget covers the maximum General Fund requirement under the arrangement and amounts to £422k for 2007/08. The contributions for future years have been reviewed with the aim of equalising these until 2019/20 with annual growth of 7.6%.

8. REMUNERATION STRATEGY

- 8.1 The council faces a range of significant challenges in its approach to pay for its staff. These include implementation of the single status agreement due to be implemented from April 2007, resolving a range of pay anomalies including London Weighting, and a number of supplements and bonus payments, and putting in place adequate arrangements to ensure the recruitment and retention of suitable skilled staff.
- 8.2 These were some of the key issues to address set out within the Brent People Management Strategy endorsed by the Executive in December 2005.
- 8.3 Implementation of the Single Status agreement is proving to be a particularly difficult challenge. Negotiations have been on-going with the Trade Unions on such issues as the evaluation scheme, back pay, pay protection and effective implementation dates. The position has been made more complex following a number of court and tribunal cases. It is unlikely Brent will sign an agreement by 1st April but it is recognised that it will not be a cost neutral exercise and a gross budget of £2.5m for all items set out above relating to pay and conditions has been allowed. A proportion of this will be used to fund support for moving all these issues forward.

9. SOUTH KILBURN DEVELOPMENT

- 9.1 Work on the development of South Kilburn is continuing. For example, the show homes (Thames Court) have now been completed and are fully occupied. The preferred delivery partners (consortium) to carry forward the Masterplan to its conclusion has been selected. The lead partner is Hyde Housing Association in partnership with Bellway Homes plc and Taylor

Woodrow Developments plc. Out of the budget of £500k for 2006/07 it is expected that £200k will be spent to meet the delivery vehicle appointment process and associated costs and also to meet additional legal costs, independent advice for residents and other consultant fees. In 2007/08, the budget will remain at £500k. This is to meet: the decant costs to move residents into Granville New Homes, legal costs, ongoing independent advice for residents and other consultant fees.

10. INVESTMENT IN INFORMATION TECHNOLOGY

- 10.1 From its inception in the mid-1990's the Systems Development Fund has been used to fund corporate initiatives including the migration from the mainframe, new IT investment for service areas and expenditure on Year 2000 issues.
- 10.2 Since 2002/03 the emphasis of the fund has shifted to the funding of the authority's E-Government programme and other major IT requirements.
- 10.3 The council has a range of needs for investment in IT to meet new requirements or upgrade existing systems. These range from corporate requirements, such as an upgrade to the Customer Relationship Management system and the development of a Client Index to a whole programme of service area projects. These projects have been funded by specific capital budgets, the Systems Development Fund, and ongoing revenue funding. The £820k in the 207/08 budget is to be used to fund a small amount of new development in 2007/08, to pay the debt charges for previously implemented projects, and to meet the ongoing costs of maintenance and support. Details of the new projects are currently going through a prioritisation process and will be reported to Members shortly.

11. NEIGHBOURHOOD RENEWAL FUND

- 11.1 The government has not announced any further funds for the Neighbourhood Renewal Funding (NRF) beyond 2007/08. Brent has been allocated £2.279m for 2007/08 (£2.279m in 2006/07).
- 11.2 There are a number of principles that underpin the allocation, and which the council must adhere to:
- NRF allocations must be agreed through the Local Strategic Partnership (LSP);
 - NRF must be spent on contributing towards the government's floor targets for reducing the gaps between Brent's most deprived neighbourhoods and the rest of the country;
 - NRF must not be used to substitute for mainstream funding already being spent within the most deprived neighbourhoods.

- 11.3 An assessment of the way we allocate and spend NRF is critical to the LSP performance management regime, which in turn feeds into the council's CPA rating. For the current financial year Brent has a 'green' rating for its LSP – the highest possible rating. Essential to this has been the clear strategic framework through which NRF is allocated (i.e. in accordance with our Regeneration Strategy and Action Plan) and our ability to balance 'top down' strategic priorities with 'bottom up' community priorities as evidenced in the household survey and through our locally based teams. In particular we have made efforts in the last year to focus on those issues where the gaps are greatest – employment, crime, community safety and quality of life.
- 11.4 The proposed allocation process is as with previous years. Each neighbourhood team will work to produce a full 'business plan' for the allocation of funding by the early February 2007. These will then be scrutinised by the regeneration team before being presented to the LSP for discussion and approval at its meeting in March.
- 11.5 In 2006/07 in agreement with our partners NRF funds were used to help deprived communities in the borough through the following programmes:

	£
<u>LSP Support</u>	
LSP Co-Ordinator	50,000
Total	50,000
<u>St. Raphael's, Brentfield and Mitchellbrook</u>	
Beyond Neighbourhood Renewal Theme	60,800
Community Safety Theme	344,900
Quality of Life Theme	162,000
Family Centre	9,500
Management & Administration	89,100
Projects carried forward 2005/06	52,800
Total	719,100
<u>Harlesden & Stonebridge</u>	
Employment Theme	464,000
Crime Theme	640,000
Hammersmith & Fulham Volunteer Project	97,700
Stonebridge Housing Action Trust	50,000
Total	1,251,700
<u>Core Projects</u>	
Press Road	100,000
Households into Employment Initiative	128,900
Cross Neighbourhood Initiatives	75,500

Total **304,400**

This includes £46k of underspend in 2005/06 carried over into the 2006/07 programme.

- 11.6 The Local Strategic Partnership will agree priority activities for funding and finalise the NRF programme for 2007/08 prior to April 2007.
- 11.7 The last year of confirmed NRF funding is 2007/08. As part of its programme for this year, the council will need to consider how it wishes to sustain the outcomes currently delivered through NRF. A report will be forthcoming during 2007/08 financial year.

12. INSURANCE FUND

- 12.1 The council operates an Insurance Fund in order to self insure its buildings and contents as well as to cover employee and third party legal liabilities and professional indemnity, though it does have insurance policies to limit the council's overall exposure. The authority has an excess of £290k on any particular claim and has a maximum exposure of £3.48m in any financial year. These arrangements are in place to minimise the council's costs as opposed to covering all costs through external insurance. Service areas are charged insurance premiums for buildings and contents. The level of the Fund is reviewed against the known and potential level of liabilities for claims. Members have been informed in previous years that the Fund was insufficient and significant contributions would be required to ensure the Fund has resources to meet likely claims.
- 12.2 PricewaterhouseCoopers, the council's external auditors, stated in a recent Joint Audit and Inspection Letter that under Financial Reporting Standard 12 there was a requirement to provide for all liabilities as they are incurred and were recommending that Brent should provide for insurance claims based on the assessment of outstanding claims at the year end. At the 31st March 2006 the Insurance Fund balances were £2.175m and this is expected to rise to £2.6m by the end of this financial year. Currently it is estimated that the potential liabilities to be met from the fund are between £4m and £5m. However, a number of these will be challenged and not paid or a lower sum agreed. A budget of £1.8m has been proposed for 2007/08 and future years. Original plans to add an additional £200k to the fund for 2007/08 and future years have been reconsidered given the current standing of the fund.
- 12.3 The main strains on the Fund are as follows:
- (i) Damage to Buildings
- A number of damage claims remain outstanding including on Alperton Sports Pavilion and the Manor school following the recent tornado. The potential liability to the Fund for these various claims could be in the region of £150k.

(ii) Tree Roots

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis and there are no insurance policies limiting the council's exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are now being fast tracked with the previous average of some three to four years in settling a claim being brought down to 18 months. This had the effect of compressing later claims earlier into the normal cycle of settlement though these changes have now largely worked their way through the system. However, insurers have also been seeking 100% of the damages from local authorities. Since 2004 the council has adopted an amended tree maintenance policy and work continues between the Insurance Section, Streetcare and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs. Estimated payments in 2006/07 are £540k.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. The number of claims peaked during 2001/02 at 357 though has been reducing since then with 324 claims in 2004/05 and 336 claims in 2005/06 and an estimate of 265 in 2006/07. This is partially the impact of increased spending on roads and pavements within the capital programme. The process for settling these can take up to four years in the more serious cases. In 2004/05 third party claim payments rather than claims lodged was around £850k with a sharp increase in 2005/06 to £1.265m. It is expected that the cost of claims will return to 2004/05 levels in 2006/07.

- 12.4 The council is undertaking a fundamental review of all its insurance arrangements. This includes seeking to reduce the number of claims received and payments made. The council is being assisted in this process by PricewaterhouseCoopers.

13. CIVIC FACILITY/PROPERTY REPAIRS AND MAINTENANCE

- 13.1 The Executive has received 4 major reports on proposals for a new civic centre for Brent. These were in February 2004, December 2004, July 2005 and December 2006. The reports have incrementally developed a case for the construction of a multi-purpose centre. It is based on meeting the future needs of the community, significantly improving service delivery, including considerations of the focus on neighbourhoods, with a strong value for money justification. The "once in a lifetime" regeneration opportunities in Wembley provide the stimulus for the whole project. At the Executive meeting on 11th December 2006 Members agreed that the new Civic Centre project should proceed to the next stage with officers continuing to work to finalise a detailed

user brief for the new buildings. The York House and Brent House sites have been identified as the two preferred sites for the Civic Centre as both have real potential to meet the Council's vision and objectives.

- 13.2 The report anticipates that a detailed tender process for the design and procurement of the Civic Centre with the two short listed site owners will begin by inviting tenders for the procurement of surveying, architectural and financial services.
- 13.3 Members have accepted that doing nothing was not an option given the accommodation issues facing the current municipal offices. The Town Hall which is the Council's main public face fails to meet the standards of an acceptable modern headquarters building. Mahatma Gandhi House will require a full refurbishment within the next few years. Both Elizabeth House and Chesterfield House have been placed on the market by their owners and it is possible that the Council will be required to vacate them within the next 5 – 10 years. Other buildings within the portfolio are becoming uneconomic to maintain, unable to cope with changes in technology and fail to provide modern working environments for staff and public alike.
- 13.4 The 2007/08 provision of £1.251m included within this budget provides resources for two main items:
- (i) The cost of professional advisors to support the more detailed feasibility work being undertaken prior to the next report to the Executive.
 - (ii) An initial allocation, based on the increased revenue maintenance costs and debt charges, associated with keeping the existing building stock and investing in them to bring them up to a reasonable standard even if the Civic Centre proceeds. Costings and timings in future years are still very provisional but provide a prudent estimate of the possible requirement. At the time of the next report to the Executive up to date condition surveys will allow the figures to be updated.
- 13.5 In future years if the case for the civic centre, on both service delivery and value for money grounds, remains as strong then the requirement to upgrade our current building stock will reduce. We will need then to retain professional advisors for the next stage of the project. This again will be reassessed in the next report on the proposed civic centre.

14. WARD WORKING

- 14.1 Following pilots in 6 wards it was originally planned that the remaining 15 wards would be rolled out by October 2006 into the ward working scheme. The position now is that for 2006/07 no further wards will be introduced this financial year. This is because the Constitutional Working Group (CWG) is reviewing the most effective way to deliver councillor and community involvement in wards and areas. It is planned that a revised programme will

be introduced in 2007/08. The costs of this have been limited to £500k in 2007/08 with full year costs of £1.040m assumed in 2008/09.

15. LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES (LABGI)

- 15.1 The LABGI scheme was introduced in 2005/06, and allows authorities to retain a proportion of any increase in business rates revenue above a certain level. It aims to provide an incentive to local authorities to promote economic growth. The payment that local authorities receive is based on a complex formula, measuring the increase in total rateable value (net of empty rate relief). A target figure is set based on historic growth trends, with authorities receiving an incentive payment of any increase above this target figure.
- 15.2 The council's 2006/07 budget included £1m for LABGI income. The amount paid to local authorities is based on the rating list at December of each year and our latest estimate based on the changes between December 2005 and December 2006 is that the council will only be entitled to £500k, mainly because of the removal of some highly rated properties including the Wembley Conference Centre and the former Guinness Brewery site.
- 15.3 There is likely to be a very significant increase in 2007/08, partly because the council's overall rate base is growing but mainly because of the major impact the opening of Wembley Stadium will have. The council's previous Medium Term Financial Strategy included £1.5m income in 2007/08 from LABGI, but this is now considered an underestimate with officers estimating that a minimum of £2.750m will be received in 2007/08. The future of LABGI will be determined following the summer Comprehensive Spending review but it is unlikely that the council will receive more than the £1.5m allowed in future years in the Medium Term Financial Strategy either from LABGI or its replacement, so the increase of £1.250m in estimated income should be considered one-off.

16. FREEDOM PASS SCHEME GROWTH

- 16.1 The Freedom Pass Scheme provides free off peak travel for all people aged 60 or over and people with disabilities. There were 38,460 users in Brent in September 2006.
- 16.2 In 2005/06 Transport for London (TFL) and the ALG agreed a 3-year budget deal for the scheme which is intended to provide greater certainty for authorities when budgeting for concessionary fares. As the final part of the 3-year scheme, payments have increased by £13.3m, or 6.2 per cent, in 2007/08. The reasons for these increases are:
- £12.45m, or 6.1%, increase in contributions to London Transport Buses and Underground;
 - £627k, or 6.0%, increase in ALG Transport and Environment Committee (TEC) contributions
 - £201k decrease in contributions from ALG TEC reserves.

- 16.3 In 2007 London Councils will negotiate a new 3-year deal on freedom passes with Transport for London, to commence from 2008/09 to 2010/11. The cost of providing this service is expected to increase by 6 per cent per annum over the 3-year scheme.
- 16.4 Brent's subscription to the TFL concessionary fare scheme is £8.31m in 2007/08 compared with £7.72m in 2006/07 – an increase of £594k, or 7.7 per cent. Of this £154k has been accounted for within the Housing and Community Care budget and £440k is included for growth in the budget. The reason for the additional increase in Brent's subscription is due to the increase in the number of users of the scheme. Subsequent adjustments will be made to reflect actual passes issued compared with those assumed. There is therefore a risk of this figure increasing. £400k of additional monies per annum has been included in the medium term financial strategy to cover rises over the rate of inflation in future years and this sum is held as a central item.

17. AFFORDABLE HOUSING PFI

- 17.1 The council is in the process of finalising negotiations on the PFI with the preferred bidder, Brent Co-Efficient. The scheme will provide up to 250 affordable housing units, up to 200 temporary units, and up to 50 units for people with learning disabilities, including replacement accommodation for Melrose House residents. The actual number of units will depend on affordability within budgeted amounts.
- 17.2 When the scheme was originally agreed, funding for the council's contribution was planned to come from reductions in the bed and breakfast budget. However, since then the council has successfully reduced costs of bed and breakfast and taken funds out of its budget. This means alternative funding is needed to enable the council to fund the PFI schemes.
- 17.3 The capital programme in Section 10 includes a proposal to remove funding for new housing units from the current capital programme and use the resulting savings in prudential financing charges to fund the council's contribution to the PFI. Funding for this in central items therefore represents a transfer from prudential borrowing charges.

18. COUNCIL ELECTIONS

- 18.1 This is a budget to cover the costs of the 2010 Municipal elections.

19. CORPORATE EFFICIENCY SAVINGS

- 19.1 Details of the council's overall Efficiency Programme are given in Section 13 of the report.

19.2 Corporate efficiency savings are one part of that overall programme. Other parts, which are detailed in Section 13, include the invest to save programme, partnership working, and a lot of the savings which have been included within service area budgets and listed at Appendix D(ii).

19.3 The £1m included for corporate efficiency savings within central items include £700k of savings which have already been identified, as follows:

- £300k from the introduction of the Matrix vendor managed service for agency staff;
- £100k from saving on the purchase price of computers (on top of £50k savings included in the F&CR budget savings list for 2007/08);
- £80k on insurance (on top of savings built into central items for insurance);
- £70k cash flow savings on submission of VAT claims to Her Majesty's Revenues and Customs (HMRC);
- £150k cash flow savings as a result of moving from 12 to 10 direct debit instalments for council tax payments.

The balance of £300k will come from other projects currently being developed under the Efficiency Programme umbrella, including: home and remote working; rationalisation of procurement eg stationery, photo-copiers, computer peripherals, external storage space, job advertising; review of security; and better use of consultants.

20. OTHER ITEMS

20.1 Details are set out in Table 3 to this Appendix.

20.2 Advertising and Other Sponsorship Income

20.2.1 Consent was given by the Planning Committee for 18 adverts on lampposts. The contract provided for a guaranteed minimum revenue of £500 per advert. If the average net revenue per location was less than £3,000 then the authority will receive £555 per site. If it exceeds £3,000 then the authority will get 30% of the amount by which it exceeds £3,000. It is expected that £9k advertising income will be generated during 2006/07 less £1k administration costs to add to the £9k generated from other advertising hoardings. Total income of £8k was therefore previously included in central items for adverts on lampposts.

20.2.2 There are other opportunities to generate advertising and sponsorship income which the council is keen to exploit. Target income of £40k – on top of the £8k already included – has therefore been added to this budget. Officers will be reporting to Members on ways in which this can be achieved.

20.3 Review of publications

20.3.1 The council currently publishes a number of publications for both external and internal communication purposes. A review is currently being carried out of publications with a view to reducing the total number and moving to more web based communication, particularly for internal communication. A target saving of £50k has been set for this review.

20.4 Employers' Pension Fund Contributions updated

20.4.1 The council's actuaries fix the employer's contribution to the Pension Fund every 3 years as a percentage of the salary for those staff who are in the Pension Fund. The most recent valuation was undertaken to the period up to 31st March 2004 and led to increases in employer's contributions as detailed below. Employees standard contribution remains unchanged at 6%.

	%
2005/06	20.1
2006/07	21.6
2007/08	23.1

The above increases equate to roughly £1.3m per annum of addition employee costs and have been incorporated into service area budgets for 2005/06 to 2007/08. It is hoped that following recent improvements in world stock markets the 31st March 2007 valuation will not require similar increase. However such increases have been built into the medium term financial strategy for 2008/09 to 2010/11 on the basis of prudence.

20.4.2 £75k has been retained to cover staff not included within service area budgets such as Trading Units, and other expenses and contingent items relating to Brent's employers role in regard to pensions.

20.5 HRA Recharges

20.5.1 An annual exercise is undertaken, as part of the budget process, to allocate reasonable charges between the General Fund and the HRA in connection with the Management and Maintenance of its dwelling stock. These charges cover a number of areas:

- (i) Corporate Units
- (ii) Housing Resource Centre
- (iii) One Stop Shops
- (iv) Housing Service Units
- (v) Communal Areas on Estates e.g. Streetlighting and Roads

20.5.2 Any split is calculated on a number of differing factors which seek to reflect and measure a reasonable charge for activity in relation to the HRA. As the number of properties within the HRA has reduced (15,081 in March 1996 to an estimated 9,567 in March 2007), the charge to the HRA has fallen consistently over that period. The establishment of Brent Housing Partnership also has brought the issue sharply into focus as a number of services provided to it are linked to Service Level Agreements with direct charges for the work undertaken.

20.5.3 A net £210k is included within this budget for 2007/08 to reflect the estimated shift in costs from the HRA to the General Fund as a result of future negotiations between Council units and BHP.

20.6 The Future of Wembley

20.6.1 The council has published an ambitious Vision For Wembley, setting out an agenda for a once-in-a-lifetime regeneration opportunity for Brent. A £350k budget has been established under the control of the Chief Executive specifically to support the delivery of this vision. During 2006/07 the budget has been used to commission work and advice relating to investment opportunities, highway schemes, retail strategy and town centre design, cultural and community facilities, public relations work as well as the production of quarterly newsletters. £350k has again been included for 2007/08 which in addition to the ongoing work from 2006/07 will also include; full masterplanning for the eastern industrial estate, various development reviews of the High Road and surrounding open spaces as well transport studies.

20.7 Leasing Costs

20.7.1 It has been agreed that unless there are strong business reasons the use of operating leases should be phased out. This is because the asset remains the property of the lessor and this has led to a number of problems at the end of the lease. Items therefore have been purchased from capital resources and service areas charged with a notional rather than an actual rental over the life of the asset. This budget reflects the charges received from service areas while the expenditure is included within borrowing costs. It amounts to £128k in 2007/08 with a further decline in future years.

20.8 Invest to Save Repayments and Provision

20.8.1 The council's approach to invest to save is explained in paragraphs 5.12 to 5.15 of the main report, which details the schemes it is proposed to fund, the sources of funding and the amounts that need to be repaid. The amount included for further investment in 2007/08 is the balance of one-off income estimated from LABGI. In subsequent years, repayments shown are based on the repayment profiles for each scheme; these are shown as available for recycling into new invest to save schemes.