

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 The Table to this Appendix summarises the budgetary costs to the council for 2008/09 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 Agency and third party budgets are set out below. These are generally payments over which the Council has limited control in the short term.

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 final outturn for 2006/07 was £182k, against a forecast of £187k.

- 3.2.2. The 2006/07 figure included the costs of legal challenges to the Coroner's verdicts, which have increased in recent years, entailing high legal costs which are shared among the five boroughs. To date no such challenges have occurred in 2007/08, and there is likely to be an underspend compared to the current budget of £193k (the latest estimate is £173k). However, there is a strong possibility that there may be such cases in 2008/09, and it is considered prudent to make an allowance of £20k for this.

- 3.2.3 The 2008/09 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. The Coroners Court is moving offices in 2008/09, which may result in savings in the long run. However in 2008/09, although there will be a rent free period for the new office, there will also be moving and fitting out costs. Allowing for inflation plus £20k to cover any legal challenges or additional one-off increase from moving offices would result in an estimated share for Brent in 2008/09 of £198k.

3.3 LOCAL AUTHORITY ASSOCIATIONS

3.3.1 The council is a member of the Local Government Association (LGA) and London Councils. 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 2008/09 for all of its member authorities. Therefore, the LGA subscription will increase from £68.5k to £69.2k.

3.3.3 The London Councils subscription covers a number of cross London bodies. The 2008/09 subscription will be levied as follows:

| | 2008/09 | 2007/08 |
|--|----------------|----------------|
| | £'000 | £'000 |
| London Councils (Core) | 193 | 193 |
| London Councils Grants Scheme | | |
| - Admin. Grant | 52 | 60 |
| - Grants to Organisations | 900 | 894 |
| GLPC/Employee and Organisational Development | 21 | 21 |
| Transport and Environment Committee | 7 | 7 |
| London 2012 Olympics | 5 | 5 |
| Total | 1,178 | 1,181 |

3.3.4 As part of its 2008/09 budget, London Councils agreed to disband the London Housing Unit Committee (LHUC). Previously, part of the budget included a £40k borough subscription to the LHUC. This has been transferred to London Councils' core subscription fees. Overall, there has been a £3k reduction in subscriptions due to a reduction in the grants scheme administration costs.

3.3.5 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 was set up to create three new posts within the association to work on the London 2012 Olympics.

3.3.6 This budget is only required to fund the Core and London 2012 Olympics subscriptions of £198k as the balance for the other elements is held within service areas budgets directly linked to the service provided.

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. In 2007/08 Brent's subscription to the unit included £19k for its core subscription, £4k for Children's Services and £2k for the Democratic Health Network, which covers Adults and Social Care.
- 3.4.2 The process used to determine how much subscription a local authority will pay has been changed for 2008/09. Under the new process, local authorities pay one subscription and this is determined by the type of authority and its population size. Under this system, Brent has been classed as a 'Premium' authority and will pay the highest level of fee which is £25k. For 2008/09, £19k of funding will be met from Central Items. £4k will be met by Children and Families and £2k from Adult and Social Care. Future subscriptions are expected to increase by approximately 2 per cent per annum in 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 2008/09.

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 2008/09 subscription is estimated to be £13k.

3.8 EXTERNAL AUDIT

3.8.1 This budget (£425k in 2008/09) relates to the work undertaken by the Audit Commission in relation to the statutory audit of the accounts and work on the Use of Resources judgement. It is net of charges for inspections and grant claim audits which are charged elsewhere within the budget (Policy and Regeneration Unit for inspection activity and service areas for grant claims). The budget of £425k, which is based on recently published draft proposals from the Audit Commission, represents a significant increase from the £397k for 2007/08.

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 £1.153m in 2007/08, which 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 From 1st April 2007 the Council obtained its property, liability, terrorist and motor coverage through the London Authorities Mutual Limited (LAML). Brent along with 9 other London Borough are founder members. LAML provided 15% savings on previous premium costs but has alienated the traditional insurance section who fear loss of business. As a result one of the main local authority insurers Risk Management Partnership (RMP) has challenged the powers of Brent and other local authorities to form such a Mutual. The lack of a competitive procurement exercise by Brent before obtaining cover from the Mutual has also been challenged. The case is being considered by the High Court in February. Depending on the judgement the Council may have to reconsider its current insurance arrangements during 2008/09.

4. CAPITAL FINANCING CHARGES AND NET INTEREST RECEIPTS

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. They also reflect 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 2008/09.
- (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.
 - (ii) debt charges generated by borrowing for schemes through the use of the prudential regime which have no specific revenue

support (unsupported borrowing). The costs have to be met at the expense of other priorities or through a higher council tax.

The split of costs between supported and unsupported borrowing is shown in 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 £0.8m for 2008/09 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 estimated interest receipts and improved cash flow.
- 4.4 The council is estimated to have £620m of long-term debt outstanding at 31st March 2008. This has been taken out over a number of decades for periods of up to 60 years. The average interest rate on existing loans, following debt restructuring, is 5% and this rate has also been used for new borrowing in 2008/09, which is estimated at £5m to £10m. Opportunities for debt restructuring in 2008/09 will be limited by changes to Public Works Loan Board arrangements which mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia. Investments are estimated to average £100m during 2008/09, with an estimated average return of 4.75%, reflecting expected reductions in interest rates during the year. Interest on investments is shared between the General Fund, HRA and other interest bearing accounts. Further details of the council's treasury management and investment strategy are set out in Section 11 of the report.
- 4.5 The net budget for 2008/09 is £20.175m, made up of £23.724m for capital financing charges offset by £3.549m of net income from interest receipts.

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 Latest estimates for the levies to be paid in 2008/09 are shown below.

| | 2007/08 £'000 | 2008/09 £'000 |
|--------------------------------|--------------------------------|--------------------------------|
| Lee Valley Regional Park | 285 | 289 |
| London Pensions Fund Authority | 281 | 399 |
| Environment Agency | 172 | 191 |
| West London Waste Authority | 5,717 | 6,993 |
| | 6,455 | 7,872 |

5.3 At the Council meeting on 21st January 2008 a council tax base for 2008/09 was agreed. All the levies, except the West London Waste Authority levy for 2008/09, 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 have increased their levy for 2008/09 by 1.5% to £289k. 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. There are concerns in future years that the levy may rise at a higher rate to meet increasing costs linked to the Olympics.

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 is expected to increase very significantly by 42.4% compared to 2007/08. This large increase is due to the high incidence of settled and anticipated asbestos claims attaching to residual liabilities of the former GLC. LPFA say this has to be charged to the levy and not to their pension fund. Asbestos related diseases only manifest themselves 10 – 30 years after contamination. LPFA's lawyers say that claims will increase until 2025 and then decrease until 2035. Consequently LPFA have put in an average amount for the levy increase in 2008/09. This means LPFA do not expect there to be levy increases of the same magnitude in future years. In addition the Compensation Act 2006 means that the LPFA is now liable for 100% of damages unless it can prove that the other employers are also liable. (Previously the defendant had to prove the extent of LPFA's liability). LPFA say they are now undertaking research to minimise the incidence of claims.

5.6 Environment Agency

For 2008/09 most expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As in previous years, a small element remains payable relating to regional schemes, many of them to improve flood defences. The amount of the levy depends largely on the options for capital schemes which the Environment Agency decides to fund. The 2006/07 levy was a reduction of 37% whereas the 2007/08 levy increased by 58%. For 2008/09 the Regional Flood Defence Committee increased expenditure by the lowest of the 3 options they were given. This leads to an increase in expenditure of 11% which is shown in the table above.

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. 2006/07 - which will be used to set the 2008/09 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. The following year transitional relief was halved. There will be no transitional relief in 2008/09. This is expected to add a further £298k to Brent's 2008/09 levy costs on top of any other increases.
- 5.10 WLWA set their budget on January 30th. The budget agreed by WLWA leads to a 17.1% levy increase compared to 2007/08. (The exact costs to Brent will be confirmed when WLWA have received council tax bases from all the other 5 constituent boroughs). The main reasons for the levy increase are:-
- (i) significant increase in landfill tax from £24 per tonne in 2007/08 to £32 per tonne in 2008/09. This alone leads to an increase of about 12.7% in next year's levy.
 - (ii) extra waste disposal costs mainly arising from a new contract.
- 5.11 WLWA Members provisionally decided in December to use £1.5m from balances. This was the same amount as was used to reduce the 2007/08 levy. £1.5m was confirmed on January 30th. This means WLWA's levy increase for 2008/09 is 17.1% - it would otherwise have been 21.8%.

- 5.12 The most significant reason for the large increase in WLWA's levy is the 33% rise in the landfill tax which is mentioned above. The second main reason is the increase in disposal cost charges. A new contract was let for the disposal of waste from the Victoria Road, Ruislip transfer station starting in January 2008. There was a significant rise in costs compared to the previous contract. The increase was more than originally budgeted for by WLWA. It is likely there will be further rises in disposal costs mainly due to increases in landfill gate fees. WLWA have made provision for further increases in their 2008/09 budget. The increase in costs from new contracts will more than outweigh a decrease in waste tonnages from reduced civic amenity site residents' disposal waste.
- 5.13 The increase in waste disposal costs will also increase the net Section 52(9) charges (for non-household waste) paid by Streetcare. These are levied for tonnages sent to WLWA above the amount paid for through the levy (85,459 tonnes). In 2007/08 the cost is currently £53.50 per tonne. For 2008/09 this is expected to increase to £66.41 per tonne. An additional £215k has been included to cover these price changes and comprises an increase in section 52(9) costs of £305k less £90k due additional income from recycling credits on organic waste which has increased by £7.84 per tonne. In addition to reflect the underlying increases in waste collected there is also an allowance of £276k to cover up to a 4,700 tonnage increase over above the current budgeted section 52(9) tonnage. In total up to £501k is being included centrally. Streetcare have currently allowed £1.424m in their budget for 2008/09 which may need to rise to £2.015m if all the additional Section 52(9) allowance is required. Streetcare will also need to adjust for the additional recycling credits.
- 5.14 WLWA's costs are expected to rise significantly again in 2009/10 and future years. This will increase levy costs and non-household waste charges for Brent. Landfill tax is due to increase by a further £8 per tonne in 2009/10. WLWA are also likely to have further increases in contract costs.
- 5.15 From 2010/11 or future years there could be costs to WLWA from the Landfill Allowance Trading Scheme (LATS). LATS is the government's key measure to meet the demands of the European Landfill Directive to reduce the amount of biodegradable municipal waste (BMW) it sends to landfill. The LATS system works by waste authorities being set allowances for the BMW they can send to landfill. These allowances are tradable, so that high landfilling authorities can buy more allowances, if they expect to landfill more than the allowances they hold or can sell allowances if they expect to be in surplus. Landfill allowances will be allocated by the government so that nationally the UK meets the targets set by the Directive. Authorities will be fined £150 for every tonne they exceed the allowances they hold. The allowances given to each authority will progressively reduce from 2010/11 to meet these national targets. WLWA is aiming to reduce the amount of waste it sends to landfill to minimise the LATS penalties it could be subject to. If WLWA is subject to LATS penalties for exceeding landfill allowances, the penalties will have to be

paid by the six constituent boroughs. WLWA are aiming to set up a working party with officers from the six boroughs (including Brent) to try and reach agreement on the method of charging future LATS penalties (if applicable).

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 2007 3.9%) with an allowance being made for pensioners who fall out of the pension scheme. It is estimated that a provision of £4.200m will be required in 2008/09.

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 £454k for 2008/09. The contributions for future years, as the properties fall out of the HRA and do not qualify for Housing subsidy, 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 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 the required skilled staff.
- 8.2 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 for a long period. The position has been made more complex following a number of court and tribunal cases relating to equal pay claims. A report is scheduled to go to the General Purposes Committee in February to agree a package of measures to put to the Unions which it is hoped will facilitate implementation of an agreement. This will still be subject to endorsement by the Unions and a positive staff ballot. It is recognised that it will not be a cost neutral exercise and a gross budget of £2.5m for all the items set out in this section has been included in the budget. The cost of the Single Status agreement will need to be contained within the overall allocation.

9. SOUTH KILBURN DEVELOPMENT

- 9.1 Work on the development of South Kilburn is continuing. For example, the show homes (Thames Court) are fully occupied and snagging process is underway. The preferred delivery partners (consortium) to carry forward the Masterplan to its conclusion has been reviewing the plan - especially after the Communities and Local Government department have given an offer of £50m towards the regeneration programme. Negotiations are underway with the consortium and residents, so that a viable plan can be taken forward. The Granville new homes development is now being developed. Members have agreed to sell the development to Hyde Housing Association in order that the development can be completed. Out of the budget of £500k for 2007/08 it is expected that £300k will be spent to meet the delivery vehicle negotiations process and associated costs and also to meet additional legal costs, independent advice for residents and other consultant fees. In 2008/09, the budget will rise to £570k. This is to meet: the potential ballot costs, negotiation including legal costs, specialist consultant advice and ongoing independent advice for residents.

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 2008/09 budget is to be used to fund a small amount of new development in 2008/09, to pay the debt charges for previously implemented projects, and to meet the ongoing costs of maintenance and support.

11. NEIGHBOURHOOD RENEWAL FUND

- 11.1 The government announced there will be no further funds for the Neighbourhood Renewal Funding (NRF) beyond 2007/08. Brent was allocated £2.279m for 2007/08
- 11.2 Neighbourhood Renewal Funding has been replaced by Working Neighbourhoods Funding from 2008/09. This is discussed below.

- 11.3 Following a strategic review by government during 2007 Neighbourhood Renewal Funding has been replaced by the Working Neighbourhoods Fund.
- 11.4 The allocation of this new funding stream is based upon the 2007 Index of Multiple Deprivation (IMD2007). This analysis is based upon the lower super output areas used in the 2001 Census. These super output areas are based upon groups of about 1500 people. In the IMD2007 analysis, areas of Brent continue to be amongst the 10% most deprived areas in England and Wales. This has resulted in Brent being awarded WNF for the next three years though 2009/10 and 2010/11 figures remain provisional at this stage:

08/09 £2,403,803; 09/10 £2,872,122; 10/11 £2,987,313

- 11.5 WNF funding is non ring fenced and can be applied to all areas of the borough. It is required to contribute towards achieving negotiated Local Area agreement targets, specifically those relating to employment and the economy. Reward grants are also available to those areas that contribute most towards hitting the government's key target of securing an 80% Employment Rate nationally.
- 11.6 Business plans are currently being drawn up to allocate the 2008/09 funding to appropriate projects. The grant has been removed from central items and included within the Area Based grants.

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, contents and vehicles. 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 amount in the fund needed to be reviewed closely and significant on-going contributions would be required to ensure the Fund has resources to meet current and future claims.
- 12.2 PricewaterhouseCoopers, the council's previous external auditors, stated in an earlier 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 31st March 2007 the Insurance Fund balances were £2.569m and this is expected to rise to £2.7m by the end of this financial year. Currently it is estimated that the maximum potential liabilities for the fund to meet are between £4m and £5m. However, a number of these claims will be

challenged and not paid or a lower sum agreed. A budget of £1.8m the same as 2007/08 has been proposed for 2008/09 and future years.

12.3 The main strains on the Fund are as follows:

(i) Damage to Buildings

Damage to buildings below the £290k excess.

(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 2007/08 are £740k.

(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 initially peaked during 2001/02 at 357, reducing to 324 claims in 2004/05 and 336 claims in 2005/06. However claims are rising again to 367 in 2006/07 and are estimated to be 400 in 2007/08, despite the impact of increased spending on roads and pavements from the capital programme. In 2004/05 third party claim payments were around £850k with a sharp increase in 2005/06 to £1.265m. Whilst the number of claims rose in 2006/07, the cost of these claims fell to £562k but this is expected to increase by £100k in 2007/08.

12.4 The council has undertaken a fundamental review of all its insurance arrangements as part of becoming part of the Local Authority Mutual Limited. This included improved risk management to seek to reduce the number of claims received and payments made.

13. CIVIC CENTRE/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 and identify a preferred site. Additionally consultants have been procured to support the project specialising in design, finance, legal and project management. 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 Members have accepted that doing nothing is 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 2 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.
- 13.3 Another major report is due to go to the Executive in March seeking agreement to proceed to the next stage of the project – primarily to negotiate the acquisition of a suitable site.
- 13.4 The 2008/09 provision of £1.2m included within this budget provides resources for three main items:
- (i) The cost of professional advisors to support the more detailed feasibility work if the project is to proceed.
 - (ii) An 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 and maintain them at a reasonable standard even if the Civic Centre proceeds.
 - (iii) Allowance for lease rental increases and dilapidation claims on leasehold building. For example a claim of £500k has been recently lodged against the Council for Chesterfield House.
- 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. NEIGHBOURHOOD WORKING

- 14.1 The Neighbourhood Working Team of five people works closely with ward councillors to identify and address issues of concern with residents at ward level. The process is based on:
- Listening to residents through councillor walkabouts, attending local meetings, mini surveys etc.
 - Identifying key issues for each ward with councillors.
 - Drawing up a ward action plan with council departments and external partners, which identifies proposed actions, responsibilities and time scales.
 - Reporting back to residents
- 14.2 To assist with this process, a budget of £850k has been allocated in 2008/09. This will ensure full roll out in all wards for the full financial year. This includes a budget for each ward. In 2008/09 this will be £23,000 including £3,000 for publicity. The £20,000 is to be spent on initiatives that would not otherwise happen and are not the statutory responsibility of any public body. In order to get most benefit from this money, it will be used for pump priming, pilot projects, match funding and to lever in other funds.

15. LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES (LABGI)

- 15.1 The LABGI scheme was introduced in 2005/06, for a three year period, 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 three year period ends in 2007/08. The Government has recently announced proposals for a replacement for LABGI, which drastically reduces the national cash limit for payments to local authorities. For the three years from 2005/06 to 2007/08, there was a national limit of £1 billion. However the proposed replacement has a national limit of £150m over the next three years (nil in 2008/09, £50m in 2009/10 and £100m in 2010/11). Making a very crude assumption that Brent might receive between 0.5% and 0.75% of the national total, this would give figures of nil in 2008/09, £250k to £375k in 2009/10, and £500k to £750k in 2010/11. In the first two years of the current LABGI scheme, Brent received 0.5% of the national total, but this may be expected to increase with the regeneration of the Wembley area. However as there are no firm proposals as to how the replacement scheme will work, these figures are only speculative.
- 15.3 The 2007/08 budget included an allowance of £2.75m of LABGI receipts, with £1.5m allowed in the each of the three following years. In practice, the 2007/08 figure should be much higher than the £2.75m for several reasons. Previously only 70% of increases in RV above the target figure had been passed back to authorities, but this will be 100% in 2007/08. The new

Wembley Stadium was given a much higher rateable value than the old one, leading to an annual bill of £4.5m, and some other large new properties have come in to rating. In addition the total for empty properties fell during 2006/07, and this feeds in to the 2007/08 LABGI figure. The Government has however also recently announced that it is reviewing the methodology of distribution in 2007/08 following a number of judicial reviews. The Council is therefore not clear when it will know Brent's allocation.

16. FREEDOM PASS SCHEME GROWTH

- 16.1 The Freedom Pass Scheme provides free off peak travel for all people in London aged 60 or over and people with disabilities. There were 38,460 users in Brent in September 2006. (2007 figures still to be confirmed).
- 16.2 From April 2008, the Government introduces free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK. The Government has made £250M available in grant to fund the scheme nationally, of which £212M will be paid to local authorities in England. London will receive £55.44M in grant funding.
- 16.3 In 2007 London Councils agreed a new one-year deal to fund the concessionary fares scheme. This was agreed with Transport for London (TfL), the Association of Train Operating Companies (ATOC) and bus companies operating outside the TfL bus network. In 2008/09 £269M will be made available to these companies inclusive of grant funding.
- 16.4 Brent's subscription to the TFL concessionary fare scheme is £7.870m in 2008/09 compared with £8.314m in 2007/08 – a decrease of £444k, or 5 per cent. This is directly as a result of the grant paid to London for a service it had been already providing.
- 16.5 The process used by London Councils to determine how much each borough pays for the Freedom Pass Scheme is likely to change over the next few years. Previously, funding was determined by number of users. Usage data shows that disabled people are more likely to use freedom passes than elderly people. Therefore, in 2008/09 greater weighting has been applied to disabled usage. It is expected that as usage data becomes more reliable, this will be used to determine borough fees in future years. This will be coupled with likely fare increases above inflation. Therefore, an additional £900k has been allocated for 2009/10 and an extra £400k per annum in 2010/11 and 2011/12.

Freedom Pass budget 2008/09 to 2011/12

| 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------|---------|---------|---------|
| £'000 | £'000 | £'000 | £'000 |
| 7,870 | 8,770 | 9,170 | 9,570 |

17. AFFORDABLE HOUSING PFI

- 17.1 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previously been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI.

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 The budget includes a corporate efficiency target of £1.5m, up from £1m in the 2007/08 budget. The £1m achieved in 2007/08 consists of savings on the Matrix contract for agency staff, insurance savings from the Local Authorities Mutual, savings from the e-auction for computers, and additional cash-flow income as a result of more efficient processing of VAT claims, changes to the timing of council tax direct debit payments and improved council tax collection. The additional £0.5m targeted for 2008/09 will be achieved from a combination of tendering of security contracts, introduction of the corporate procurement card, central procurement of staff travel, the impact on cash flow of further improvements in council tax collection, and other cross-council efficiency initiatives developed during 2008/09.

20. OTHER ITEMS

- 20.1 Details are set out below

20.2 Income Generation Initiatives

- 20.2.1 The £587k income included for income generation initiatives includes £48k that was already included corporately for advertising and sponsorship together with a target of a further £539k from a range of initiatives including further income from advertising and sponsorship, a review of on- and off-street parking charges and provision of parking for staff, and the introduction of charges for using credit cards to pay council bills.
- 20.2.2 A minimum of £90k of the income is expected to be achieved from advertising and sponsorship. There is a current contract for 18 adverts on lampposts which provides for a guaranteed minimum revenue of £500 per advert. If the average net revenue per location is less than £3,000 then the authority receives £555 per site. If it exceeds £3,000 then the authority gets 30% of the amount by which it exceeds £3,000. It is expected that £9k advertising income will be generated during 2008/09 less £1k administration. In addition, work

has been progressing on looking at lamppost advertising on a further 30 sites. Planning permission will be applied for in February with potentially £30k income in 2008/09. The balance required to achieve a minimum of £90k will be achieved from a combination of lamppost dressing for large events, hoarding advertising, temporary advertising and sponsorship of roundabouts.

20.2.3 Details of the other items are provided in the report on fees and charges presented to the February Executive which sets out how it is proposed to achieve the overall target of £1.5m additional income in 2008/09. In addition to the £539k additional income included in central items, there is £961k additional income included in service area cash limits

20.3 The Future of Wembley

20.3.1 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 2007/08 the budget has been used to commission work and advice relating to masterplanning for the eastern, northern and triangle end of the development, Wembley Museum business plan, highway schemes, public art strategy as well as the production of quarterly newsletters. £350k has again been included for 2008/09, the funding will continue to be used to commission work that will maximise our ability to deliver community benefits in Wembley. Specific expenditure is likely to relate to feasibility work for new infrastructure projects, master planning work to bring forward additional sites, ongoing feasibility work to bring forward new community facilities (including the Wembley Live! Museum project and new voluntary sector resource centre) and continued promotion of Wembley regeneration through the Wembley Way publication.

20.4 Leasing Costs

20.4.1 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 £120k in 2008/09 with a further decline in future years.

20.5 Invest to Save Repayments

20.5.1 The council's invest to save initiatives in 2007/08 included additional capital resources for the payroll system, IT projects and the customer care strategy. The overall financing costs for these schemes is estimated to be £466k for 2008/09 this is included in service area budgets. These payments are to be split between providing resources for future spend to save schemes and

meeting the invest to save budget. For 2008/09 the contribution to the invest to save budget will be £156k.

20.6 Capitalisation Adjustment

- 20.6.1 An additional £600k of capitalisation costs has been included in the budget to fund shortfalls in the Housing general fund and Corporate budgets in respect of recharges to HRA and BHP in connection with the management and maintenance of the HRA dwelling stock. These charges 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 to an estimated 9,498 in March 2008) the level of charges applicable has dropped accordingly.