

LONDON BOROUGH OF BRENT

MEETING OF THE EXECUTIVE - 14th JUNE 2004

REPORT FROM THE DIRECTOR OF FINANCE

FOR ACTION

NAME OF WARDS ALL

FP REF: BFS-03/04-74

REVENUE BUDGET 2004/2005

1. INTRODUCTION

1.1 This report sets out the latest position on the 2003/2004 outturn and the 2004/2005 Revenue Budget which was agreed by Full Council on 1st March 2004.

1.2 It also seeks approval for a number of virements and other budget transfers.

2. RECOMMENDATIONS

That Members:

2.1 Note the latest position on the 2003/2004 outturn.

2.2 Note the latest budget in Appendix A.

2.3 Agree the virements in Appendix B.

2.4 Agree the reduction of the Environment budget by £94k for the Licensing Act 2003 with a further review later in the financial year.

2.5 Agree the reduction of the Environment budget by £150k for the delayed implementation of the EU Food Hygiene Regulations and agree the pilot scheme for the HACCP.

2.6 Agree to add £14k to the Voluntary Sector Grants budget.

2.7 Note that £230k is potentially available to fund Ward Working subject to a detailed report and agreement of Full Council.

3. FINANCIAL IMPLICATIONS

3.1 The recommendations in the report do not impact on the overall level of balances available. The detail of the report is fully about the finances of the Council.

4. STAFFING IMPLICATIONS

4.1 These are contained in the body of the report.

5. DIVERSITY IMPLICATIONS

- 5.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it apart from those set out in the section on Food Safety Regulations.

6. DETAIL

6.1 2003/2004 Provisional Outturn

- 6.1.1 The Budget Report to Full Council on 1st March assumed that balances of £1.910m would be carried forward from 2003/2004 into 2004/2005. The initial outturn position will not be finalised for another month and will be subject to the audit of the accounts. However, at this time there is no information to suggest that the assumed level of balances at 31st March 2004 will be below the anticipated £1.910m.

6.2 2004/2005 Budget

- 6.2.1 Appendix A sets out the latest 2004/2005 budget. Appendix B includes proposed virements which Members are asked to agree. These transfers reflect items agreed by Full Council on 1st March with budget responsibilities now being aligned with the area of management control.

- 6.2.2 The Budget Report included a number of risks where no specific provision had been made. A contribution to balances of £2.090m in 2004/2005 was agreed and when added to the brought forward sum for 2003/2004, bring balances up to around £4m. At this early stage in the financial year a number of areas of potential overspending have emerged based on activity to date in 2004/2005:

(i) Agency Staff

Despite the introduction of a number of innovative schemes the Council is still heavily reliant on agency staff in a number of key services. Market conditions allow rates to be charged well in excess of the cost of permanent staff.

(ii) Willesden Sports Centre PFI

The protracted negotiations to secure the PFI arrangement will mean that legal and other professional advice could exceed the budget by up to £200k.

(iii) Lamppost Advertising

There is an overall budget of £119k for income derived from advertising and sponsorship. It was anticipated that a significant proportion of this would be derived from advertising on lampposts. The scheme has been delayed and planning applications still have to be considered.

6.2.3 It is expected that each Service Area will manage their budgets to ensure that no overall overspending occurs.

6.3 Other Budget Issues

6.3.1 This section of the report identifies two areas where agreed budgets can be reduced and proposes two items where these sums can be transferred to.

6.3.2 Licensing Act 2003

Full Council agreed a budget of £300k to deal with provisions of the Act. However, it was recognised that there were a number of uncertainties both in terms of the implementation date and the level of fees payable. It was therefore agreed that the provision would be reviewed during the financial year. The implementation date for local authorities taking responsibility for liquor licensing has slipped due to delays in DCMS. It is now anticipated that the "first appointed day" after which processing of licence applications will become a local authority responsibility will be in November 2004. Enforcement responsibilities will transfer to local authorities no earlier than April 2005. Following substantial objections from local authorities about the inadequacy of the proposed fee scales, final fee scale proposals are yet to be published. A review of the expenditure needed to meet these timescales has identified that £94k of the growth agreed for 2004/2005 can be deferred until 2005/2006. If there are further delays in implementation of this Act, particularly in respect of the enforcement responsibilities, or if more realistic fee scales are agreed, it will be possible later in the year to defer more of the growth or to reduce the requirement. The position will be kept under review.

6.3.3 Food Safety Regulations

Growth of £275k was agreed in the 2004-05 budget for food safety subject to the timing and content of revisions to the Food Standards Agency's (FSA's) Approved Codes of Practice under the Food Safety Act 1990 and the UK implementation of the EU Food Hygiene Regulations. The revised Codes of Practice which have now been seen will require a very significant increase in both the frequency and scope of inspections. In addition, the FSA through its Framework Agreement is requiring that enforcement in respect of imported foods should be prioritised. Because of the Borough's diversity the focus on imported foods will have a greater impact in Brent than elsewhere. £110k of the £275k total was in respect of the implementation of these Codes and a fresh assessment has confirmed that this sum will be needed in 2004/2005.

The most recent "update" from the FSA on the UK implementation of EU Food Hygiene Regulations suggests an implementation date of January 2006 rather than in 2004 as previously anticipated. This should, in principle, allow deferral of the £165k growth into 2005/2006 (£75k) and 2006/2007 (£90k). This comprehensive rationalisation of 17 EU Directives implemented since 1964 will extend the application of the HACCP (hazard analysis critical control point) principles to food businesses and in particular will require documentation of their systems. It is anticipated that this requirement for documentation of HACCP will have a serious impact on Local Authority enforcement particularly in areas of great ethnic diversity as it did with butchers licensing. The FSA propose working with different local authorities to pilot different approaches to HACCP and have offered to substantially fund

a pilot in Brent which would give us the opportunity to influence the eventual national model and ensure that the approach meets the needs of our communities. They have offered £45k to meet the staffing costs of the pilot and Brent will need to provide £15k to meet the balance of costs. This is a significant opportunity to ensure that equalities issues are properly addressed in designing a new national approach to delivering this service and avoid a repetition of the mistakes around butchers' licensing. It is therefore proposed that the £165k growth be phased £15k in 2004/2005, £60k in 2005/2006 and £90k in 2006/2007.

6.3.4 Voluntary Sector Grants

There is another report on tonight's agenda recommending grants to Voluntary Organisations which exceeds the agreed budget by £14k. It is proposed to increase the grants budget by £14k.

6.3.5 Ward Working

Proposals are currently being formulated to run a pilot scheme in 2004/2005, which will inform a full roll-out in 2005/2006, to help Ward Councillors more effectively address community aspirations and deliver services in a more rational and efficient manner. It is intended to bring a detailed report to the next Full Council meeting. The budget movements set out above release £230k of resources to potentially allocate to the scheme without amending the original budget for balances.

7. **SUMMARY**

- 7.1 It is very early in the financial year and close monitoring will be maintained with regular reports to Members. There still remains a high level of risk within the budget.

8. **BACKGROUND INFORMATION**

1. Council Meeting, 1st March 2004, Budget Report.
2. Budget Working Papers.

Any person wishing to inspect these documents should contact Committee and Member Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

DUNCAN McLEOD
Director of Finance