

	<p><b>Executive</b> 13<sup>th</sup> November 2006</p> <p><b>Report from the Director of Finance and Corporate Resources</b></p>
For Action	Wards Affected: ALL
<p><b>Revenue Budget 2006/07 Monitoring Report</b></p>	

Forward Plan ref: F&CR-06/07-10

## 1. SUMMARY

- 1.1 This report up-dates the Executive on the 2006/07 budget position, including actions being taken to address forecast budget overspends in the current year. It also shows an improvement in general fund balances brought forward from £9.7m to £10.3m following the signing off of the 2005/06 accounts by our auditors. Overall the forecasts in this report, together with actions set out, would reduce general balances held by the council to £7.6m at 31<sup>st</sup> March 2007 which is an improvement on the £6.3m reported to Members at the September Executive and now falls within the Council's target for balances of £7.5m to £8m.
- 1.2 Service areas were set a target of £3.8m savings for 2006/07 at the September Executive and have achieved £4.1m through a variety of measures including the early implementation of budget savings for 2007/08 and various one off savings.
- 1.3 As Members are aware, limited growth in government funding and restrictions on council tax increases mean there will be pressure on resources in future years. In addition, the factors that have given rise to additional spending in the current year will continue to put pressure on budgets in future years and forecasts in previous budget reports have already shown considerable potential growth in funding requirements. Members will therefore have to be ready to take difficult policy decisions to ensure measures to restrict spending in the current year have an on-going impact on spending in future years. In addition, it is expected that as part of the on-going budget process, further savings for 2007/08, over and above the 2% identified in the September report to the Executive, will be required in order to ensure a balanced budget for 2007/08.

## 2. RECOMMENDATIONS

The Executive is asked to:

- 2.1 Note the current budget forecasts in Appendix A.
- 2.2 Note the actions that are being taken to reduce spending to bring it into line with budget set out in this report.
- 2.3 Agree the budget transfers and virements in paragraphs 3.31 to 3.33.
- 2.4 Note the current position on General Fund Balances and Schools Balances in 2005/06 detailed in paragraphs 3.37 and 3.38 respectively.

## 3. 2006/07 BUDGET POSITION

- 3.1 The report to the Executive on 13<sup>th</sup> September 2006 on the revenue budget position identified potential overspends across the council of £7.173m in 2006/07. It also identified target savings that service areas directors needed to find to reduce the level of overspending by £3.794m as detailed below:

	£m
Children and Families	1.000
Environment and Culture	0.835
Housing and Community Care	1.100
Corporate Services	0.859
Total	3.794

- 3.2 This section of the report provides further details on budget forecasts for services and sets out measures that are being taken at the moment to address the current overspends.

### *Overall position*

- 3.3 Appendix A sets out the 2006/07 budget position for the Council. This shows that, even after taking the actions agreed at the September Executive, there is a budget shortfall of £3.6m in the current year. The relatively high level of balances coming into the current financial year (£10.3m at 31<sup>st</sup> March 2006 following audit of the accounts) means that a shortfall of this level is manageable. But it represents an underlying budget imbalance that will need to be addressed going into the next financial year. Moreover, a number of the actions to bring spending down in the current year are one-off and cannot be sustained in the longer term (eg freezes on recruitment, deferral of repairs to buildings), so if anything the underlying gap is greater.
- 3.4 The position reported in Appendix A reflects a number of changes since the September Executive. The position has stabilised as a number of the actions recommended in the last monitoring report have been put in place. In addition

there have been improvements within forecasts for Housing and Community Care and Central Items that have contributed to a reduction in the forecast overspend.

- 3.5 The reasons for variances on individual items, and the actions being taken to address them, are set out in following paragraphs.

#### *Service budgets*

- 3.6 The overall forecast budget shortfall on service budgets currently stands at £5.350m. This is made up of forecast shortfalls on Children and Families of £3.300m, Housing and Community Care of £2.014m and £36k for the Corporate service areas. At the moment, actions to bring spending into line mean that the forecast for Environment and Culture is break-even. This £5.350m is offset by the £859k reduction in central services budgets (F&CR and other central units) agreed at the September Executive, reducing it to £4.491m.

#### Children and Families

- 3.7 The current forecast overspend in Children and Families is £3.3m this is in line with the target forecast at the September Executive; at that meeting an overspend of £4.3m was reported and a target set for £1m reduction from actions proposed to reduce the overspend.
- 3.8 A number of actions are now being taken mainly within the children's social care budget to contain the forecast overspend, as follows:
- a. Work has been progressing on moving more children who are over 18 into housing of their own. To date the focus has been on providing permanent accommodation for children leaving care and this has been difficult given the competing calls on permanent accommodation and limited resources available for social housing. Up to 6 tenancies for care leavers are being identified each month and 15 temporary units for which market rents are charged have now been identified for Unaccompanied Asylum Seeking Minors which have no permanent status. In addition the Housing Advice Team in H&CC is seeking to identify other suitable properties that may be available on the market. August saw the numbers of children over 18 transferring rise to 13 from 8 the previous month and this increase has continued into September with resultant savings of £200k, with the potential for further savings in future.
  - b. There has also been work carried out to try and maximise the housing benefit entitlement of children in care who have reached 18. A significant number of claims are now currently within the system being processed though there have been some delays over documentation in putting together claims for unaccompanied minors who are asylum seekers. There will be a clearer idea how much saving this might yield once the claims process has been complete.

- c. Some progress has been made on limiting the use of high cost placements. The number of placements costing more than £85k per annum has fallen from 29 in July to 22 in August. Children are only put in high cost placements where the need for supervision is exceptional and there is only limited scope to reduce the numbers significantly; but even a small reduction in placements can yield significant savings. In the longer term, officers are looking at the possibility of providing highly trained specialist foster carers to look after very high need children. But this will take investment in recruiting and training the foster carers and is not a short term solution.
- d. Overall the numbers of looked after children have fallen in recent months. There has been a general increase in the number of children becoming looked after. Numbers in care had stabilised in the second half of the 2005/06 financial year (down from 409 in September 2005 to 406 in March 2006). However, between March and June the number increased from 406 to 427 but by the end of September this had fallen back to 402 and has led to forecast reductions in spend of £300k.
- e. An unallocated contingency within the Social Care budget of £209k has now been put towards the overspend.
- f. Action has also been taken on the over-stayers budget, which meets costs of families awaiting deportation who have no recourse to public funds. Investigation of the circumstances of a number these families has resulted in decisions to withdraw support from a number of families and this has realised savings of £100k.
- g. A £400k saving can be achieved for joint funded cases by recharging the Special Education Needs budget. This allows a reduction in the budget required for children with special needs following a review of costs that are properly incurred by the social care budget and costs that should properly be charged to Special Education Needs in the Dedicated Schools Budget. This effectively brings forward a saving already identified for 2007/08. It should be noted however that pressures are emerging on the SEN budget in the current year which could impact on the ability of these costs to be contained within it and the impact of this on the Dedicated Schools Budget will need to be closely monitored.
- h. As a result of the freeze on non essential spend and the tighter recruitment processes in operation, there have been £62k of additional savings with the potential for a further £100k of operational and staffing savings.
- i. Other parts of the Children and Families Department are being reviewed to identify further savings. Growth allocated to the youth service in the 2006/07 budget which is not yet fully committed will be clawed back and an underspend of £57k is currently forecast. Measures are being put in place which will limit spending across the department. This will impact on recruitment to vacant posts, staff training, replacement of equipment and other items. This approach is not sustainable in the longer term without serious impact on service but will yield savings in the shorter term.

- 3.9 Some of the additional costs faced by Children and Families are because the costs of Unaccompanied Asylum Seeking Children (UASCs) and UASCs leaving care are not fully covered by grant. The council has an outstanding special circumstances grant claim for the cost of UASCs in 2005/06 of £276k and is waiting to hear from government whether lobbying on this by the Local Government Association and London Councils (formerly the Association of London Government) has been successful. This has not yet been taken into account and receipt of additional grant could potentially reduce the budget gap.
- 3.10 The measures in place at the moment fall well short of eliminating the potential overspend. Moreover, a number are one-off and will not produce savings in future years. This means that budget growth would have to be put into next year's budget merely to fund existing service needs. This service is key to the protection and development of vulnerable children and there are no easy budget savings that can be made. There are areas that can be looked at such as the proposal above for specialist foster carers and the way we procure residential placements that may yield savings. There will also be the need to take some difficult policy decisions if the need for budget growth is to be limited in future years.

#### Environment and Culture

- 3.11 Environment and Culture are currently forecasting a breakeven position compared to the £835k overspend forecast in the September monitoring report. In the last report the forecast overspend was the result of additional spending on street lighting (£535k) and libraries (£300k). The position on street lighting has improved slightly to £510k and Libraries are currently forecasting an overspend of £243k as a result of a recruitment freeze and improved assumptions about income generation although, if the improvements in income do not materialise, consideration will need to be given to a reduction in the stock fund.
- 3.12 Targets have been set for each unit in Environment and Culture to bring the overall budget back into balance. Most units have held off recruiting to vacant posts for longer to meet their targets. In addition, further savings of £300k have been identified in Streetcare as a result of a number of measures to reduce expenditure on recycling, a slow down of the expansion of the estates recycling service, reduced spending on special collection items and fly tipping, and additional income generation from dry recycling and other sales. There have also been reductions made in weekend and late evening officer cover and a moratorium on training and an attendance at seminars.
- 3.13 The projection of breakeven does not take account of the recent High Court ruling that the wording used by London boroughs on parking Penalty Charge Notices (PCNs) does not conform with legislative requirements. The wording has now been corrected but legal advice received by the council is that

outstanding debts arising from PCNs issued before the wording was changed cannot be actively pursued. There is a risk of loss of income to the council of up to £1.5m. Officers are trying to mitigate this as much as possible by more active recovery of debts on other traffic infringements not covered by the ruling and on new parking PCNs issued since the wording was amended.

- 3.14 As in other areas Environment and Culture have taken short term actions to contain the overspend. The majority of the savings are one-off and will not produce savings in future years. This means that budget growth would have to be put into next year's budget merely to fund existing service needs. Any long term budget reductions for street lighting and libraries would have significant policy implications and it would not be possible to implement them without considering the wider context of what the council is trying to achieve through provision of the services including improved road safety, reduced crime, increased child and adult literacy and numeracy, employability, and awareness and celebration of Brent's communities.
- 3.15 In the longer term, as with other services, the Council will need to look at how it can re-configure services in Environment and Culture to ensure continuing improvement whilst limiting costs. A start to this process has already been reflected in proposals within the savings package presented to the last Executive to change management arrangements for regulatory services within Environment and Culture. The on-going review of libraries is also looking at ways in which the objectives of the library service can be achieved more efficiently and effectively and this will be subject to further consideration as part of next year's budget process. Similar issues will be addressed in relation to the remainder of Environment and Culture's services. These are however longer term issues and will not deliver the short term savings required.

#### Housing and Community Care

- 3.16 At the September Executive Housing and Community Care were set a target of at least £1.1m savings to reduce their forecast budget shortfall from £3.4m to £2.3m. The Housing and Community Care forecast overspend is now £2.0m which is £0.3m better than the target set at the September Executive. It consists of a forecast overspend on adult services of £2.8m offset by a forecast under-spend on the temporary accommodation budget of £0.8m.
- 3.17 The surplus on temporary accommodation has improved by £600k to £800k from the £200k reported in the September budget monitoring report. This reflects better than expected income generation from the maximisation of rents for Brent Direct Leasing and other PLA schemes. This is over and above a budget saving of £1.8m achieved as part of 2006/07 budget process. There has however been a recent increase in the number of families in Bed and Breakfast (up from 37 in July to 70 in September), largely because of an increase in new homeless applications. No family is in Bed and Breakfast for more than 6 weeks and action is being taken to address the increased numbers in B&B by continuing to develop the housing advice service and increasing the number of Brent Direct Lease properties taken on. However, numbers in B&B will need to continue to be monitored and managed closely.

3.18 Current forecast overspends for adult social care are as follows:

- a. Services for older people - £2.0m mainly on nursing and residential care;
- b. Services for people with physical disabilities - £400k mainly on home care packages;
- c. Services for people with learning disabilities - £300k across a range of services;
- d. Services for people with mental illness - £700k mainly on residential placements.

These are partially offset by a contingency in the budget of £500k and savings in core adult care services of £100k.

3.19 The forecast overspends in adult social care in paragraph 3.18 are a reduction since the September report. The principal changes are in:

- learning disabilities, where a reduction in the forecast of £400k has resulted from the number of clients transferred into the council's care from Kingsbury hospital reducing from 9, which was previously forecast, to 5; and a reduction, compared to forecast, in the number of clients transferring from children's to adults' care who need residential care;
- physical disabilities, where a reduction of £500k is mainly due to identification of additional income due, although over half of this relates to previous years and is therefore one-off.

3.20 The 2006/07 budget included £3m growth for adult services to meet budget pressures that had been identified at that time. But a combination of factors, including the on-going impact in 2006/07 of the £1.4m overspend on Housing and Community Care in 2005/06, continuing demographic pressures, and the impact of PCT budget restrictions on the need for adult social care to provide continuing care and on cost sharing of residential placements, means growth in costs has outstripped the significant growth put into the budget.

3.21 The potential overspend was identified early in the financial year and blanket spending restrictions, similar to those being imposed in Children and Families, have been in place in Housing and Community Care since 4<sup>th</sup> July. In addition, all high cost care packages are being reviewed to identify potential savings. Since the September monitoring report a number of specific savings have been identified

3.22 Whilst some of the reviews of care packages will yield on-going savings, other savings resulting from the spending restrictions in place will be one-off. The Housing and Community Care Department is currently implementing a review of social care commissioning carried out at the end of 2005 and this should result in longer term savings in adult care budgets. In addition, the results of the on-going day care review will provide opportunities to rationalise existing

services so that they are more targeted at those in need. Other options available to reduce costs – such as reviewing eligibility criteria – will need to be considered but will have more severe implications on service received by users.

### Corporate services

3.23 These include Finance and Corporate Resources, the Policy and Regeneration Unit, the Communications Unit, the Human Resources Unit, Legal and Democratic services, and the Chief Executive's office.

3.24 Members agreed at the September Executive that these services put in place measures – including spending restrictions, bringing forward savings from 2007/08, and other items agreed in discussion with Lead Members – to deliver 2% savings in the current year which would achieve a saving of £859k. An adjustment to the 2006/07 cash limits for these units was made to reflect this saving with balances being increased accordingly. These services are currently forecasting an overspend of £36k which indicates £823k of the £859k savings are expected to be achieved. The following measures have contributed to this:

- F&CR:
  - o reduced Viewstar (benefits system) maintenance costs from better procurement;
  - o improved income collection - recovery of council tax summons costs and housing benefit overpayments;
  - o one off savings and windfall income within the property budgets;
  - o reduced costs of payroll;
  - o better IT procurement for computer hardware and mobile phones;
- PRU: savings from holding posts vacant and membership subscriptions;
- Communications and Consultation: staff restructuring and one off savings on members' allowances;
- Legal and Democratic Services: various staff and recruitment cost savings;
- HR – savings on corporate training budgets pending development of a corporate learning and development strategy.

3.25 Further savings are still required in order to bring the forecast into line with the target set for corporate services and work is still ongoing. As in other areas spending restrictions of this kind can work in the short term but they may affect the capacity of the organisation to deliver the ambitious agenda of the new administration and to support delivery of direct services.

### *Central items*



- 3.26 The forecast budget shortfall on service budgets of £4.491m is offset to some extent by a forecast net surplus on central items of £1.766m. This is made up of a forecast under-spend on debt charges/interest receipts of £865k and levies of £851k and £50k on premature retirement compensation. The position on each of these is set out below.

#### Debt charges/interest receipts

- 3.27 The reduction in funding required for debt charges/interest receipts of £865k arises from the following :
- a. The capital outturn report to the Executive in July reported a £65k reduction in financing charges required in 2006/07 as a result of re-phasing of some schemes.
  - b. Interest on council investments of £100m is estimated at an average of 4.8% which is 0.3% higher than built into the 2006/07 budget. The increase in the estimate reflects the returns received in the first half of the year and the increase in Bank of England bank rate from 4.5% to 4.75% in early August. This is expected to yield additional income of some £300k in the current year.
  - c. Continuing reductions in the average interest rate the council pays on its long term borrowing – as a result of borrowing when long term interest rates are at their lowest levels and restructuring historic debt which was taken out at relatively high interest rates – has reduced estimated interest charges by £400k below what was already assumed in the budget.
  - d. The £100k interest paid by the Gujarati Arya Association (GAA) as part of the final agreement on the lease for the pavilion at John Billam sports ground reported in the capital report on this agenda.
  - e. Slippage in the capital programme also reported in the capital report.

#### Levies/West London Waste Authority

- 3.28 The 2006/07 budget report to Full Council on 6<sup>th</sup> March detailed changes to the way in which the West London Waste Authority planned to raise its income, largely brought about by national changes to the arrangements for raising levies for waste authorities. Changes to the allowance for non-household waste and treatment of credits for recycling were expected to have a significant but, at that time, unquantifiable impact on the amount Brent would have to pay to West London Waste. The actual levy charged by West London Waste Authority was £5.049m, but a further £2.007m was allowed for the potential impact of the changes. It is too early to assess the full impact of the changes which depends on the tonnage of waste produced by the borough, but £2m is in excess of what is likely to be required. £656k of the £2.007m was allocated to the Environment and Culture budget in the July monitoring to pay for loss of recycling credits and additional charges for non-household waste. The amount required in the year will depend on actual tonnages of waste produced but a provision of a further £500k is expected to

be sufficient to meet any potential increases in waste tonnage over the remainder of the financial year. The result is that there is a reduction of £851k in the amount that needs to be provided for the West London Waste Authority levy in central items.

#### Local Authorities Business Growth Incentive Scheme (LABGI)

- 3.29 The LABGI scheme was introduced in 2005/06. Payments are made to local authorities on the basis of increases in rateable value of business in the area adjusted for changes in the number of empty properties. The council's 2006/07 budget included £1m for LABGI income on the basis that the rateable value of Wembley stadium would be included in the calculation for 2006/07. In practice this will not happen. There are also doubts about the future of the former Guinness Brewery site. The September monitoring report identified an increase in new businesses paying business rates and a revised estimate of the income to be received was made from £500k to £750k. At the end of September DCLG announced changes to the scheme for LABGI which would both simplify it and increase the level of reward available to local authorities consequently the LABGI income is now expected to meet its budget target of £1m.

#### *Budget transfers/virements*

- 3.30 The budgets in Appendix A also allow for three separate budget transfers/virements. These transfers/virements have no overall net effect on the council's 2006/07 budget. They are as follows:

#### HR Transformation

- 3.31 A contribution of £150k from 2006/07 training budgets is needed to part fund the HR transformation programme this year. The Corporate Learning and Development Group has been looking at ways to deliver 'quick wins' to reduce the cost of training which should help offset the impact of these transfers. Details of the training budget transfers are detailed below.

Service Area	£k
Housing & Community Care	44
Children & Families	35
Finance & Corporate Resources/Central Units	28
Environment & Culture	43
<b>Total</b>	<b>150</b>

#### Customer service

- 3.32 Appendix A also includes a transfer of £2k from Environment and Culture to Housing and Community Care to reflect transfer of staff from Environmental Health to the One Stop Shop. The £2k is a residual amount which is in addition to the £88k transferred in the September Executive report.

### Asylum Seekers

- 3.33 There is a central budget of £250k which meets fixed costs – corporate and service management, support services, cashiers, reception/office accommodation etc – previously charged to asylum seekers’ grant. This virement transfers the budget back to those services incurring the costs - £200k to Housing and Community Care and £50k to Finance and Corporate Resources.

#### *Risks to the 2006/07 budget*

- 3.34 Those areas that are currently forecasting overspends were identified in the risk assessment carried out as part of the 2006/07 budget preparation process and set out in the 2006/07 budget report. Risks associated with factors largely outside the control of the council - demand pressures on adult care and children’s care, the financial position of Brent tPCT, and potential electricity price rises - were the main reason for the recommendation of the Director of Finance and Corporate Resources for balances to be set between £7.5m and £8m.
- 3.35 Details of the risks included in the 2006/07 budget report are attached as Appendix B. There are a number of other risks, not covered in this report, which may impact on the 2006/07 budget. These risks are closely monitored at monthly meetings of the Strategic Finance Group, which is chaired by the Director of Finance and Corporate Resources and includes heads of finance from each department. Should any of these risks lead to additional pressures on the budget – over and above those set out in this report – actions will be put in place to limit their impact and both the potential impact and the actions will be reported to Members.

### 2005/2006 General Fund Balances

- 3.36 Our external auditors PricewaterhouseCoopers signed off our final accounts at the end of September and members agreed the audit adjustments to the accounts at the General Purposes Committee on 27<sup>th</sup> September.
- 3.37 As a result of the audit general fund balances carried forward into 2005/2006 are £10.263m. This is an improvement of £599k from the estimated total balances carried forward reported to the Executive on 13<sup>th</sup> September. At that time a prudent view was taken of the potential adverse impact of audit adjustments which have not fully materialised. The audit adjustments had no overall impact on general fund balances.

### 2005/2006 School Balances

- 3.38 School balances were reported as £4.957m at 31<sup>st</sup> March 2006 in the un-audited accounts. The audited figure is £584k less at £4.373m. This still represents an improvement of £1.077m (32.7%) since 31<sup>st</sup> March 2005.

	<b>£'000</b>
31 <sup>st</sup> March 2005	3,296
31 <sup>st</sup> March 2006	4,373
	<u>1,077</u>

### Overall Position on Balances

3.39 Taking account of the final outturn for 2005/06, the table below sets out the latest position on balances.

	<b>£'000</b>	<b>£'000</b>
Estimated total balances c/fwd to 2006/2007 (13 <sup>th</sup> September Executive)		9,664
Net audit provision not required		599
<b>Balances c/fwd on 31.03.06</b>		<b>10,263</b>
Less:		
Agreed contribution to balances (13 <sup>th</sup> September Executive)	36	
Finance & Corporate Resources/Central Units – cash limit reduction in 2006/07(September Executive)	859	
Potential overspending on other service budgets 2006/2007	(5,350)	
Potential underspending on central items	1,766	
		<u>(2,689)</u>
<b>Estimated Level of Balances 31.03.07</b>		<b>7,574</b>

3.40 The report to the Executive on 13<sup>th</sup> September reported a provisional level of balances at 31<sup>st</sup> March 2006 of £6.321m. Including the adjustments to our final accounts and the current overspending our current estimated level of balances is now £7.574m an overall improvement of £1.253m.

3.41 This assumes that no further overspendings occur. Members are reminded of the risks to the 2006/2007 highlighted above and included in Appendix B.

## **4. 2007/08 BUDGET**

4.1 Members are aware of the medium term financial forecasts for the authority and work is continuing on preparing the 2007/08 budget in the context of the new Corporate Strategy. Members already agreed 2% savings in 2007/08 at the Executive on 13<sup>th</sup> September. The provisional local government finance settlement for 2007/08 is expected to be issued shortly although this is unlikely to include significant changes from the 2007/08 funding included in the 2006/07 finance settlement.

4.2 The next stage of the budget is that the first reading of the Policy Framework and Budget 2007/08 will be presented to Full Council on 27<sup>th</sup> November. This will include an updated medium term financial strategy for 2007/08 to 2010/11.

4.3 Details of the budget timetable are included in Appendix C.

## **5. FINANCIAL IMPLICATIONS**

5.1 These are contained within the detail of the report.

## **6. LEGAL IMPLICATIONS**

6.1 The revenue budget is agreed by Full Council as part of the annual budget process. Changes to, or departures from, the budget during the year other than by Full Council itself can only be agreed in accordance with the scheme of Transfers and Virements contained in the Constitution. Any decisions the Executive wishes to take and any changes in policy which are not in accordance with the budget set in March 2006 and are not covered by the Scheme of Transfers and Virements will therefore need to be referred to Full Council.

6.2 The Director of Finance and Corporate Resources is satisfied that the criteria in the scheme are satisfied in respect of the virements and transfer proposals in the report.

## **7. DIVERSITY IMPLICATIONS**

7.1 The short term measures taken in services to achieve short term savings will have impact on services and services will have to ensure that they are achieved within the context of the council's overall equal opportunity policy and approach.

## **8. STAFFING IMPLICATIONS**

8.1 Short term measures to achieve savings in 2006/07 within departments – including restrictions on recruitment, employment of temporary staff, and staff training – will have an impact on workloads of staff and their ability to deliver high quality services.

## **9. CONCLUSIONS**

9.1 The budget position for 2006/07 has improved since the September budget monitoring report to the Executive. Service areas have generally been able to meet the target savings to set for them. In addition the Authority's balances have improved following the signing off the 2005/06 accounts. However, the overall position still needs close monitoring and there still remains a high level of risk within the budget. Members will be kept informed with regular updates as part of 2007/08 budget process.

## **10. BACKGROUND INFORMATION**

Report 2006/07 Budget and Council Tax and Minutes of the Council Meeting on 6<sup>th</sup> March 2006.

Report 2005/06 Provisional Revenue Outturn and Revenue Budget 2006/07 –  
17<sup>th</sup> July 2006

Report 2005/06 Provisional Revenue Outturn and Revenue Budget 2006/07 –  
13<sup>th</sup> September 2006

## **11. CONTACT OFFICER**

11.1 Duncan McLeod/Peter Stachniewski/Chris Bala, Brent Town Hall, Forty Lane,  
Wembley, Middlesex HA9 9HD. Tel. 020 8937 1424/1460/1476.

**DUNCAN McLEOD**  
**Director of Finance and Corporate Resources**

## 2006/07 BUDGET RISKS – TAKEN FROM 2006/07 BUDGET REPORT

	Worst case £'000	Likelihood %	Estimated risk £'000
<b><u>Demand risks</u></b>			
Adult care packages	1,000	30%	300
Children's care packages	1,000	30%	300
Cost of accommodating looked after children (including asylum seekers beyond the age of 18)	1,000	25%	250
Temporary accommodation – increase in homelessness	600	30%	180
<b><u>New legislation</u></b>			
Licensing Act 2003, Civil Contingencies Act 2004, the Housing Act 2004, the Transport Management Act 2004, the Children Act 2004, the Childcare Bill, the Electoral Registration Bill, and the Road Safety Bill	1,000	20%	200
<b><u>Legal challenge</u></b>			
Legal challenges – eg to contracts and in employment tribunals	2,000	30%	600
<b><u>Partnerships</u></b>			
Transfer of costs from the tPCT to the council	2,000	30%	600
<b><u>Interest rate fluctuations</u></b>			
Risk of major turbulence on markets	500	10%	50
<b><u>Procurement risks</u></b>			
Risk of additional costs from major re-tendering exercises eg waste management contract	1,000	20%	200
Risk that legal and financial costs of affordable housing PFI cannot be recovered	350	20%	70
Risk that cost of social care placements may increase by more than the inflation increase allowed for in both the children's and adults' budgets	1,000	20%	200
Energy risk – risk of increases in energy prices which cannot be contained in budgets	200	25%	50
<b><u>Pay risks</u></b>			
Risk that additional costs will, be incurred above those budgeted for single status	1,000	20%	200

## APPENDIX B

	Worst case £'000	Likeli- hood %	Estimated risk £'000
<b>Grant risks</b>			
Risk of exceeding the threshold on housing benefit overpayments in 2006/07	600	30%	180
Risk of changes to the subsidy regime for people in temporary accommodation	1,500	30%	450
Risk the council does not receive the full LPSA Performance Reward Grant	5,000	10%	500
<b><u>Savings/income risks</u></b>			
Risk of not achieving savings in the budget	4,000	10%	400
Risk of not achieving central savings from the Efficiency Programme	500	20%	100
Parking control account – risk of under-recovery of income	500	30%	150
Planning/land search fees	500	20%	100
Gordon Brown centre – income risk	40	25%	10
<b><u>Asset management risks</u></b>			
Closure of council buildings and need to find alternative accommodation	1,000	30%	300
<b><u>Risks from major developments</u></b>			
Wembley opening – unanticipated costs incurred by the council	500	20%	100
<b><u>Major disaster</u></b>			
The government has a scheme (the Bellwin scheme) that covers authorities for 85% of costs of a major disaster above 0.2% of net revenue budget. The risk to the council is 100% of costs below the threshold and the 15% above it.	500	10%	50
<b>Total General Fund revenue risks</b>	<b>27,290</b>		<b>5,540</b>
<b><u>Major capital schemes</u></b>			
Risk that major schemes in the agreed capital programme will overspend	4,000	20%	800
<b>Total General Fund revenue and capital risks</b>	<b>31,290</b>		<b>6,340</b>



## SERVICE PLANNING AND BUDGET TIMETABLE

Date	Action	Responsible
15 July	First service and budget planning away-day – Executive and CMT	
13 September	Executive agrees 2% budget savings for 2007/08	
September	Work on formulating draft budgets in line with guidelines issued by Finance and Corporate Resources.	Service area and corporate unit directors
September	First stage 'star chamber' meetings.	Director of Finance and Corporate Resources
30 September	All service area revenue items returned to F&CR.	Service area and corporate unit directors
October/ November	Budget Panel meets to consider budget strategy and key issues to be addressed at First Reading debate	
1 –2 November	Second service and budget planning away-days	
Mid-November	Begin process of developing service plans for 2007/08	All service areas
October/ November	Budget Panel meets to consider budget strategy and key issues to be addressed at First Reading debate	
27 November	Full Council. First reading of Policy Framework and Budget for 2006/2007 with corporate strategy and action plan	Chief Executive
Mid to late December	Confirmation of 2007/08 funding from central government	
December	Second stage 'star chamber' meetings	
December/ January	Consultation with residents, businesses, partner agencies and trade unions on budget proposals.	Director of Finance and Corporate Resources
15 January	Executive reviews budget position, agrees fees and charges for 2007/08, and sets Collection Fund surplus/deficit and council tax base.	Director of Finance and Corporate Resources
January	Budget Panel issues report on key budget issues	
Early February	Draft of administration's budget proposals issued	
Early February	Budget Panel meets to consider administration's proposals	
12 February	Executive considers and announces administration's final budget proposals	Director of Finance and Corporate Resources
By 28 February	GLA budget agreed	
5 March	Full Council confirms budget with final service plans	
End of March	Service plans and corporate budget book published.	All service areas/Director of Finance and Corporate Resources