



Budget and Finance Overview and Scrutiny Committee

Wednesday, 20 July 2011 at 7.30 pm

Committee Room 4, Brent Town Hall, Forty Lane,
Wembley, HA9 9HD

Membership:

Members

Councillors:

Allie (Chair)
Mashari (Vice-Chair)
S Choudhary
Leaman
Naheerathan
HB Patel
Sheth
Van Kalwala

first alternates

Councillors:

Green
Harrison
Chohan
Brown
McLennan
BM Patel
Denselow
Kataria

Second alternates

Councillors:

Cummins
Hector
Moloney
Lorber
Mistry
HM Patel
Gladbaum
Daly

For further information contact: Peter Goss - Democratic Services Manager
020 8937 1353 peter.goss@brent.gov.uk

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The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
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1	Declarations of personal and prejudicial interests	
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Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

2	Deputations (if any)	
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3	Minutes of the previous meeting	1 - 4
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This report sets out the financial prospects for the Council for the next four years. It seeks the Executive's approval for the overall budget strategy based on the One Council Programme and the delivery of the Borough Plan.

Ward Affected: All Wards; **Contact Officer:** Clive Heaphy, Director of Finance and Corporate Services
Tel: 020 8937 1424
clive.heaphy@brent.gov.uk

5	Budget and Finance Overview and Scrutiny Committee 2011/12 - Work Programme	37 - 58
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This report provides a brief overview of the work of the Budget and Finance Overview and Scrutiny Committee in 2010/11. It also aims to assist the members with their discussions about the Budget and Finance Overview and Scrutiny Committee work programme for 2011/12. A copy of the Committee's report from 2010/11 is attached for information.

Ward Affected: All Wards; **Contact Officer:** Jacqueline Casson, Senior Policy Officer
Tel: 020 8937 1134
jacqueline.casson@brent.gov.uk

6	Matters arising (if any)	
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7	Any Other Urgent Business	
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Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

8 Date of Next Meeting

The next scheduled meeting of the Committee is on 13 September 2011.



Please remember to ***SWITCH OFF*** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.
- Toilets are available on the second floor.
- Catering facilities can be found on the first floor near the Paul Daisley Hall.
- A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

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MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Wednesday, 9 February 2011 at 7.30 pm**

PRESENT: Councillor Allie (Chair), Councillor A Choudry (Vice-Chair) and Councillors Ashraf, Long, Mashari, HB Patel, Sheth and Van Kalwala

Also Present: Councillors Arnold, Beswick, Choudhary, Jones, Lorber and Powney

1. Declarations of personal and prejudicial interests

None declared.

2. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 11 January 2011 be approved as an accurate record of the meeting.

3. Matters arising (if any)

None.

4. Children and Families

Krutika Pau, Director of Children and Families, spoke of the unprecedented challenges of reduced finances and demand for services in opening her presentation. She explained the approach being taken to realise £16m in annual savings from 2014/15, with an interim savings target of £10.5m in 2011/12. Krutika Pau described the move being made from the current operating model for the department through to interim arrangements and the future model. She referred to the list of savings identified for 2011/12 which comprised increasing charges to schools, restructuring the children's centres, transforming and restructuring social care including the fostering and adoption service and children in residential homes, restructuring some special education needs provision, increasing charges for the school improvement service, restructuring and reducing the youth service and making savings in Connexions and various other activities for which grants had been cut or where ring fencing of grants had been removed.

In answer to a question about the viability of the social care transformation, Krutika Pau explained that the programme had now been running for over one year. One aim of the project was to recruit more in house foster carers and this was on track. On another front work was being done with the West London Alliance to look at ways of purchasing placements collectively and thereby achieve economies of scale. This work was part of the One Council programme. In recognition that

recent performance on placements had not met targets, changes in the structure of the department had been implemented. In response to concerns expressed over whether the outcome of the rationalisation of the safeguarding activities would leave a service fit for purpose, Krutika Pau stated that the intention was to share the staff in the children's centres across the five localities and to focus on areas of greatest need. The priority was to have sufficient staff to deliver the social care needed and the intention was to look at ways of better procuring the service rather than cutting the staff. This would include special education needs placements and providing places for looked after children and would build on the successful adult social care procurement. Krutika Pau expressed confidence in making progress in this year but pointed out that this was a longer term project.

In answer to a question, Mustafa Salih (Assistant Director, Finance and Performance) replied that the savings from Connexions were out of a budget of £2.23m and the budget for the youth service was £2.22M. It was explained that the savings on the youth service were in terms of the delivery of the service and not at this stage on the disposal of premises. Discussions were taking place on what the options might be to deliver future services. This included how young people might be signposted towards using other facilities but it was acknowledged that there would ultimately be a lower level of provision. Councillor Arnold (Lead Member for Children and Families) explained more fully the effect of the proposals for the youth service and on the discussions taking place on its future.

The committee thanked Krutika Pau and Mustafa Salih for their attendance.

5. The draft 2011/12 budget

Councillor Butt (Lead Member for Corporate Resources) presented to the committee the draft budget for 2011/12. He outlined the budget process and the timetable. He outlined the key financial events for local government that took place in 2010. In March there was the last budget of the previous Labour government, in June the new coalition government produced an emergency budget and in October published the comprehensive spending review. Finally in December the local government settlement was announced which then allowed the council to produce a budget. In facing the challenging times ahead, Councillor Butt stated that the administration's priorities were to protect the most vulnerable and to meet its statutory responsibilities.

Councillor Butt referred to the probable outturn for 2010/11 which in October 2010 had been forecast as an overspend of £7.1m but which, thanks to a lot of hard work by member and officers, had now been reduced to around £300,000 and it was still hoped this figure could be reduced. Councillor Butt went on to outline the economic prospects and the overall impact of the Comprehensive Spending Review and Local Government Settlement. It was only a two year settlement and he referred to the calculation of 'revenue spending power' which he felt was disingenuous. The level of savings required in the first year meant it was inevitable that it would have an impact on the delivery of services. Councillor Butt outlined the 2011/12 general fund revenue budget proposals including the objectives designed to support delivery of the Borough Plan and what members would need to take into account when considering the budget. On the Council Tax, Councillor Butt reported that no increase was proposed. He then went on to set out the medium term financial plan covering 2011/12 to 2014/15. Finally, Councillor Butt set out the 2011/12 to 2014/15

capital budget proposals and housing revenue account which would result in most tenants paying £5-6 more in weekly rent. The budget proposals had been out to public consultation and had been the subject of debate at Full Council. It had also been agreed that departmental overspends reaching a certain threshold would be brought to the attention of the Budget and Finance Overview and Scrutiny Committee for scrutiny.

Councillor Butt was asked about the proceeds from disposing of various assets. He was also asked how the staff made redundant would affect the ratio of managers to staff and whether the severance arrangements for staff were at the market level. Councillor Butt replied that a disposals schedule could be found at page 189 of the budget report. The average ratio of staff to managers had been 1:3 and it was now moving in the direction of 1:6. The severance package offered by Brent was above the statutory minimum but was not the most generous on offer by any means. On a point of explanation, Clive Heaphy (Director of Finance and Corporate Services), explained that the original savings target of £37m had been increased to £40m largely due to having to put more money into the pension scheme.

A comment was made that much of the savings referred to were more about efficiency gains than meeting government imposed cuts. It was also said that much of the pressure on the council had been brought about by the previous government. It was explained that budget implications arising from the Freedom Pass were shown as a cost pressure on the budget. Clive Heaphy explained that there had been some refinancing of the council's debt but that it was currently better to pay some of it off than keep it in the bank. In answer to a question around the level of risk against the budgeted level of reserves, Clive Heaphy replied that the level of reserves were at the lower end to where he would like them to be but that he felt they would be adequate. He explained that they had to be at a higher level than last year because the risks were higher. When challenged as to how risk was calculated given the Council had in the previous two years had exposure to demands on its services, Clive Heaphy explained that the previous level of balances had been at the lower end and the Council was now forced with having to make savings of £40m. Even at the increased level the council's reserves would still be amongst the lowest in London. With reference to how the council would be able to meet the estimated costs of dealing with contaminated land at St Raphael's estate, Councillor Powney, Lead Member for Environment, Planning and Culture, explained that there was a pot of money available from the government which the council could bid from which, although it had been reduced by half, he felt might still meet most of the council's needs. If this failed other funding would have to be sought.

The issue of cross borough procurement was raised and in response Clive Heaphy reported that a range of procurement work was being undertaken, following on from the success of the West London Alliance adult social care contract, including transport and the use of property.

With reference to the built in inflation rate of 2%, it was explained that economic forecasts were that inflation should come down to within the government's target later in the year. The importance of the census was referred to and Clive Heaphy replied that £36,000 had been released for local initiatives to encourage a high response rate. It was estimated that the borough was losing £10m a year due to population under estimation and so this investment was considered worth it.

A question was asked about how the council would be able to support voluntary groups running some services in light of the cuts to the voluntary sector and the collapse of BrAVA. Councillor Butt replied that £2m had been put into the grants programme and London Councils was repatriating some funding, some of which it was hoped could be put back into the voluntary sector. He submitted that the council was doing as much as it could. BrAVA had encountered difficulties because of the way it was run and some thought was now being given to what could replace it. Councillor Powney was asked about what savings might accrue from the waste management strategy. He reported that the first year of the new arrangements would not provide savings because of the upfront costs in establishing the new system. After that £600,000 saving had been identified although the exact amount would depend on how the arrangements were procured and if the recycling targets were met. There was also an award of £900,000 from balances accumulated by West London Waste.

The Committee thanked Councillor Butt for his presentation and Clive Heaphy for his contribution.

6. Discussion on the Committee's second interim report

Members were advised that they had the opportunity to finalise the Committee's second interim report before its submission to the Executive.

It was agreed that the level of departmental overspend which would trigger an appearance before the committee by the appropriate director should be set at 5%. It was also agreed that the appropriate Lead Member should also attend.

Councillor HB Patel suggested that the level of balances should be retained at the current year's level of £7.5m but the committee did not support this.

Councillor Mashari proposed that before any public facility was closed by the council, officers should be instructed to consider options for how the service might be maintained by either the voluntary or private sector. The committee was advised that such decisions would be a matter for the Executive and in many cases this already happened. It was for the Executive to take decisions on service delivery and for overview and scrutiny to hold those decisions to account.

7. Any Other Urgent Business


None.

8. Date of Next Meeting

It was noted that the next meeting of the Budget and Finance Overview and Scrutiny Committee would be agreed at the annual meeting of Council in May 2011.

The meeting closed at 10.25 am

J ALLIE
Chair

	<p>Budget and Finance Overview and Scrutiny Committee 20 July 2011</p> <p>Report from Director of Finance and Corporate Services</p>
All Wards	
Budget Strategy 2012/13 to 2015/16	

1.0 Introduction

- 1.1 This report sets out the financial prospects for the Council for the next four years.
- 1.2 It is being submitted to the Executive on 18 July 2011 to seek approval for the overall budget strategy based on the One Council Programme and the delivery of the Borough Plan.
- 1.3 It is submitted to the Budget and Finance Overview and Scrutiny Committee for consideration.

2.0 Recommendations (to the Executive)

- 2.1 To note the latest forecast for the Council's revenue budget for 2012/13 to 2015/16 at Appendix A and the assumptions used to derive this.
- 2.2 To endorse the overall budget process set out in the report.
- 2.3 To note the proposed budget timetable.

3.0 Baseline Position 2012/13 to 2014/15

- 3.1 The Budget Report to Full Council on 28 February 2011 included a financial forecast as part of the Medium Term Financial Strategy, which included the following main assumptions:

3.2 Spending assumptions

- Service area budgets rolled forward at 2011/12 levels into future years;
- No allowance for pay inflation in 2012/13 other than 2% for staff earning less than £21k per annum and then 2% for all staff in future years;
- Inflation of 2% for prices in 2012/13 and future years;
- Additional contributions to meet the Pension Fund deficit with contributions of £1.7m (2012/13), £0.5m (2013/14) and £1.7m (2014/15);

- No savings assumptions built into service area baseline budgets;
- Provision for cost pressures in service area budgets of £6m per annum including identified growth for future years of £1,089k in 2012/13, £297k in 2013/14 and £297k in 2014/15. This provision was intended to meet ALL other costs arising from additional demand pressures, legislative or other regulatory changes which lead directly to additional costs to the council, and any on-going loss of income due to economic conditions or other factors.
- The medium term forecast for central items included:
 - *Debt charges (capital financing charges net of interest receipts):* These were forecast to grow from £25.359 in 2011/12 to £26.563m in 2012/13, £27.603m in 2013/14 and £29.104m in 2014/15 as a result of capital programme commitments including the Civic Centre;
 - *Levies:* These were forecast to grow from £2.238 in 2011/12 to £3.089m in 2012/13, £3.986m in 2013/14 and £4.973m in 2014/15. The main reasons for this are the continuing increases in the real cost of waste disposal as the Landfill Tax escalator continues to rise by £8 per tonne per year, an allowance for higher waste tonnages than expected for the Pay as You Throw levy and an allowance for higher West London Waste Authority costs than expected. The impact of the Landfill Allowance Trading Scheme could also have a significant impact in later years;
 - *South Kilburn Development:* Funding from central items (to cover expenditure such as decant costs) for the South Kilburn Development is set at £900k in 2011/12, rising to £1.5m in subsequent years as the level of development increases;
 - *Freedom Pass/concessionary fares.* These have risen significantly over the last few years and currently stand at £13.767m. There are no indicative figures for later years but the current assumption is that prices will rise by 4% and there will be a 1.5% increase in usage. In addition because of the volatility of this budget in the past an additional contingency of £500k has been allowed for in 2012/13 to reflect any additional increases in transport costs. Therefore, Brent has budgeted for an additional £1.257m (2012/13), £826k (2013/14) and £872k (2014/15).
 - *New Homes Bonus/Regeneration.* For 2011/12 the Council is matching the income received for the New Homes Bonus with additional spend on regeneration because of the linkages between the two areas. It was assumed that the level of income would be £1.25m per annum to 2014/15.
 - *Redundancy and Restructuring Costs.* A budget of £6.354m has been set aside for 2011/12. These costs are assumed to remain constant over the medium term but their mix is likely to change with higher redundancy and severance costs in the earlier years being replaced with the actuarial strain costs of meeting the costs of early retirements which are spread over three years.

3.3 Resource assumptions

- Formula Grant of £165.911m in 2011/12 falling by £13.066m to £152.845m in 2012/13 (based on the settlement figure), to £151.011m in 2013/14 and to £139.383m in 2014/15 (based on national assumptions from the Spending review). Since the budget report, Government has indicated the complete replacement of the Formula Grant system from April 2013 (see below);
- Other unallocated grants to remain at 2012/13 levels;
- Council tax base increase of 0.25% per annum in line with previous forecasts;
- Council tax collection of 97.5% in each year;
- Council tax increases ranging from 0% to 3.5% per annum;
- Income from fees & charges assumed to be in line with the general price inflation assumption of 2%.

3.4 Depending on assumptions on Council Tax increases over the period, the assumptions above produced a gap to be bridged for the period 2012/13 to 2014/15 between £57.3m and £68.6m as follows:

Table 1: Estimated Budget Gap at 28 February 2011

	2012/13 £m	2013/14 £m	2014/15 £m
Net savings required where council tax rise is:			
- 0% per annum	23.6	16.6	28.4
Cumulative	23.6	40.2	68.6
- 2.5% per annum	21.0	14.0	25.6
Cumulative	21.0	35.0	60.6
- 3.5% per annum	20.0	12.9	24.4
Cumulative	20.0	32.9	57.3

3.5 Funding of Local Government from 2013/14

On 17 March 2011 the Government launched the Local Government Resource Review to consider the way that formula grant and business rates are distributed to local authorities. The first phase of the review is due to report in July 2011 and covers:

- a. the optimum model for incentivising local authorities to promote growth by retaining business rates, whilst ensuring that all authorities have adequate resources to meet the needs of their communities and to deliver the commitments set out in the Spending Review;

- b. the extent to which these proposals can set local authorities free from dependency on central funding;
- c. considering how to fund authorities where locally raised funding would be insufficient to meet budget requirements and control council tax levels, as well as councils who do not collect business rates, such as upper tier authorities, recognising that some parts of the country are currently more dependent on government funding;
- d. reviewing the scope for greater transparency and localisation of the equalisation process;
- e. the position of councils whose business rate yield would be significantly higher than their current spending;
- f. how to ensure appropriate protections are in place for business, within a framework of devolving power to the lowest level possible;
- g. how to deliver Tax Increment Financing proposals against a context of greater retention of business rate revenues;
- h. how various aspects of the business rate system, including business rate revaluation and reliefs, should be treated;
- i. examining the scope for further financial freedoms for local authorities, while standing up for and protecting the interests of local taxpayers; and
- j. the wider implications of rates retention for related policies, including the work of the Commission on the Funding of Care and Support and the Government's other incentive schemes (the New Homes Bonus and the commitment to allow communities to keep the business rates for renewable energy projects).

The current intention is that any new arrangements will be in place for the 2013/14 financial year. Until the outcome of the review is known there will be considerable uncertainty regarding resources for the Council after 2012/13.

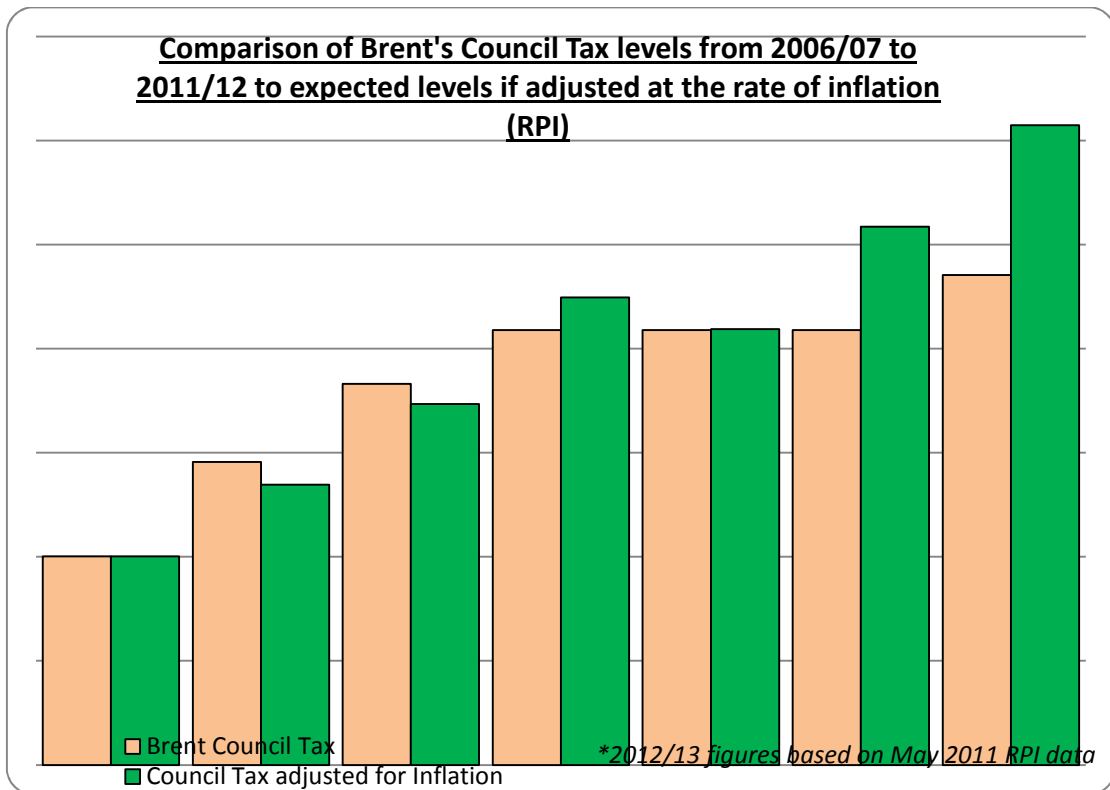
3.6 Council Tax

The Localism Bill provides for the introduction of referendums to veto excessive council tax increases. Each year the Secretary of State will determine a set of principles which will be used to decide whether council tax increases are excessive. Where an authority sets a budget that is deemed excessive it must make arrangements to hold a referendum by the first Thursday in May and also prepare an alternative budget. If the proposed excessive council tax increase is rejected the alternative budget will have effect.

At this stage there is no indication of the level of council tax increase that would be deemed excessive for 2012/13 or later years.

The chart below compares Brent's Council Tax Band D from 2006/07 to 2012/13 with the levels had Council Tax been increased by inflation each

year. The Council Tax increase of 2.5% for 2012/13 is only included for illustrative purposes. The graph shows how initially council tax increases were higher than inflation but that in recent years the cumulative effect of inflation has outstripped council tax increases.



3.7 Forecast General Fund Position 2012/13 to 2015/16

Appendix A sets out revised financial forecasts based on the latest available information. The following changed assumptions from the February forecast are included:

- Projections extended to 2015/16;
- Allowance for growth reduced from £6m per annum to £5m – pressures above this will need to be absorbed within service area budgets;
- Service area savings for 2012/13 relate fully to decisions taken as part of the 2011/12 budget process;
- inclusion of the latest savings forecasts relating to One Council programme;
- assumed stepped increase in employer's national insurance costs;
- increases in the rate of carbon tax over the medium term;
- increased forecast of resources from the New Homes Bonus
- Additional £2.239m added to reserves to take total to £12m.

- 3.8 On the above basis the overall reductions in net expenditure required to produce a balanced budget are set out in the table below.

Table 2: Updated Budget Gap

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Net additional savings required where council tax rise is:				
- 0% per annum	10.9	5.5	25.2	25.9
Cumulative	10.9	16.4	41.6	67.5
- 2.5% per annum	8.3	2.9	22.4	23.1
Cumulative	8.3	11.2	33.6	56.7
- 3.5% per annum	7.3	1.7	21.3	21.8
Cumulative	7.3	9.0	30.3	52.1

3.9 Capital Programme

Appendix B sets out current Capital Programme assumptions and the consequential impact on borrowing costs have been factored into the main financial forecasts.

Key work for the next two years includes the building of the Civic Centre with an estimated borrowing requirement of £53.868m and the schools programme of £24.522m over the two years, which is externally funded via Central Government Grant.

Clearly capital money is not free – it has a revenue impact and hence the strategy for future years will be to support programmes which are externally funded and those which deliver revenue savings equal to or greater than the debt costs. Conversely schemes requiring unsupported borrowing and which have net debt costs must be reduced to a minimum or eliminated.

3.10 Housing Revenue Account (HRA)

The HRA finance system will change from 1 April 2012 with the removal of the national subsidy scheme. Within Brent this will mean a one-off payment from the Government in return for no longer receiving annual subsidy payments.

The final details are still to be confirmed but this will have a significant impact on the long-term financial health of the HRA.

If the Council were to support the 'Optimised Almo' proposals contained in the recent Navigant review, this would improve the HRA position and may well have a beneficial impact on the General Fund

4.0 Proposed Budget Strategy and the One Council Programme

- 4.1 The Council's budgeting process has changed significantly to meet the challenges of delivering services with reducing resources. The One Council programme, along with a fundamental review of service provision across the Council have been the key drivers for delivering the savings required.
- 4.2 Over the next few years the delivery of the savings from the One Council programme will continue to be a vital ingredient of the Council's strategy of protecting front-line services whilst cutting costs.
- 4.3 In addition there are a number of emerging national and local issues for the Council to address over the next four years.
- 4.4 Appendix C shows emerging budget themes across the services of the Council. It is proposed that these will form the broad basis for budget reviews along with other areas identified by Directors and their DMTs:
- 4.5 In addition, other areas of focus will include:
- The impact of WLA and pan-London initiatives;
 - Areas no longer funded by specific grants (e.g. Sure Start) where it can be assumed that no service will be continued by the Council unless a business case can be made to justify their continuance along with identified funding;
 - A full review of grants to voluntary organisations
 - Benchmarking and review of all corporate functions and a pegging of costs within reasonable target ranges

4.6 Other Measures

Apart from the main projects within the One Council Programme there are a number of other actions that will need to be undertaken to help deliver a balanced and robust budget over the medium term.

- (i) Ensuring that each Service Area does not overspend its current year's budget and that where potential overspends are identified, virements to cover this are identified at the time.
- (ii) Ensuring that One Council savings are delivered as forecast and again, where slippage occurs, identifying compensating savings;
- (iii) All central items to be robustly controlled.
- (iv) "*Inescapable Growth*" to be minimised and funded from within existing budgets if at all possible.
- (v) Borrowing within the capital programme limited as a maximum to currently assumed levels and with priority given to funding from other sources.

- (vi) Engage in the Local Government Resource Review and lobby on areas affecting resources available to Brent
- (vii) Consider various options around levels of Council Tax.

5.0 Timetable

- 5.1 Appendix D sets out a draft outline timetable for the 2012/13 budget.

6.0 Financial Implications

- 6.1 These are contained in the body of the report. There are no direct costs or other direct financial implications arising from this report.

7.0 Legal Implications

- 7.1 A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular, local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Chief Financial Officer is required to report on the robustness of the proposed financial reserves.
- 7.2 Under the Brent Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the Chief Finance Officer (the Director of Finance and Corporate Resources) and the Monitoring Officer (the Borough Solicitor). If the Council should fail to set a budget at all or fail to set a lawful budget, contrary to the advice of these two officers there may be a breach of the Code by individual members if it can be demonstrated that they have not had proper regard to the advice given.
- 7.3 In accordance with section 106 of the Local Government Finance Act 1992, where a payment of Council Tax that a member is liable to make has been outstanding for two months or more at the time of a meeting, the member must disclose the fact of their arrears (though they are not required to declare the amount) and cannot vote on any of the following matters if they are the subject of consideration at a meeting: (a) any decision relating to the administration or enforcement of Council Tax (b) any budget calculation required by the Local Government Finance Act 1992 underlying the setting of the Council Tax or (c) any recommendation, resolution or other decision which might affect the making of the Annual Budget calculation. These rules are extremely wide in scope so virtually any Council decision which has financial implications is one which might affect the making of the budget underlying the Council Tax for next year and thus is caught. The former DoE (now DCLG) shared this interpretation as it made clear in its letter to the AMA dated 28th May 1992. Members who make a declaration are not entitled to vote on the matter in question but are not prevented by the section from taking part in the discussion. Breach of the rules is a criminal offence under section 106 which attracts a maximum fine of £1,000.

8.0 Diversity Implications

- 8.1 Impact assessments will be carried out in advance of formulation of budget proposals.

9.0 Staffing Implications

- 9.1 None directly as a result of this report.

10.0 Background Information

- 10.1 Report to Full Council, 28 February 2011 – 2011/12 Budget and Council Tax.

11.0 Contact Officers

- 11.1 Clive Heaphy, Director of Finance and Corporate Services, Town Hall, Forty Lane, Wembley Middlesex HA9 9HD, Tel. 020 8937 1424.

CLIVE HEAPHY
Director of Finance and Corporate Services

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FINANCIAL FORECAST 2012/13 - 2015/16
July Estimate

Revised Financial Forecast 2012/13 - 2015/16					
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<u>Service Area Budgets (SABs)</u>					
Children & Families	57,703	57,703	57,703	57,703	57,703
Environment and Neighbourhood Services	42,567	42,567	42,567	42,567	42,567
Adult Social Care	92,361	92,361	92,361	92,361	92,361
Regeneration & Major Projects	21,768	21,768	21,768	21,768	21,768
Corporate					
- Central Units	12,466	12,466	12,466	12,466	12,466
- Finance & Corporate Services	13,864	13,864	13,864	13,864	13,864
	240,729	240,729	240,729	240,729	240,729
<u>Savings</u>					
Identified Service Savings	0	(3,684)	(3,684)	(3,684)	(3,684)
Identified One Council Programme Savings	(31)	(10,620)	(18,850)	(21,350)	(21,350)
	(31)	(14,304)	(22,534)	(25,034)	(25,034)
<u>Cost Pressures for Service Areas</u>					
Cost Pressures	2,000	7,000	12,000	17,000	22,000
Inflation Provision	2,520	7,670	13,970	21,570	29,270
	4,520	14,670	25,970	38,570	51,270
<u>Other Budgets</u>					
Central Items	46,170	50,395	53,483	57,173	61,077
<u>Grants & Balances</u>					
Government Grants Unallocated	(23,414)	(24,155)	(24,155)	(24,155)	(24,155)
Council Tax Grant	(2,585)	(2,575)	(2,575)	(2,575)	0
Contribution to/(from) Balances	2,500	2,239	0	0	0
	22,671	25,904	26,753	30,443	36,922
Total Budget Requirement	267,889	266,999	270,918	284,708	303,887
Plus Deficit on the Collection Fund	1,006	0	0	0	0
Grand Total	268,895	266,999	270,918	284,708	303,887

FINANCIAL FORECAST 2012/13 - 2015/16
July Estimate

Revised Financial Forecast 2012/13 - 2015/16					
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000

Budget Gap at 0%, 2.5% and 3.5% Council Tax Increase

Reductions required if Council Tax increase is 0% in each year	(10,913)	(16,407)	(41,567)	(67,455)
Reductions required if Council Tax increase is 2.5% in each year	(8,333)	(11,165)	(33,586)	(56,652)
Reductions required if Council Tax increase is 3.5% in each year	(7,297)	(9,036)	(30,288)	(52,108)

Formula Grant	165,911	152,845	151,011	139,383	132,414
The Formula Grant has been calculated based upon best estimates within the Spending Review					

Council Tax Calculation for 2.5% increases

Brent Council Tax Requirement 97,252 in 2011/12, 97,495 in 2012/13 and assuming 0.25% increase for future years.	1,058.94	1,085.40	1,112.58	1,140.39	1,168.92
% Increase in Brent part of CT	0.0%	2.5%	2.5%	2.5%	2.5%

Balances

Balances Brought Forward	7,261	9,761	12,000	12,000	12,000
Underspends/(Overspends)	0	0	0	0	0
Contribution to/(Use of Balances)	2,500	2,239	0	0	0
Balances Carried Forward	9,761	12,000	12,000	12,000	12,000

ANALYSIS OF CENTRAL ITEMS 2011/12 -2015/16					
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'001
Coroners Courts	235	235	235	235	235
LGA	49	49	49	49	49
London Councils	179	170	170	170	170
LGIU Subscription	20	20	20	20	20
West London Alliance	30	30	30	30	30
Copyright Licensing	24	24	24	24	24
External Audit	474	474	474	474	474
Corporate Insurance	340	360	380	400	420
Capital Financing Charges	25,359	26,563	27,603	29,104	30,668
Levies	2,238	3,089	3,986	4,973	6,058
Premature Retirement Compensation	5,148	5,277	5,409	5,544	5,683
Remuneration Strategy	229	229	229	229	229
South Kilburn Development	900	1,500	1,500	1,500	1,500
Insurance Fund	1,800	1,800	1,800	1,800	1,800
Freedom Pass Scheme Growth	0	1,257	2,083	2,955	3,875
Affordable Housing PFI	1,159	1,188	1,217	1,248	1,280
Council Elections	100	100	100	100	100
Carbon Tax	432	576	720	864	1,008
New Homes Bonus	(1,250)	(2,085)	(2,085)	(2,085)	(2,085)
Regeneration	1,250	2,085	2,085	2,085	2,085
Redundancy and Restructuring Costs	6,354	6,354	6,354	6,354	6,354
Procurement Income	(480)	(480)	(480)	(480)	(480)
Schools Refurbishment	1,500	1,500	1,500	1,500	1,500
Other Items	80	80	80	80	80
TOTAL	46,170	50,395	53,483	57,173	61,077

SERVICE AREA: CHILDREN AND FAMILIES					
ANALYSIS OF SAVINGS					
Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Schools Traded Services and changing to the schools budget	Over the last three years C&F have reviewed charges to the schools budget rather than the general fund achieving £2.5m additional charges. Recent reviews have indicated that a further £1m can be charged mainly covering 3 children centres £860k. Further savings are still being reviewed for future years.	1,000			
Children's Centres	Savings are to be achieved through a restructuring of the children centre teams £550k and a review of centrally commissioned services £450k. A further £700k from Sure Start central expenditure and £255k from the development of a child based funding formula for ongoing allocations to centres. In addition a further £200k from not starting the Sudbury, Cricklewood and Kingsbury centre and £105k from various schools taking responsibility for all maintenance and revenue costs of buildings. Any potential costs still need to be identified	2,250	1,300		
Social Care Transformation	A number of areas have been identified for reducing costs foster placements, children in residential homes, semi independent living, payments for children that have been adopted and other arrangements as well as families without recourse to public funds and the Youth Offending Service	1,800			
Children's Social Care Restructuring	Savings will be achieved through further rationalisation of the fostering and adoption service including their panels. Income will be generated through the sale of approved adopters. A rationalisation of the safeguarding service through streamlining the child protection conference process including a reduced contribution to the LSCB. In addition there will be a reduction to commitments against the care matters grant with a cessation of the support to the Young Carers Centre, reductions in the Youth Offending Service and limited reductions in the Crisis Intervention Service and in unqualified staff in the localities social work teams.	1,300			
Children with Disabilities and SEN	Restructuring of short break provision (£190k), cease Easter holiday play schemes (£20k), implementation of new continuing care framework awarding additional financial responsibility on health services (£50k), reduction in SEN early years support (£63k). Decrease in core staffing for the Education Psychology Service and increased charging of non statutory services (£108k).	431	194		
School Improvement Service	Increase in charges for the Music Service (£50k) and £483k from reduction of consultancy support and post deletions within the School Improvement Service.	533	180		
Youth & Connexions	Restructuring and reduced service offering for the Youth Service including staff losses of £153k and impacting on the Dennis Jackson Centre (£36k), St Raphael Centre (£70k) and Wembley Centre (£101k). For Connexions staff savings of £34k with £80k reduction to PA delivery contracts and reduced careers guidance contract (£200k).	674	117		
Various	Ceasing a number of activities that had been funded via Area Based Grants that have ceased or had been part of ring-fenced grants for which the ring-fencing has been removed. These include: extended schools, School travel advisers, Choice Advisers, Sustainable Travel, extended rights for free travel, Positive Activities for Young people, Youth Opportunities Fund, Early Years Workforce, early years sustainability and Childrens Fund.	2,512			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,375	134		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	167	68		
Various	Increased income generation mainly within Youth Services	27			
	TOTAL	12,069	1,993	0	0

SERVICE AREA: ENVIRONMENT AND NEIGHBOURHOOD SERVICES					
ANALYSIS OF SAVINGS					
Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Control Room/CCTV Room	Merge the two existing rooms, share staff, reduce management & supervisory resource, and reduce hours of operation.	280			
Environmental Health	To cease the programme of alley gating and area based environmental improvement.	251			
Festivals	Reduce the number of festivals to include Respect, Countryside Day, Diwali, Holocaust Memorial Day and Bonfire Night.	231			
Grounds maintenance	Reduce level of grass cuts, no London in Bloom entry and less winter bedding in 2011/12 only	100	(100)		
Highways	Reduction in Highways Maintenance Contract Expenditure - through reducing the volume of reactive maintenance.	200			
Highways	Restrict responsive highways maintenance to pothole and footway trips for 2011/12 only	100	(100)		
Highways	Renegotiate reduction in streetlighting contract.	100			
Parking	Controlled Parking Zones - cease work to introduce new, and review/adjust existing schemes.	240	60		
Parking	Improve Contractor performance from 0.87 PCN/hour to 1.22 PCN/hour and settle a favourable dispute on Parking Suspensions.	300			
Parks	To cease the static parks wardens service.	200			
Streetcare	Graffiti removal - reduce number of teams from 4 to 2.	162	54		
Parks	Delete playground inspector post.	20			
Review of Regulatory services	Review regulatory services creating business compliance and nuisance separation.	300			
Sports	Closure of Charters Sports Centre.	155	10		
Sports	Willersden Sports Centre - reduce contract price from agreement by reducing the excess profit payment clause.	75			
Sports	Vale Farm Leisure Centre - negotiated reduction in contract price following extension of contract.	33	47		
Streetcare	CCTV - deletion of consultants budget.	69			
Streetcare	Reconfigure work of StreetCare Support section – the saving to be achieved by merging the support functions that currently serve Environment & Protection through separate arrangements.	200			
Streetcare	Reduce number of gully teams from 3 to 2; reduce sign shop staff by one; close stores; delete the Deputy Manager post.	180			
Streetcare	Streetlighting Energy - reduced consumption through dynamic billing.	90			
Streetcare	Reduction in contract for Street Trees through reduction in planned maintenance (£50k) and tree planting (£25k) - only for 2011/12	75	(75)		
Streetcare	Reduce number of Waste Development Officers from 5 to 3 and cease Schools Education Programme.	85			
Streetcare	Reduce frequency of cleansing in residential (Zone 5) areas from twice per week to once per week.	350			
Streetcare	Move staff from 6 to 5 days a week to avoid redundancy costs on the Veolia contract by identifying ways of implementing the reduction of cleansing frequencies in residential areas from 3 times per week to twice per week.	100			
Streetcare	Additional savings on the waste and recycling contract.	600			
Streetcare	Negotiate the addition of gully cleansing and graffiti removal work to Veolia contract.	50			
Streetcare	Reduced contribution to West London Waste Authority levy.	700			
Streetcare	One Council projects in Streetcare	461			
Arts & Libraries	Reduce grant by 10% to Tricycle Theatre	20			
Arts & Libraries	Review of Libraries	408			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,726	183		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	247	50		
Various	Increased income generation mainly from increased charges for parking permits, on and off street parking and moving traffic contraventions	2,658	(166)		
	TOTAL	10,766	(37)	0	0

SERVICE AREA: ADULT SOCIAL CARE					
ANALYSIS OF SAVINGS					
Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Adult Social Care Commissioning and Procurement	Transformation of service through redesign of services, improve services and commission alternative services which offer more choice and control to service users	4,120	412		
Mental Health	Community Networks - Delete operational and purchasing budgets for Kingsbury Manor, Harlesden resource Centre and John Wilson House and provide two specialist CDW posts that will work in Community services (employment,welfare and support teams) to signpost service users to private and voluntary resources.	880			
Mental Health	Community Services Employment/Welfare/Support Team - delete 4 vacant posts	120			
Mental Health	Spot Purchases - Reduce reliance on residential and nursing spot purchase placements through the adoption of a Placement Reduction Strategy. It is expected that after 3 years there will be no new cases of residential placements other an exceptional cases.	250			
Home Delivery Meals	Increase the take up of hot meals to day centres by 25,000.	121			
Transport Eligibility Criteria	To encourage independent travel to day care provision	127	43		
Grants	Review the support to the voluntary sector programme	249			
Taxicard Scheme	To withdraw from the scheme in 2012/13		221		
Brent Integrated Community Equipment Services	Reduce Brent's contribution to the joint LA/NHS budget through negotiating a lower percentage contribution 40% from 50%.	150			
Various	The impact of inflation on means tested contribution to the costs of residential and home care packages and a 7% increase in the charge for clients in bed and breakfast and group homes.	693			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	719	15		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	220	108		
Learning Disability	Day Services for Learning Disabilities - To improve service outcomes and reduce costs through consolidating all current day centres into the purpose-built John Bilham Resource Centre and redesign the service model to support users to access services in the community more independently.	635	433		
Various	Personalisation - Customer Journey project will address a number of operational problems and significantly improve the end to end assessment process. This will cover all staff and client groups involved in the end to end customer journey in Learning Disability, Older People/Physical Disability and Hospital Discharge.	1,298	8		
TOTAL		9,582	1,240	0	0

SERVICE AREA: REGENERATION AND MAJOR PROJECTS					
ANALYSIS OF SAVINGS					
Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Regeneration & Major Projects	Departmental consolidation of non-managerial staff in planning/regeneration/housing teams, restructuring the business support functions and bringing forward the medium term facilities management solution.	182	100		
Regeneration	Reduce the capacity of the Brent In 2 Work service by the end of 2010/11. All inhouse ESOL related employment activities will be stopped and premises at 1 Olympic Way vacated. A new function will be set up which will focus on employment and education opportunities for the 'hardest to help' based around the new phases of the Wembley Development, South Kilburn and Civic Centre Projects. This is a one off saving from reserves built up from the Working Neighbourhood Fund	700	(700)		
Property	Property savings from within Chesterfield house and Cotterell House from flexible working	224			
Supporting People	Reduce providers contract price through negotiation and contract variations without significant impact on service users. This can be achieved through closing under utilised and unpopular shared houses or reducing the number supported through floating support. There will be reductions in central support. A framework contract for housing support services will be available under the WLA from November 2011.	1,200	600		
Housing Solutions/HRC	Implement lean service principles to back office staff	120			
Housing Solutions	Delete incentives for the procurement of private sector housing	193			
Housing Agencies	Decommission the Brent Community Law Centre (£226k) and the Brent Private Tenants Rights Group (£37k)	263			
Homeless Strategy	A review of the current spend to achieve the saving. Much of the spend is used to support front-line service delivery targeted at preventative work	200			
Housing Register	Development of a sub-regional system to replace the paper-based current system with an online application process	100	100		
Underoccupation Scheme	Reduce incentive payment to underoccupiers in social housing who accept a move to a smaller property from £4k to £1k.	200			
Private Housing Enforcement Team	Reduce the senior/specialist expert advice available to the team through reconfiguring the team.	56			
Traveller's Site	To increase rent charges for travellers site license fees, increased charges for empty property grant, disabled facilities and small works admin charge.	7			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	437	40		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	100	20		
TOTAL		3,982	160	0	0

SERVICE AREA: CORPORATE UNITS					
ANALYSIS OF SAVINGS					
Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Customer & Community Engagement	The Diversity team has lost funding for the Prevent Programme and will no longer be able to support this. The structure has been reviewed to provide a more focussed team.	143			
Customer & Community Engagement	Additional income from increased charges for advertising £14k and the Registration Service £23k.	37			
Legal & Procurement	Savings from deletion of the Liberal Democrat Researcher post, regarding of Labour Group Office Manager to Political Assistant, training savings and additional external income.	100			
Strategy, Performance & Improvement	There are 5 policy, partnership and performance teams across the Authority. The teams provide support to units on performance management, analysis of performance and reporting of data. There are also a number of specialist services such as GIS team, statutory schools data and evidence base provision within the function. There are also a number of non policy functions such as Welsh Harp Education, Land Charges and Property Database. Savings will be achieved through the review of the Welsh Harp Centre with options being explored with schools for this work and the restructuring of the policy teams with the loss of 12 posts.	500			
Finance & Corporate Services	Successful retendering of the Revenue & Benefits IT Contract	1,200			
Finance & Corporate Services	Finance modernisation project involving the centralisation of Finance and creation of a Finance Service Centre, a business partnering model and the implementation of a single accounting system.	1,105			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,990	254		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	242	74		
TOTAL		5,317	328	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
RESOURCES: GENERAL FUND				
Capital Grants and other contributions				
Government Grant - SCE (C)	(11,632)	(11,630)	(11,630)	(11,630)
Primary Capital Programme	(3,620)	0	0	0
Basic Need Grant - Additional Primary Places	(11,790)	0	0	0
Devolved Formula Capital	(631)	(631)	(631)	(631)
Other External Grant	(22,022)	(7,463)	(5,680)	(5,680)
Capital Receipts in Year - Right to Buy Properties	(500)	(600)	(600)	(600)
Corporate Property Disposals	(3,585)	(3,630)	(3,630)	(3,630)
Other Receipts	(12,027)	(5,365)	(369)	(200)
Additional Contributions	(55)	0	0	0
S106 Funding	(8,401)	(11,523)	(16,364)	(7,940)
Borrowing				
Unsupported Borrowing	(6,076)	(5,541)	(5,526)	(3,730)
Unsupported Borrowing (Self Funded)	(47,656)	(36,652)	(17,616)	(200)
Invest to Save Schemes				
External Grant Funding	(50)	(50)	(50)	(50)
Total Resources	(128,045)	(83,085)	(62,096)	(34,291)
EXPENDITURE: GENERAL FUND				
Regeneration and Major Projects				
<u>Civic Centre</u>				
Civic Centre	47,456	36,452	17,416	0
<u>Children and Families</u>				
School Schemes	36,478	11,630	11,630	11,630
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	1,244	0	0	0
<u>Housing Schemes</u>				
PSRSG and DFG council	4,780	4,780	4,780	4,780
New Units	100	0	0	0
<u>Corporate</u>				
Property Schemes	610	610	610	610
Strategy, Partnerships & Improvement Schemes	16,872	6,290	169	0
S106 Works	8,401	11,523	16,364	7,940
Total Regeneration and Major Projects	115,941	71,285	50,969	24,960
Children and Families				
Devolved Formula Capital	631	631	631	631
Total Children & Families	631	631	631	631
Environment & Neighbourhoods				
TfL Grant Funded Schemes	4,000	4,000	4,000	4,000
Leisure & Sports Schemes	535	535	535	535
Highways Schemes	2,920	2,920	3,550	3,550
Parks & Cemeteries Schemes	85	80	165	165
Total Environment & Neighbourhoods	7,540	7,535	8,250	8,250
Housing & Community Care: Adults				
Ringfenced Grant Notifications for Adult Care	1,102	658	0	0
Total Housing & Community Care: Adults	1,102	658	0	0
Corporate				
ICT Schemes	400	400	400	400
Central Items	2,431	2,576	1,846	50
Total Corporate	2,831	2,976	2,246	450
Total Service Expenditure	128,045	83,085	62,096	34,291
Surplus carried forward	0	0	0	0
Deficit to be funded	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

Housing Revenue Account

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
RESOURCES: HOUSING REVENUE ACCOUNT				
Supported Borrowing				
Major Repairs Reserve	(7,000)	(7,000)	(7,000)	(7,000)
Contributions	(1,684)	(1,684)	(1,684)	(1,684)
Unsupported Borrowing	(600)	(600)	(600)	(600)
Total Resources	(9,284)	(9,284)	(9,284)	(9,284)
EXPENDITURE: HOUSING REVENUE ACCOUNT				
Housing Revenue Account				
ALMO	600	600	600	600
Individual Schemes	8,684	8,684	8,684	8,684
Total Expenditure	9,284	9,284	9,284	9,284
(Surplus)/Deficit	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

Summary of Position

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £001	Capital Programme £001
RESOURCES				
General Fund	(128,045)	(83,085)	(62,096)	(34,291)
Housing Revenue Account	(9,284)	(9,284)	(9,284)	(9,284)
Total Resources	(137,329)	(92,369)	(71,380)	(43,575)
EXPENDITURE:				
General Fund	128,045	83,085	62,096	34,291
Housing Revenue Account	9,284	9,284	9,284	9,284
Total Expenditure	137,329	92,369	71,380	43,575
Surplus carried forward	0	0	0	0
Deficit (to be funded)	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Regeneration and Major Projects

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Civic Centre				
Civic Centre (Self Funded)	47,456	36,452	17,416	0
Total Capital Programme	47,456	36,452	17,416	0
Funding				
Unsupported Borrowing (Self Funded)				
Civic Centre	(47,456)	(36,452)	(17,416)	0
Total Funding	(47,456)	(36,452)	(17,416)	0
Funding Gap	0	0	0	0
Children and Families Schemes				
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	1,244	0	0	0
Total direct funded schemes	1,244	0	0	0
Access Initiatives	451	451	451	451
Targeted Capital Fund Grant (TCF)				
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	7,213	0	0	0
Targeted Capital Fund Grant	7,213	0	0	0
Individual School Schemes				
Ark Academy (Additional DCSF Funding)	1,300	0	0	0
Alpertown School Underpinning	2	0	0	0
Wembley Manor Re-build and Expansion	373	0	0	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	301	0	0	0
Wykeham School	81	0	0	0
Oliver Goldsmith	109	0	0	0
Individual School Schemes	2,166	0	0	0
Asset Management Plan:				
Health & Safety	0	50	50	50
Asset Management Plan Works	798	197	197	197
Asset Management Plan Schemes	798	247	247	247
New Opportunities Fund Works				
St Mary's CoFE - multi use games area	80	0	0	0
Claremont High - pitch drainage	35	0	0	0
Queens Park Community - fitness suite	78	0	0	0
Commitments carried forward from previous years	0	0	0	0
New Opportunities Fund Works	193	0	0	0
Primary Capital Programme (PCP grant) + BNSV				
Sudbury School (PCP)	2,488	0	0	0
Wembley High Primary School (PCP)	1,132	0	0	0
Park Lane (BNSV)	1,400	0	0	0
Brentfield (BNSV)	2,343	0	0	0
Newfield (BNSV)	2,486	0	0	0
Preston Manor (BNSV)	5,561	0	0	0
Primary Capital Programme (PCP grant)	15,410	0	0	0
Expansion of Secondary/Primary School Places				
Park Lane Expansion (Main Programme contribution to BNSV scheme)	1,000	0	0	0
Brentfield (contribution to BNSV scheme)	647	0	0	0
Newfield (contribution to BNSV scheme)	682	0	0	0
Preston Manor (contribution to BNSV scheme)	1,300	0	0	0
Provision for school expansion (inc previous hut replacement allocation)	2,876	4,590	4,590	4,590
Expansion of Secondary/Primary School Places	6,505	4,590	4,590	4,590
Commitments carried forward from previous years (Newfield School Hygiene Room)	10	0	0	0
Special Educational Needs Schemes	10	0	0	0
Contingency for final accounts	200	200	200	200
Surplus Capital Grant not yet Allocated to Schemes	3,532	6,142	6,142	6,142
Total Children and Families Schemes	37,722	11,630	11,630	11,630
Funding				
Grant				
Central Government - SCE (C) (Modernisation Allocation)	(2)	0	0	0
Central Government Grant (per 2010 Settlement) - Basic Need	(7,411)	(7,411)	(7,411)	(7,411)
Central Government Grant (per 2010 Settlement) - Capital Maintenance for LA schools	(4,219)	(4,219)	(4,219)	(4,219)
Primary Capital Programme	(3,620)	0	0	0
Basic Need Safety Valve Grant - Additional Primary Places	(11,790)	0	0	0
Ark Academy (Additional DCSF Funding)	(1,300)	0	0	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	(301)	0	0	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	(1,244)	0	0	0
Targeted Capital Funding (TCF) (Education)				
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	(7,213)	0	0	0
New Opportunities Fund Expenditure	(187)	0	0	0
Capital Receipts				
Capital Receipts in Year - Corporate Property Disposals	(185)	0	0	0
Unsupported Borrowing - General Fund				
Individual School Schemes (inc NOF works funding shortfall £4k)	(184)	0	0	0
Asset Management Plan Schemes	0	0	0	0
Hut Replacement Programme Schemes	0	0	0	0
Expansion of Secondary/Primary School Places	(56)	0	0	0
Special Educational Needs Schemes	(10)	0	0	0
Sudbury Primary School PCP Scheme	0	0	0	0
Contingency	0	0	0	0
Total Children and Families Funding	(37,722)	(11,630)	(11,630)	(11,630)
Funding Gap	0	0	0	0

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Housing Schemes				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	4,780	4,780	4,780	4,780
New Units	100	0	0	0
Total Housing Capital Programme	4,880	4,780	4,780	4,780
Funding				
Grant				
Disabled Facilities Grant	(1,680)	(1,680)	(1,680)	(1,680)
Capital Receipts				
Capital Receipts in Year - Right to Buy Properties	(500)	(600)	(600)	(600)
Former LRB/Ex-GLC Properties	(200)	(200)	(200)	(200)
Corporate Property Disposals	(2,400)	(2,200)	(1,630)	(1,630)
Unsupported Borrowing - General Fund				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	0	(100)	(670)	(670)
New Units	(100)	0	0	0
Total Housing Funding	(4,880)	(4,780)	(4,780)	(4,780)
Funding Gap	0	0	0	0
Property Schemes				
Project Management - to provide additional resources to Service Areas	200	200	200	200
Carbon Reduction Measures (to include Salix match funding) - Self Funded	200	200	200	200
Asbestos Surveys	30	30	30	30
Inspections of Non-Housing Property	80	80	80	80
Combined Property and ICT Initiatives	100	100	100	100
Total Property Schemes	610	610	610	610
Funding				
Unsupported Borrowing - General Fund				
Project Management - to provide additional resources to Service Areas	(200)	(200)	(200)	(200)
Asbestos Surveys	(30)	(30)	(30)	(30)
Inspections of Non-Housing Property	(80)	(80)	(80)	(80)
Combined Property and ICT Initiatives	(100)	(100)	(100)	(100)
Unsupported Borrowing (Self Funded)				
Carbon Reduction Measures (to include Salix match funding)	(200)	(200)	(200)	(200)
Total Property Funding	(610)	(610)	(610)	(610)
Funding Gap	0	0	0	0
Strategy, Partnerships & Improvement Schemes				
South Kilburn Regeneration Project	15,507	6,290	169	0
The Growth Fund - Programme of Development	1,365	0	0	0
Total Strategy, Partnership & Improvement Schemes	16,872	6,290	169	0
Funding				
Grant				
The Growth Fund	(1,365)	0	0	0
The Growth Fund - Contribution to South Kilburn Regeneration	(3,630)	(1,125)	0	0
Capital Receipts				
South Kilburn Regeneration Earmarked Land Receipts	(11,827)	(5,165)	(169)	0
Contributions				
South Kilburn Trust Contribution to Regeneration Project	(50)	0	0	0
Total Strategy, Partnerships & Improvement Funding	(16,872)	(6,290)	(169)	0
Funding Gap	0	0	0	0
S106 Funded Works				
Environmental Health	102	121	140	100
Landscape & Design	277	414	552	200
Public Art	73	107	141	100
Parks	483	583	682	500
Planning	271	406	542	300
Street Care	96	64	32	100
Sports	231	342	453	200
Sustainable Strategy	10	13	15	10
Transportation	2,699	4,033	5,367	3,000
Education	3,473	4,738	7,583	3,000
Housing	402	386	509	200
Brent into Work	249	264	279	200
General	35	52	69	30
Total S106 Funded Works	8,401	11,523	16,364	7,940
Funding				
S106				
Children and Families S106 Funding - General	(3,473)	(4,738)	(7,583)	(3,000)
Environment and Culture S106 Funding	(4,277)	(6,135)	(7,993)	(4,540)
Housing and Community Care: Housing S106 Funding	(402)	(386)	(509)	(200)
Corporate: Brent into Work S106 Funding	(249)	(264)	(279)	(200)
Total S106 Funding	(8,401)	(11,523)	(16,364)	(7,940)
Funding Gap	0	0	0	0
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL PROGRAMME	115,941	71,285	50,969	24,960
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL FUNDING	(115,941)	(71,285)	(50,969)	(24,960)
TOTAL REGENERATION & MAJOR PROJECTS FUNDING GAP	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Children and Families Capital Programme

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Expenditure				
Devolved Capital	631	631	631	631
Total Children & Families Forecast Capital Programme	631	631	631	631
Funding				
Grant				
Devolved Formula Capital	(631)	(631)	(631)	(631)
Total Children & Families Funding	(631)	(631)	(631)	(631)
Funding Gap	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Environment & Neighbourhoods Capital Programme

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Transport for London Grant Funded Schemes	4,000	4,000	4,000	4,000
Environment Programme Works				
Pavements and Roads	2,895	2,895	3,500	3,500
Streetscene/Street Trees	25	25	50	50
<u>Parks & Cemeteries:</u>				
Parks Infrastructure	70	70	145	145
Cemetery and Mortuary Service	10	10	20	20
Burial Vaults at Willesden New Cemetery (Self Funded)	5	0	0	0
<u>Leisure & Sports</u>				
Delivering the Sports Strategy	535	535	535	535
Total Environment Scheme Capital Programme	3,540	3,535	4,250	4,250
Total Environment & Neighbourhoods Capital Programme	7,540	7,535	8,250	8,250
Funding				
Grant				
TFL Grant Income (Borough Spending Plan)	(4,000)	(4,000)	(4,000)	(4,000)
Contributions				
Cemetery Improvements (funded from donation)	(5)	0	0	0
Capital Receipts				
Capital Receipts in Year - Corporate Property Disposals	(1,000)	(1,430)	(2,000)	(2,000)
Unsupported Borrowing - General Fund				
Highways Schemes	(1,920)	(1,490)	(1,550)	(1,550)
Parks	(70)	(70)	(145)	(145)
Cemeteries	(10)	(10)	(20)	(20)
Leisure & Sports	(535)	(535)	(535)	(535)
Total Environment Funding	(7,540)	(7,535)	(8,250)	(8,250)
Funding Gap	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Housing and Community Care: Adults Capital Programme

Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Additional Grant Notifications (Ringfenced):				
Campus Reprovision Programme (PCT Grant Funded)	450	0	0	0
Surplus Capital Grant not yet Allocated to Schemes	652	658	0	0
Total Housing & Community Care: Adults	1,102	658	0	0
Funding				
Grant				
PCT Learning Disabilities Grant	(450)	0	0	0
Adults PSS Grant	(652)	(658)	0	0
Total Adults Funding	(1,102)	(658)	0	0
Funding Gap	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

Housing Revenue Account - Housing Capital Programme

Programme Details	2010/11	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
Disabled Facilities Works (Unsupported Borrowing)	600	600	600	600
Major Repairs Allowance Works	7,000	7,000	7,000	7,000
Main Programme RCCO (HRA)	1,684	1,684	1,684	1,684
Total Housing Capital Programme	9,284	9,284	9,284	9,284
Funding				
Contributions				
Main Programme Revenue Contribution to Capital Outlay (RCCO) (HRA)	(1,684)	(1,684)	(1,684)	(1,684)
Major Repairs Reserve	(7,000)	(7,000)	(7,000)	(7,000)
Unsupported Borrowing - Housing Revenue Account:				
Disabled Facilities Works	(600)	(600)	(600)	(600)
Total Housing HRA Funding	(9,284)	(9,284)	(9,284)	(9,284)
Funding Gap	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Corporate Capital Programme

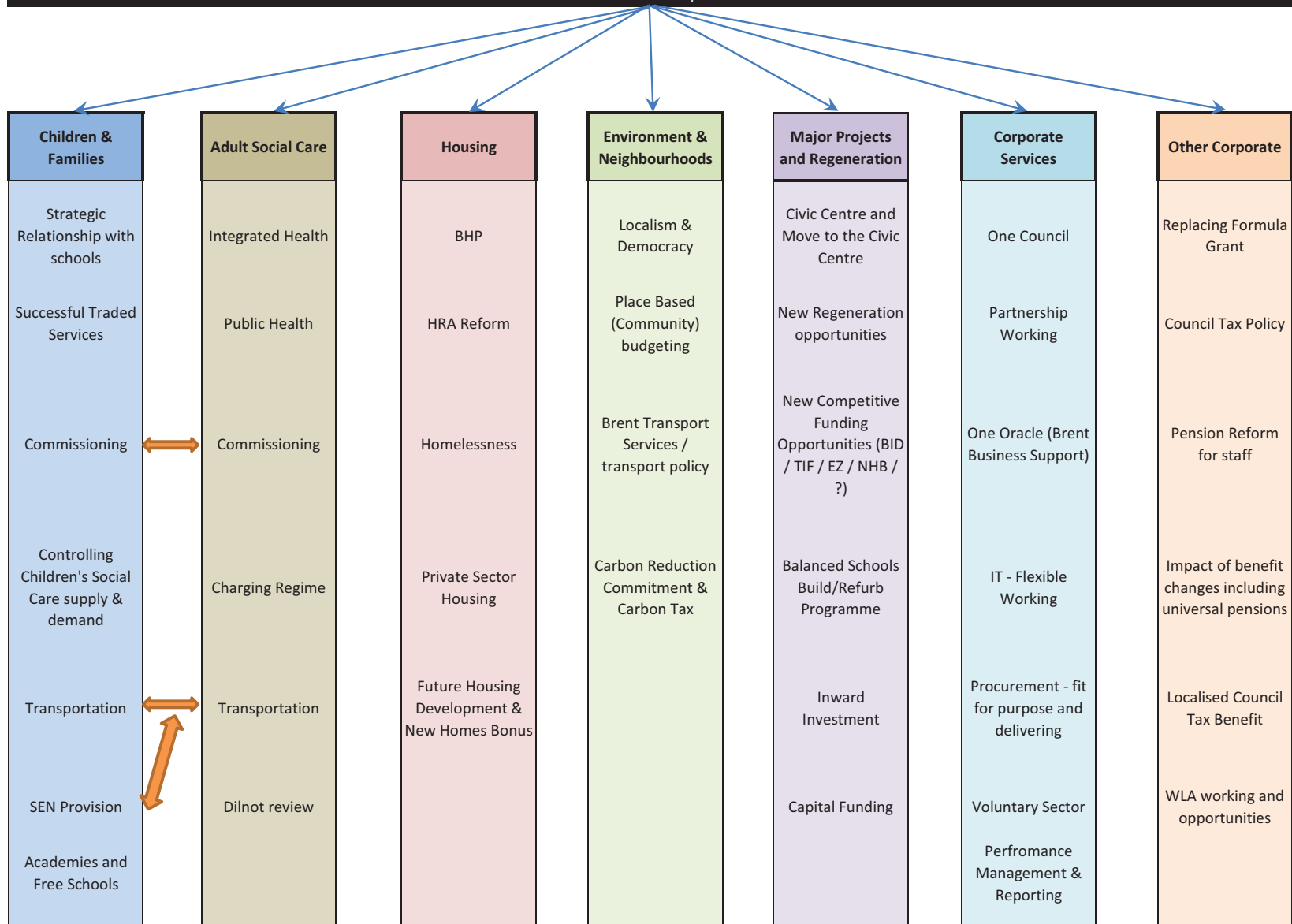
Programme Details	2011/12	2012/13	2013/14	2014/15
	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
ICT Schemes				
Combined Property and ICT Initiatives (To be used on Sharepoint Initiative in 2010/11)	400	400	400	400
Total ICT Schemes	400	400	400	400
Central Items				
Carbon Trust Works	50	50	50	50
Total Central Items	50	50	50	50
Forecast Levels of Slippage in Year	2,381	2,526	1,796	0
Total Finance & Corporate Services Capital Programme	2,831	2,976	2,246	450
Funding				
Grant				
Salix Grant Funding (Carbon Trust Works)	(50)	(50)	(50)	(50)
Unsupported Borrowing - General Fund				
Combined Property and ICT Initiatives	(400)	(400)	(400)	(400)
Forecast Levels of Slippage in Year	(2,381)	(2,526)	(1,796)	0
Total Housing HRA Funding	(2,831)	(2,976)	(2,246)	(450)
Funding Gap	0	0	0	0

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2012/13 - Budget Strategy for July Awayday

Role of the Council

Strategist or Deliverer?
Commissioner or Provider?
Democracy or Resident Empowerment? (Are they mutually exclusive?)
Collaboration or Competition?



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Appendix D

DRAFT SERVICE AND BUDGET PLANNING TIMETABLE FOR 2012/13

Date	Action
By 1 st Week in July	'State of the Nation' reports submitted by Directors to the Director of Finance considering impact of 2010/11 outturn; 2011/12 emerging issues; candidate areas for review / budget reduction; impact of One Council initiative.
13-14 July	First service and budget planning away-day
August	Meetings between Service Director and Director of Finance to consider 'State of Nation' reports in the light of Q1 figures and to set initial strategy.
August/ September	Work on formulating draft budgets
September	First stage budget meetings between F&CS and service areas
September	Report to Executive on Performance and Finance Review 2011/12 – 1 st Quarter
19-20 October	Second service and budget planning away-days - issues to be considered as part of First Reading debate
October/ November	Continue to develop proposals for achieving 4 year budget targets
November	Meetings between Service Director and Director of Finance to consider emerging budget proposals in the light of Q2 figures and to clarify strategy.
November	Budget and Finance Overview & Scrutiny Committee receives and discusses 1 st reading debate papers
21 November	Full Council. First reading of Policy Framework and Budget
December	Schools Forum meets to agree funding formula and budget issues
12 December	Report to Executive on Performance and Finance Review 2011/12 – 2 nd Quarter
Early December	Second stage 'star chamber' meetings
December/ January	Budget and Finance Overview & Scrutiny Committee collects evidence
Up to January	Consultation with residents, businesses, voluntary sector, partner agencies and trade unions on budget proposals.
Mid December	Confirmation of the following year's funding from central government
Mid December	Release of the Mayor's consultation draft GLA budget
16 January	Executive reviews budget position and sets Collection Fund

DRAFT SERVICE AND BUDGET PLANNING TIMETABLE FOR 2012/13

Date	Action
	surplus/deficit
29 January	General Purposes Committee agrees Council Tax base
January	Budget and Finance Overview & Scrutiny Committee collects evidence and discusses 1 st interim report
January	Greater London Assembly considers draft consolidated GLA budget
End of January	PCG agree budget proposals to be presented to February Executive.
Early February	Schools Forum meets to agree the recommended Schools Budget
February	Budget and Finance Overview & Scrutiny Committee receives budget proposals prior to the Executive. Discusses second interim report.
13 February	Executive considers and announces administration's final budget proposals, agrees fees and charges for the following year and agrees savings/budget reductions for the HRA budget report as well as the overall average rent increase.
Mid February	GLA budget agreed
Late February	Budget and Finance Overview & Scrutiny Committee receives the outcome of Executive's budget report and agrees a final report
27 February	Full Council agrees budget

	<p>Budget and Finance Overview and Scrutiny Committee 20 July 2011</p> <p>Report from the Director of Strategy, Partnership & Improvement</p>
<p>For Action</p>	<p>Wards Affected: ALL</p>
<p>Budget & Finance Overview & Scrutiny Committee 2011/12 – Work Programme</p>	

1.0 Summary

- 1.1 This report provides a brief overview of the work of the Budget and Finance Overview and Scrutiny Committee in 2010/11. It also aims to assist the members with their discussions about the Budget and Finance Overview and Scrutiny Committee work programme for 2011/12. A copy of the Committee's report from 2010/11 is attached for information.

2.0 Recommendation

- 2.1 That Members discuss the Budget and Finance Overview and Scrutiny Committee's work programme for 2011/12.

3.0 Detail

Budget and Finance Overview and Scrutiny Committee 2010/11

- 3.1 The purpose of the Budget and Finance Overview and Scrutiny Committee is to undertake an in-depth review of the council's medium term financial strategy, the budget proposals and measures being taken to deliver a robust budget capable of delivering the administration's priorities as outlined in the Borough Plan. This includes examining the main issues, risks and pressures facing the council and the actions being taken to militate against them. In addition, the Committee's report aims to be a source of easily understandable information for all non executive councillors enabling robust challenge and debate on the administration's budget proposals.

3.2 The committee's remit includes:

- Participating in the budget setting process
- Assisting in the setting of the council's budget within the context of the Corporate Strategy and any other overarching partnership strategies.
- Supporting the longer term service planning of the council by focusing its discussions on the Medium Term Financial Strategy, the principles for budget setting, the robustness of the budget and the ability to deliver savings, key revenue budget outputs and decisions, and key capital budget outputs and decisions.

3.3 During the course of its work the Budget and Finance Overview and Scrutiny Committee took evidence from a number of sources. These included:

- The Leader of the Council
- The Lead Member for Finance and Corporate Services
- A number of service directors

3.3 Once the administration's draft budget was published the Budget and Finance Overview and Scrutiny Committee had the opportunity to question the Lead Member for Resources on key elements of the proposals. This provided the opportunity for the Committee to make recommendations prior to the draft budget being agreed by the Executive. The Budget and Finance Overview and Scrutiny Committee also encouraged all members to attend this meeting and time was allocated for questions from the floor.

3.4 During the budget scrutiny process the Budget and Finance Overview and Scrutiny Committee had three opportunities to make its views known. These were:

- **The First interim report** – prior to the draft budget being published.
- **The Second interim report** – this built on the first report and included recommendations on the draft budget prior to it being agreed by the Executive.
- **The Final report** – this report went to Full Council built on the second report and included recommendations on:
 - The Executive's final budget prior to it being debated at Full Council;
 - The budget process; and
 - The budget scrutiny process

3.5 A copy of the Budget and Finance Overview and Scrutiny Committee's 2010/11 report is attached.

Work Programme for 2011/12

- 3.6 The attached work programme template is designed to assist members in planning what they would like to cover at each meeting and deciding what evidence they would like to receive.

4.0 Financial Implications

- 4.1 None

5.0 Legal Implications

- 5.1 None

6.0 Diversity Implications

- 6.1 None

Background Papers

Budget & Finance Overview & Scrutiny Committee Final Report 2010/11

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Budget & Finance Overview & Scrutiny Committee

Final Report

February 2011

Membership

Councillor Allie (Chair))
Councillor A Choudry (Vice Chair)
Councillor Ashraf
Councillor Long
Councillor Mashari
Councillor HB Patel
Councillor Sheth
Councillor Van Kalwala

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Chair's Foreword – Councillor James Allie

It is with great pleasure that I introduce the final report of Brent Council's Budget & Finance Overview & Scrutiny Committee.



This is the first year of operation for this committee and my colleagues, many of whom are new to the council and I have had to collectively develop our understanding of the issues and the budget setting process. We have focussed on the administration's priorities, the medium term financial context and changes to national priorities and policies that need to be considered when developing a robust budget.

The committee took evidence from a wide range of witnesses in the course of our enquiries. On behalf of my colleagues I would like to thank those officers and Executive members who took the time to prepare reports and presentations and attend our meetings.

Executive Members:

- Councillor John (OBE), Leader of the Council
- Councillor Butt, Lead Member for Resources.

Officers:

- Phil Newby, Director Strategy, Partnership & Improvement
- Martin Cheeseman, Director Housing & Community Care
- Alison Elliott, Assistant Director Community Care
- Eamonn McCarroll, Assistant Director Strategic Finance (H & CC)
- Krutika Pau, Director of Children & Families
- Graham Genoni, Assistant Director Social Care
- Mustafa Salih, Assistant Director Strategic Finance (C & F)
- Michael Read, Assistant Director Policy & Regulation (ENS)
- Bharat Jashapara, Assistant Director Strategic Finance (ENS)
- Margaret Read, Head of Revenue & Benefits
- Cheryl Curing, Head of Communications

I would also like to take this opportunity to thank members of the committee for their efforts during the course of our deliberations. Their proactive approach and dedication have ensured a lively and productive overview & scrutiny process.

Finally thanks must go to Duncan McLeod, Director of Finance and Corporate Resources (until September 2010), Clive Heaphy, Director of Finance and Corporate Services, Mick Bowden, Assistant Director of Finance & Corporate Services and Jacqueline Casson, Senior Policy Officer, Strategy, Partnerships and Improvement, for their support to the committee.

1. Introduction

The purpose of the Budget and Finance Overview & Scrutiny Committee is to undertake an in-depth review of the council's medium term financial strategy, the budget proposals and measures being taken to deliver a robust budget capable of delivering the administration's priorities as outlined in the Borough Plan. This includes examining the main issues, risks and pressures facing the council and the actions being taken to militate against them. In addition, the Committee's report aims to be a source of easily understandable information for all non executive councillors enabling robust challenge and debate on the administration's budget proposals.

The new coalition government's desire to reduce the national deficit as quickly as possible has presented local government with challenges and opportunities. The resulting emergency budget (June 2010) and Comprehensive Spending Review (October 2010) have had major ramifications for the budget setting process and timetable. One of the Budget & Finance Overview & Scrutiny Committee's main areas of investigation has been to establish, as far as is currently possible, what that means for Brent and how the administration proposes to meet that challenge and take advantages of the opportunities.

The One Council Programme of improvement and efficiency projects is the main driver within the council's medium term financial strategy for delivering significant cost reductions. Projects within the programme aim to make changes to the way the council delivers services, responds to demand led pressures, delivers greater choice and drives efficiencies in a way that also enhances performance. The Committee's main interest in this programme has concentrated on its ability to generate significant savings.

The committee's remit includes:

- Participating in the budget setting process
- Assisting in the setting of the council's budget within the context of the Corporate Strategy and any other overarching partnership strategies.
- Supporting the longer term service planning of the council by focusing its discussions on the Medium Term Financial Strategy, the principles for budget setting, the robustness of the budget and the ability to deliver savings, key revenue budget outputs and decisions, and key capital budget outputs and decisions.

The Committee has three opportunities to make its views known to the administration and to the council as a whole. These are:

- **First interim report** prior to the draft budget
- **Second interim report**, which builds on the first report and includes recommendations on the draft budget prior to it being agreed by the Executive
- **Final report**, which builds on the second report and includes recommendations on:
 - the Executive's budget prior to it being debated at Full Council;
 - the budget process; and
 - the budget scrutiny process.

This is the final report of the Budget & Finance Overview & Scrutiny Committee and contains the Budget Panel's recommendations to executive members following the publication of the Executive's draft budget.

2. Recommendations

- 1. That balances should be set at an adequate level which takes into strong consideration the council's major risk assessment and continuing internal/external financial pressures.**
- 2. That the level of balances is reviewed at regular intervals and reported to non executive councillors to ensure that the levels are pertinent and stay relevant to our risks.**
- 3. That non executive councillor's be provided in an accessible format, information on the council's major risk assessment with and explanation of how this links into the level of balances required.**
- 4. That councillor's receive a regular update about progress in recovering funds from Icelandic Banks.**
- 5. That the Budget & Finance Overview & Scrutiny Committee expresses its full support for the council's effort to ensure that the Census data is an accurate reflection of the boroughs population. We would like to ensure adequate resources are available to support the necessary activity including looking at best practice elsewhere and encouraging councillors to participate where possible.**
- 6. That an Overview & Scrutiny Committee receives regular updates on the implementation and impact of the council's Lobbying Strategy.**
- 7. That a fundamental policy-based review is undertaken of departments with the largest and most frequent overspends.**
- 8. That a level of Departmental overspend of 5% will automatically trigger an appearance before the Committee of the Director of the Department and Lead Member to explain the overspend.**
- 9. That in developing a new Capital Programme / Strategy the administration considers:**
 - What elements of capital spend is non -optional e.g. spending for extra school places, maintenance on buildings.**
 - In relation to highways expenditure a risk assessment is made of what the impact will be on insurance claims.**
 - What capital grant be lost if we don't match fund it or spend it now**
 - What is the impact of zero spend on IT infrastructure**
 - More robust information provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.**
 - That achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should include**

disposal of council assets, increasing usage/lets of council properties such as school buildings and information on how 'Locality Hubs' will be financed and maintained.

- 10. That the council continues its work on procurement and achieving its savings as outlined in the One-Council programme.**
- 11. That the Audit Committee reviews the Procurement Team's strategy to achieve VFM in light of the Audit Commission's recommendations.**

3. Methodology

The budget scrutiny process mirrors that of the budget setting process and started in July 2010. At the Committee's first meeting the then Director of Finance and Corporate Resources provided an overview of the medium term financial strategy and the main factors that would influence the budget setting process. This included detail of cost assumptions, recent government announcements, emerging service pressures and the budget timetable. The resulting discussion helped to inform the development of the committee's work programme and highlighted areas of investigation. So far the committee has taken the following evidence:

- The Director of Finance & Corporate Services & Deputy Director of Finance & Corporate Services – Regular updates on the budget process, budget gap, budget pressures and the future financial prospects for the council following the emergency budget and the Comprehensive Spending Review. The committee also received regular updates on government announcements and their likely impact on the council's budget and an overview of the Capital Programme.
- The Director of Strategy, Partnership & Improvement provided an overview of the One Council programme and projected savings.
- The Director of Housing & Community Care & Assistant Director of Community Care provided information on the Adult Social Care budget and forecast 2010/11, long term demographic pressures, and the transformation projects aimed at producing savings.
- The Director of Children & Families & Assistant Director of Strategic Finance & Assistant Director Social Care informed the committee about the departments current budget position, actions being taken to control the overspend, transformation projects aimed at savings and efficiency and pressures on the capital programme from government announcements and demand for school places.
- The Assistant Director of Policy & Regulation Environment & Culture & Assistant Director for Strategic Finance provided information on the departments current budget position, the proposed recovery plan for dealing with the departments overspend and future budget pressures.
- Councillor Ann John, Leader of the Council and Councillor Muhammed Butt, Lead Member for Corporate Resources attending to discuss the Comprehensive Spending Review, the First Reading Debate papers and set out the administration's approach to setting a robust budget
- The Head of Revenue & Benefits provided information on the projected impact of changes to Housing Benefits and information about wider welfare reform.
- The Head of Communications report on the council's developing Lobbying Strategy.

4. Discussion – The First Interim Report

4.0 The budget gap

- 4.1 The coalition government's intention to make reductions to the national budget deficit within one parliamentary term has meant that predictions around the council's budget gap have been considerably more complex this year than in previous years. At our first meeting in July 2010 we received a presentation outlining the medium term financial strategy. This set out the assumptions relating to resources available to the council, such as reductions to formula grant and inflation and predicted the budget gap for the next three years. Assuming a council tax rise of 0% a budget gap of £24.6m was predicted for 2011/12 after allowing for £6.2m of savings from the One Council Programme with a cumulative gap of £94.4m in 2014/15. The council would still have a sizable gap even with a 3% rise in council tax, £21.5m in 2011/12 with accumulative gap of £81.5m in 2014/15. These figures included the impact of the government's Budget on 22nd June 2010, which resulted in the council losing £6.85m in grants in year.
- 4.2 By the time we discussed the First Reading Debate report at our meeting in November the government had announced its Comprehensive Spending Review (CSR). Headlines from the review which related to local government included:
- an average 7.1% per annum real term reduction in formula grant in the four years to 2015
 - funding to freeze council tax in 2011/12
 - a Housing Benefits cap – discussed later in this report
 - a reduction in council tax benefit of 10% - this will be localised by 2013/14
 - an additional £2bn by 2014/15 to support social care
 - Increase in the cost of borrowing from the Public Works Load Board (PWLb) by an average of 1% more expensive
- 4.3 The First Debate report set out two differing scenarios for the budget gap. Firstly assuming a council tax rise of 0% the gap for 2011/12 was predicted to be £36.7m with a cumulative gap of £98.1m in 2014/15. The second scenario included the government's proposed freeze of council tax for 2011/12 and a 2.5% per annum increase after that. The gap would be £36.7m in 2011/12 with a cumulative gap of £90.2m by 2014/15. The full impact of the CSR in terms of local government settlement would not be known until December. Meanwhile concerns remained over what the impact of the new formula grant methodology would be.
- 4.4 The First Reading Debate Report also set out measures that were being taken to close the budget gap. These include:
- ensuring there is no deficit carried forward from 2010/11
 - savings produced from the One Council Programme
 - identifying additional savings – permanent savings identified as part of managing the 2010/11 budget ceasing or reducing the scope of some activities

- 4.5 One of the Budget & Finance Overview & Scrutiny Committee's key roles is to examine how robust and deliverable the budget is. One of our main concerns has been the level of balances particularly given the level of departmental overspends that have been reported to us over the last few months. In October the total overspend was reported to be £5.6m but by November it had increased to £7.1m. The Director of Finance and Corporate Services informed us that if no action was taken to bring finances back into line the council's balances would reduce to £0.5m which would be substantially below the target set in 2010 of £7.5 m, which is already at the lower end of the range recommend by the then Director of Finance and Corporate Resources. By the time of our December meeting we heard that the total overspend had been brought down to £4.1m. While we understand that continued improvement was expected members of the committee were keen to investigate the underlying reasons for the departmental overspend in Children and Families and Adult Social Care in particular. This is discussed later in the report.
- 4.6 Given that the council is legally obliged to maintain a reasonable level of balances we pressed the Director on what a reasonable level of balances would be. We were informed that the current level met the requirement, but an indicative level of balances of £12m - £15m would be desirable given the increased risks, future financial pressures and difficult times ahead. A possible policy option could be to use Council Tax grant to grow reserves rather than for temporarily bolstering spending levels. The committee believes that the council should look to increasing its balances to the suggested range referred to above and a number of mechanisms should be explored including that set out above. We would also like to see the risk assessment provided in an easily understandable format to ensure non executive members a better informed on this and have a clearer indication as to how the adequate level of balances arrived at and where the council's service risk lie for 2011/12.
- 4.7 One of the key components of the budget strategy is the One Council Programme and its aim to drive costs out of the base budget. To explore the ability of the programme to deliver significant savings and close the gap we invited the Director of Strategy, Partnership and Improvement to provide us with an overview of the programme. We heard that the programme was about providing services in a different more efficient way that would produce savings, though there was still an emphasis on improvement.
- 4.8 We heard that the programme was managed by the Programme Management Office with a Programme Management Board that agreed the business case for each project, monitors progress and ensure that savings are identified and delivered. At our September meeting we were informed that that the council was on target to meet the £4.5m savings required for 2010/2011 and that the Programme Management Board was undertaking a series of meetings to identify deliverable saving for 2011/12 onwards. The Committee asked for this to be reported to us when available.
- 4.9 The Director of Finance & Corporate Services provided this information in November. Key headlines included that for 2011/12 the One Council Programme would deliver £20.8m savings, which accounts for 57% of the savings required. This would leave a budget gap of £15.9m which was an improvement to that predicted in July. By 2014/15 the cumulated savings from the programme are predicted to be £43.9m which is 49% of the total required.
- 4.10 The committee explored how realistic the projected savings from the programme were and we were assured by the Director of Finance & Corporate Services that they were realistic and achievable. In projecting the savings the Programme Management

Board had been prudent but expected that in reality the savings total from the Programme would be bigger.

- 4.11 The Audit Commission highlighted procurement as an area that Brent needs to develop. The committee understands that the One Council Overview & Scrutiny Committee will be looking at this project in April as part of its oversight of the One Council Programme. As this project aims to take £16.6m out of the base budget by 2013 / 14 and there is huge potential for further savings we believe that additional focus should be placed on the financial aspects of the project and on achieving value for money. We would therefore recommend that the Audit Committee reviews the Procurement Team's strategy to achieve Value for Money in light of the Audit Commission's recommendations.
- 4.12 At the November meeting, as mentioned above, the residual budget gap was £15.9m. The committee questioned the Leader of the Council and the Lead Member for Corporate Resources about how this would be closed. The Leader of the Council informed us that the council could no longer deliver some services in the way it does currently. A fundamental review of activities was therefore underway. This was not just about stopping some non statutory services but would look at what we provide and how it is provided. We sought reassurance that decisions made about services would not disadvantage those in the more deprived parts of the borough. Councillor John acknowledged that there remained the need to address inequalities in Brent.

The Director of Finance and Corporate Services informed us that tough decisions will need to be made and Members would need to consider:

- things the council can stop doing
- things the council can do less of
- things that another organisation could do better
- things that can be done more efficiently

5.0 Budget Pressures

- 5.1 The Committee spent some time exploring the main budget pressures facing the council. We were not just interested in the short term issues but wanted to explore the longer term pressures, their implications and the measures that were being taken to address them. To do this we focussed on what was, until the council's recent restructure, the three largest spending departments.
- 5.2 We heard from the Director of Housing and Community Care that demographic changes resulting in rising demand and managing that demand was a key issue for Adult Social Care. Some of the demographic changes came from people living longer including those with long term illnesses and an increased number of clients moving from child to adult social care.
- 5.3 The service has previously overspent its budget in each of the last three years and at the time of the September meeting the 2010/11 budget was overspent by £3.5m. It was therefore clear that service needed to take an in depth look at the underlying reasons for this. The Director said that the identified issues include: people not being assessed quickly enough, services not being provided quickly enough and the services commissioning and procurement strategy needing to be reviewed. Given that, the service had been rated as good by the Quality Care Commission.
- 5.4 The department has responded to these issues by developing a number of projects to improve services and create savings. These included the Customer Journey

Project, the Direct Services Review and West London Commissioning. The Assistant Director Community Care told us that the aim of the Customer Journey project was to achieve a more efficient and leaner customer service that would improve consistency, performance and produce savings in staff costs and care packages. This would ensure that the council's assessment of substantial needs was being robustly applied. We were informed that the council might need to consider raising the requirement for care service to the highest level of critical. This would result in many people not being eligible for the services they currently receive.

- 5.5 The Direct Services Review is likely to result in a significant move away from building based services like Day Centres that were experiencing a fall in visitors. Instead services will be bought by clients from their personal budgets with the aim of making clients more independent and delivering choice. It was envisaged that this would result in significant capital and revenue budget savings.
- 5.6 We were told that the Adult Social Care West London Procurement Project had a number of work streams. It had started over two years ago and while it had proved slow to get started it was estimated that the homecare project would result in an estimated £900k annual saving for the council.
- 5.7 The Children and Families department had also faced demand pressures that had contributed to an overspend for 2010/11 estimated in October to be £3.2m. The Director of Children & Families told us that the child population of Brent was rising and the cases were becoming more complex. In addition deprivation had increased in Brent over the last three years. Until this year an invest to save programme had been successful in controlling spending levels and the number of looked after children had fallen until a very recent sharp increase.
- 5.8 The number of non looked after children being supported by the council was also rising. Since the Baby P case there had been a 25% to 33 % increase. This would increase both support and court cost.
- 5.9 The Children's Social Care Transformation Project aimed to address some of these issues while improving efficiency and producing savings. Work streams included: reducing the unit costs of residential units, increasing the number of in-house foster carers, reducing costs for post looked after children, and reviewing the work of the Crisis Intervention and Support team.
- 5.10 The Committee explored options for reducing the threshold for referral and the scope for working with other boroughs in attracting more in-house foster carers. We heard that lowering the threshold could present a risk and that other authorities were in competition with Brent Council when trying to attract foster carers.
- 5.11 We heard that £420k of the department's overspend was due to staff not being correctly budgeted for and that this is being addressed. A further £180k was due to photocopying costs and this would be addressed through the corporate photocopying contract. By our December meeting the department had been successful in reducing their projected overspend to £1.7m.
- 5.12 A perennial area of concern for the council is school places. The demand for places has continued to rise and by the time of our meeting in October there were 111 children without a school place. The council's capital programme has identified £26m to deliver an additional 10 forms of entry up to 2015/16 but funding has not been identified beyond that. The government is currently reviewing capital funding for

schools so correctly predicting future demand for school places, though difficult, is increasingly important.

- 5.13 As previously highlighted by the Budget Panel the detrimental impact of underestimated Office of National Statistics population figures for Brent is an ongoing concern. The 2011 census would provide an opportunity to gather the necessary evidence to challenge their view. The Budget & Finance Overview & Scrutiny Committee would like to strongly support all efforts to ensure that Brent's population figures are captured accurately and correctly and ensure that adequate resources are available to support the necessary activity, including researching best practice from elsewhere. We would also like to encourage all councillors to participate in the process where possible.
- 5.14 The Environment & Culture department's main budget pressure was from decreased demand for income generating services relating to planning, land charges and street care licences. Parking revenue was down by approximately £60k largely due to the recession. This had resulted in an income shortfall of around £500k. In addition the department had lost £350k in area based grant. In October we heard that there was a forecasted departmental overspend of £850k.
- 5.15 In examining the departments recovery plan the committee heard that each unit within the department was set a target and would be accountable for achieving that target. The Assistant Director said that this approach had worked in the past and that there was no indication that the budget pressures would impact on service delivery. In November we heard that the overspend had reduced to £404k
- 5.16 Additional budget pressures and areas of risk emanating from the Comprehensive Spending Review include the withdrawal of the Carbon Reduction Scheme which would result in a £500k additional cost to the council and an increase in the cost of borrowing which will be 1% more expensive from PWLB.
- 5.17 Exploring this further the Director of Finance and Corporate Services told us that currently the council pays out around £25m per year in interest. Some significant reductions in interest payment had recently been achieved by repaying some long term borrowing with short term borrowing at a variable rate of 0.5%. Careful consideration always needed to be taken about how viable this is given the penalties for early repayment. Borrowing is carefully managed via the council's treasury policy and given the potential volatility of variable rates it was advisable to keep about 75% of borrowing at fixed rates. The council has adopted new treasury management advisors Arlingclose. We would like to ensure that the Audit Committee continues to have an overview of their strategy and that Councillors receive regular updates on the recovery of funds from Icelandic Banks.
- 5.18 Given the range of budget pressures Members of the Committee asked for a report on how the council could ensure that it had a strategic, co-ordinated approach to lobbying on issues that impact on the Borough. We heard from the Head of Communications that the following immediate priorities had been identified:
- Population estimates and council funding
 - School places in Brent
 - Building Schools for the Future / Academies
 - Housing Benefit
 - GPs and Health Services in Brent
 - Local Government Finance
 - Adult Social Care

- Regeneration, housing and employment

We also heard that the initiatives outlined in the report would form the basis of a Lobbying Strategy which would be discussed by the Corporate Management Team in October 2010. The Director of Customer and Community Engagement would have overall officer responsibility for implementing the strategy. While the committee understands that the administration would assume political ownership we would like to ensure that the strategy and its impact are regularly reviewed by an Overview & Scrutiny Committee.

6.0 The Capital Programme

6.1 The Capital Programme is a four year rolling programme which is updated each year. The current programme spans 2010 – 2013/14 but currently reflects the priorities of the previous Corporate Strategy so does need to be updated to reflect the new Borough Plan. We heard that key challenges for developing the capital programme were:

- To revisit the estimated sources of funding, taking into account:
 - the impact of the 2010 Comprehensive Spending Review, which would not become clear until after the local government settlement has been announced, and
 - the continuing impact of the economic downturn on other contributions such as reduced levels of S106 Agreement monies arising from a slowing of major development projects.
- The ongoing need to provide additional school places across the borough and address other school capital needs, particularly in light of the cancellation of the Building Schools for the Future (BSF) programme.
- To ensure that the up-dated capital programme delivers the council's key priorities within the resources available.

6.2 The main risk with the current programme is that borrowing costs increase each year at a time when revenue resources are falling. This means that a greater proportion of the council's revenue will be used to service debt reducing the amount that can be spent on delivering services. Options open to the council are to reduce the level of capital spend and look for other sources of funding such as using grant or developing more self funded schemes such as the Civic Centre project. In this type of scheme revenue savings made from, for instance, leasing and running office space would be used to service capital borrowing.

6.3 We heard that the impact from the loss of Building Schools for the Future was not yet known though the council does aim to spend its full allocation of the Basic Needs Safety Valve funding to get up to the basic number of places. It would also be possible to look within the council's property, such as Children's Centres, for suitable alternatives for school places though costs would need to be considered carefully. The Committee would like more robust information provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.

6.4 The committee would like to ensure that achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should

include school buildings information on how 'Locality Hubs' will be financed and maintained.

6.5 The Budget and Finance Overview & Scrutiny Committee would recommend that in developing a new Capital Programme the administration considers the following:

- What elements of capital spend are non-optional eg spending for extra school places, maintenance on buildings.
- In relation to Highways expenditure a risk assessment is made of what will be the impact will be on insurance claims.
- What capital grant will be lost if we don't match fund it or spend it now
- What is the impact of zero spend on IT infrastructure
- More robust information is provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.
- That achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should include disposal of council assets, increasing usage/lets of council properties such as school buildings and information on how 'Locality Hubs' will be financed and maintained.

7.0 Projected Impact of Changes to Housing Benefits

- 7.1 The committee was keen to explore the impact on the council of the proposed changes to Housing Benefit and the risks that would need to be taken into account when setting the council's budget.
- 7.2 Though details about the new scheme and wider welfare reforms were still emerging we heard from the Head of Revenues and Benefits that the impacts could be categorised into short, medium and longer term.
- 7.3 *Short term impacts 2011- 2012/13* – Approximately 12,000 or around 80% of private tenants will experience a reduction in Housing Benefit. These tenants will either have to renegotiate their rent, move to cheaper accommodation or find a way to fund the shortfall. There is also likely to be movement of tenants into and out of Brent though it is difficult to predict the net effect of this at the moment. All of this activity will generate an increased workload for the Housing Benefit team who are already forecasting a 10% increase in workload for 2011/12 due to rising unemployment in Brent which is on top of the 20% increase experienced in 2009/10 and 2010/11.
- 7.4 There is likely to be an increase in the demand placed on Housing Services arising from homeless applications and a potentially reduced supply of private sector accommodation.
- 7.5 Increases in non dependent deductions will mean that over 5,000 claimants will receive less Housing and Council Tax Benefit. There is a risk that this will lead to increased arrears which will require greater recovery and enforcement activities and therefore costs may rise.
- 7.6 *Medium Term Impact 2013/4* – details about the localisation and the reduction of Council Tax Benefit by 10% in 2013 are yet to be clarified but implications may include changes to the existing computer system, staff training, redesign of forms and some provision for some element of awards being locally funded. We heard that this will lead to additional operating costs.
- 7.7 *Longer Term Impact 2014-2017* – In the longer term the role of local authorities in administering benefits will fundamentally change. The council will continue to

provide assistance with Council Tax liabilities, housing costs for tenants in temporary accommodation, supported accommodation and those of pensionable age. All other work age benefits will be administered nationally, though the department of Work and Pensions have indicated that there may be a role for local authorities in supplying face to face provision.

- 7.8 London Councils have indicated that the levels of Housing Benefit administration grant is will be reduced by an average of 27% over the next four years. We were told that the level of reduction for Brent is likely to be closer to 30% resulting in a reduction of about £300k in 2011/12 and 2012/13. Given this and the projected increase in workload an inescapable growth bid has been submitted as part of the current budget setting process.
- 7.9 We probed further about the actions being taken to deal with the changes. We heard that packages of advice and information would be available to landlords and tenants, practical measures for those at risk of homelessness would be developed and new policies and procedures would be put in place to ensure fair distribution of the Discretionary Housing Award.

8.0 Discussion Second Interim Report

- 8.1 The final phase of the Budget & Finance Overview & Scrutiny Committee's work was to examine the administration's draft budget and question the Deputy Leader Councillor Butt on key elements of the budget proposals. This section of the report outlines the key areas of our discussion. The committee did not agree any additional recommendations, though some minor amendments were agreed to those made in our First Interim Report. This report will now be forwarded to the Executive.
- 8.2 One of our key focuses was the level of risk to the budget, particularly given the level of savings required and potential changes in demand for social care services. Members raised a number of questions about the level of balances. We heard that Brent had relatively low balances in relation to other London boroughs, being 27th out of 32. The Director of Finance and Corporate Services advised the proposed contribution of £2.5m to the council's balances was prudent given the level of risk associated with delivering the ambitious savings target for 2011/12..
- 8.3 The committee discussed some of the assumption made in developing the budget, in particular the level of inflation. The budget assumes 2% while national levels of inflation are currently higher. We were informed that while the national level is likely to reduce, pressure needed to be applied by the council to keep contract costs down and achieve efficiencies. A number of contracts were currently being renewed and commercial principles applied. An example of this was the £1.2m saved when renewing the council tax collection contract with Capita.
- 8.4 Questions were asked about how savings could be achieved by working with other councils. We were advised that as well as the saving achieved via the West London Alliance in Adult Social Care procurement mentioned earlier in this report, work was currently taking place on Special Educational Needs, property and Adult Social Care transportation. Activity is both at sub regional level and across London.
- 8.5 Members of the committee raised questions around a number of specific areas including taxi card, the voluntary sector, street cleaning, the waste contract and youth services.

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Budget & Finance Overview & Scrutiny Committee Work Programme 2011/12

Chair Cllr Allie

Date of Meeting	Purpose of Agenda item	Requested Information / Evidence	Invited witnesses	Notes
20th July 2011	<p>To receive the report on the Budget Strategy 2012/13 – 2015/16.</p> <p>To discuss the work programme for 2011/12</p>	<ul style="list-style-type: none"> Work Programme discussion 		
13 th September 2011	Budget Update	Report by Director of Finance & Corporate Resources	Clive Heaphy, Director of Finance and Corporate Services	
11 th October 2011				
8 th November 2011	To gain a clear understanding of the issues that will be discussed at the First Reading Debate at Full Council	<ul style="list-style-type: none"> First Reading Debate Reports 		

6th December 2010				
11 th January 2011	To agree the Panel's first interim report			
16 th February 2011	<p>To discuss and comment on the administration's draft budget.</p> <p>To agree the Panel's second interim / final report.</p>	<p>All Members will be invited to attend this meeting</p> <ul style="list-style-type: none"> • A presentation on the administration's draft budget from the lead member • To include a response to the recommendations contained in the first interim report • The aim of this report is to respond to and make recommendations about the administrations draft budget prior to the Executive 	<ul style="list-style-type: none"> • Councillor Butt 	