



# Brent

## **SUMMONS TO ATTEND COUNCIL MEETING**

**Monday 8 December 2014 at 7.00 pm**

Conference Hall - Brent Civic Centre, Engineers Way,  
Wembley, HA9 0FJ

To the Mayor and Councillors of the London Borough of Brent and to each and every one of them.

I hereby summon you to attend the MEETING OF THE COUNCIL of this Borough.

CHRISTINE GILBERT  
Chief Executive

Dated: Friday 28 November 2014

**For further information contact:** Peter Goss, Democratic Services Manager  
020 8937 1353, [peter.goss@brent.gov.uk](mailto:peter.goss@brent.gov.uk)

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**[democracy.brent.gov.uk](http://democracy.brent.gov.uk)**

**The press and public are welcome to attend this meeting  
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# Agenda

Apologies for absence

Item	Page
<b>1 Minutes of the previous meeting</b>	1 - 10
<b>2 Declarations of personal and prejudicial interests</b>	
Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interest in any matter to be considered at this meeting.	
<b>3 Mayor's announcements (including any petitions received)</b>	
<b>4 Appointments to committees and outside bodies and appointment of chairs/vice chairs</b>	
<b>5 Report from the Leader or members of the Cabinet</b>	11 - 12
To receive reports from the Leader or members of the Cabinet in accordance with Standing Order 38.	
<b>6 Deputations</b>	
To hear any deputations received from members of the public in accordance with standing order 39. No requests for a deputation to this meeting have been received.	
<b>7 First reading debate on the 2015/16 - 2018/19 budget</b>	13 - 24
This report meets the requirement in Standing Order 24(b) as set out in Part 3 of the Constitution.	
Final decisions on the budget and the level of Council tax for 2015/16 will be made at Full Council on 2 March 2015.	
<b>Ward Affected:</b> All Wards	<b>Contact Officer:</b> Conrad Hall, Chief Finance Officer
	Tel: 020 8937 6528
	conrad.hall@brent.gov.uk
<b>8 Report from the Chair Scrutiny Committee</b>	25 - 30
To receive a report from the Chair of the Scrutiny Committees in	

accordance with Standing Order 41.

## 9 2014/15 Mid-Year Treasury Report

31 - 36

This report updates Members on treasury activity during the 2014/15 financial year.

**Ward Affected:** All Wards

**Contact Officer:** Mick Bowden,  
Operational Director, Finance

Tel: 020 8937 1460

mick.bowden@brent.gov.uk

## 10 Motions

To debate the motions submitted in accordance with Standing Order 45.

## 11 Urgent business

At the discretion of the Mayor to consider any urgent business.



Please remember to switch your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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# Public Document Pack



## LONDON BOROUGH OF BRENT

Minutes of the ORDINARY MEETING OF THE COUNCIL  
held on Monday 8 September 2014 at 7.00 pm

### PRESENT:

**The Worshipful the Mayor**  
Councillor Kana Naheerathan

**The Deputy Mayor**  
Councillor Lesley Jones B.Ed MA

### COUNCILLORS:

Aden	Agha
Ahmed	Allie
Bradley	Butt
Carr	Chohan
A Choudry	Collier
Colwill	Conneely
Daly	Davidson
Denselow	Dixon
Eniola	Ezeajughi
Farah	Filson
Harrison	Hector
Hirani	Hoda-Benn
Hossain	Kabir
Kansagra	Kelcher
Khan	Long
Mahmood	Marquis
Mashari	McLennan
Miller	J Mitchell Murray
W Mitchell Murray	Nerva
Oladapo	BM Patel
M Patel	RS Patel
Pavey	Perrin
Ms Shaw	Ketan Sheth
Krupa Sheth	Southwood
Stopp	Tatler
Thomas	Warren

### Apologies for absence

Apologies were received from: Councillors S Choudhary, Colacicco, Crane, Moher and Van Kalwala

1. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the Annual meeting held on 4 June 2014 be approved as an accurate record of the meeting.

2. **Declarations of personal and prejudicial interests**

None declared.

3. **Mayor's announcements (including any petitions received)**

The Mayor welcomed everyone to his first meeting as Mayor of Brent.

The Mayor reported with regret that during the year the Council had lost two Brent stalwarts in Len and Joan Snow. He added that Brent and Harrow Co-operative Party, Wembley History Society and Willesden History Society were fundraising for a bench to commemorate Len and Joan. Details could be obtained from Councillor Long. As well as being a former councillor and former Mayor, Len had been an active member of the Co-operative Party and was a noted local historian, with many books to his name. A tree in memory of the couple would be planted later in the year.

The Mayor announced with regret that former councillor Karamat Hussain, who was the first Muslim Mayor of Brent (1981-82), had passed away recently.

The Mayor was pleased to announce that his chosen charities were Brent Mencap and Prostate Cancer UK.

The Mayor referred to the invitation sent to all councillors for his forthcoming Civic Welcome Reception on 20 September 2014 at 6.30pm taking place at Kingsbury High School. He hoped as many as possible would be able to attend this special occasion.

The Mayor announced that members of Brent's Cabinet were the first UK council Cabinet to take part in the ALS Ice Bucket challenge to raise awareness of Motor Neurone Disease.

The Mayor congratulated Brent's young people who were celebrating their exam results this autumn, especially the many students who had realised their dream and were off to university at the end of the month. The Council were proud that the majority of its schools had managed to improve their results, bucking the national trend.

The Mayor pointed out that, in accordance with Standing Orders, a list of current petitions showing progress on dealing with them had been circulated around the chamber.

4. **Appointments to committees and outside bodies and appointment of chairs/vice chairs**

RESOLVED:

that the following appointments be made:

<b>Body</b>	<b>Nomination</b>
Health and Wellbeing Board	Councillor Warren (Councillors Davidson and Shaw substitutes)
Corporate Parenting Committee	Councillor Warren (Councillors Davidson and Shaw substitutes)
Planning Committee	Councillor M Patel to replace Councillor Daly as a substitute member
Scrutiny Committee	Mother Christine Cargill (co-opted member CofE)
Joint Health Overview and Scrutiny Committee	Councillor A Choudry to replace Councillor Daly Councillor Daly as substitute member.

#### 5. **Report from the Leader or members of the Cabinet**

The Leader reported on the consultation process starting during the following week on the production of a Borough Plan. He stated that it would be a vision of how the Council would achieve what it wanted for the people of Brent. The Council would be listening and facilitating input from residents, community groups, employers and partners across all sections of the community in an open consultation exercise. A resident's attitude survey would be undertaken and focus groups established. He stated that the Connect forums would also be widely used and asked all councillors to encourage their residents to attend the meetings. The plan would be presented to the Council in March 2015.

The Leader referred to the decision taken in June 2013 regarding the appointment of a new Chief Executive. He stated that the external auditors were reporting back on how the Council was operating and whilst there was progress being made, stability within the Council would enable further progress to be made. The current arrangements would therefore remain in place until a recruitment process began in the new year which would tie in with the launch of the new Borough Plan.

Councillor Pavey (Deputy Leader) reported that the Council's 2015/16 budget was being drawn together and would be presented to the next Council meeting. He reminded members that the Government's strategy in 2010 had been to eliminate the deficit by 2015 which required the Council to reduce its spending by £100M. He stated that the strategy had not worked and the Government was still borrowing excessively. As a consequence the Council was being required to make a further £53M cuts over the next two years. However, Councillor Pavey stated that the Council's budget would still seek to protect the most vulnerable members of the community.

Councillor Mashari (Lead Member for Employment and Skills) reported on the new and improved Adult Education Service. Brent BACES had been overhauled and rebranded as Brent Start. Its modernisation would continue over the coming year

with courses being geared towards the needs of the local employment market. She also reported that the Brent foodbank had been linked to the local NHS clinical commissioning group and the schools forum in an effort to broaden the number of agencies that referred people in need. Councillor Mashari stated that during the previous year the Brent foodbank had received over 3,500 individual referrals and the Council would continue to do all it could to protect people not able to properly feed themselves or their families. Councillor Mashari ended by stating that she would be meeting with all the largest employers in the borough over the coming months to better understand local business needs and look for ways in which the Council could best support them and unlock training, employment and funding opportunities for local people and local projects.

Councillor Hirani (Lead Member for Adults, Health and Wellbeing) reported on a new programme called Resilience which would deliver drug and alcohol prevention work in secondary schools in partnership with the Amy Winehouse Foundation, Addaction and involving members from B3 and B-Safe. He also referred to the opening of a new Public Health Resource Centre in partnership with Brent CSV which would provide people with accurate public health advice. Finally, he reported on a new partnership that linked dentists with local schools to deliver free fluoride and dental checks for children of nursery age up to year 2.

Councillor McLennan (Lead Member for Regeneration and Housing) reported on new licensing requirements for houses in multiple occupation and selective licensing introduced in Harlesden, Willesden and Wembley designed to tackle the poor conditions some local residents were forced to live in within the private rented sector. She referred to the housing supply crisis and reported on how the Council was tackling this by working with housing association partners to provide 675 properties in tandem with plans to build 5,000 affordable homes over the next five years and 10,000 new Council homes. A bid had been made to the GLA for a Housing Action Zone in Alperton and this would be followed by a bid for Wembley. Each zone would be worth £20M and would enable more affordable homes to be built. Councillor McLennan also reported on the continuing regeneration of South Kilburn which had now moved into phase 3 which would provide affordable homes, a health centre and remove existing housing not fit for the modern day.

## **6. Deputations**

None.

## **7. Questions from the Opposition and other Non- Executive Members**

Councillor Tatler asked how the change at Copland Community School would benefit local people. In the absence of Councillor Moher (Lead Member for Children and Young People), Councillor Butt (Leader) replied that on 1 September Copland Community School converted to the Ark Elvin Academy. The Council had worked with the Academy sponsor and the Department for Education following the OFSTED inspection judging the school inadequate. Any school judged inadequate was forced to become an Academy and so the Council had engaged with Ark, the sponsor, which had a track record in the borough for improving schools. Councillor Butt stated that he had that morning met with the leadership team and staff at the school and had been truly impressed.



Councillor Colwill expressed his concern at the number of roads and pavements that had only been improved along half their length with the remaining part being left undone. He suggested that Regal Way and Vista Way had not been completed; neither had Cranleigh Gardens which had been in the programme to be resurfaced nearly six years ago and asked when this would be done. Councillor Perrin (Lead Member for Environment) replied that he would be happy to meet with fellow councillors or residents to discuss the state of roads and pavements and agreed some were in a poor condition. Councillor Perrin went on to propose reasons why this was the case by referring to the damage to pavements caused by works carried out to properties, skips, delivery lorries, etc. He also referred to the paving of front gardens that forced up tree roots. The Council was utilising the resources it had as best it could but there was a lack of adequate resources to bring the standard up to a more desirable level.

Councillor Miller asked how selective licensing of landlords would benefit the residents of Brent. Councillor McLennan (Lead Member for Regeneration and Housing) replied that Cabinet had agreed in August to introduce licensing into Harlesden, Willesden Green and Wembley Central wards from 1 January 2015 because there was significant evidence of high levels of anti social behaviour related to private rented properties in these wards. Extensive consultation had been undertaken and the licence conditions would require basic minimum standards including gas and electricity certificates, eliminate overcrowding and deal with any related anti social behaviour. Councillor McLennan emphasised that bringing in these provisions was not an attack on landlords generally but was about tackling rogue landlords. She stated that it was important to work with landlords because the Council needed a supply of good private rented properties in the borough.

Councillor Davidson stated his opposition to what he referred to as the Tricycle Theatre's decision to boycott the Jewish Film Festival and was pleased that following opposition to this the decision had been reversed. He referred to the £198,000 per annum in Council funding the theatre received with the specific remit to put on a diverse range of activities. He believed the theatre had gone against this and asked the Council's representative on the theatre's board to make his position clear. Councillor Butt (Leader) replied that he had made his position and the Council's position absolutely clear. He stated that the theatre did a good job in presenting a programme of work to the community and the Council funded it for core activities which it delivered. The Council worked with all sections of the community and worked with the theatre to deliver activities to the whole community.

Councillor Dixon asked a question on behalf of Councillor Choudhary who was absent from the meeting. Councillor Dixon stated that everyone was aware that the Government's ongoing austerity programme was having a severe impact on Brent's most vulnerable residents and asked if an end was in sight or a way forward so that the most vulnerable residents could receive the help they needed to lead decent lives. Councillor Butt (Leader) replied that the opposition parties would know more about what was happening because they were responsible for the impact it was having on Brent's residents. He referred to the average household being approximately £877 per year worse off and every person being nearly £400 per year worse off. The borough of Brent had been hardest hit by the welfare reforms. He stated that the opportunity existed on 7 May 2015 to make a change in a similar way to earlier in the year when on 22 May Brent residents spoke up for who they trusted to run the Council.

Councillor Carr asked what mechanisms were in place to ensure that the situation in Rotherham had not been or would not be repeated in Brent. Councillor Butt (Leader) replied that all members had received a briefing note explaining the action taken by the Council and that he had also asked officers difficult questions over whether there was a possibility of such child sexual exploitation taking place in Brent. There was no current evidence of this that the Council or the police were aware. However there were concerns around youth gangs and the Council had in place a strategy to tackle gang violence by working with the police, youth offending service, the community safety team and making sure that girls identified as being at risk were referred to social services and supported through a multi agency approach. Councillor Butt added that the youth service worked in a preventative way by providing mentoring and outreach work to divert young people away from getting involved in gangs. He also stated that the Council was working on improved training for staff across the relevant agencies and raising awareness amongst children and young people. He stated that it was important to listen to the concerns of young people and take action on them.

Councillor Harrison asked what work was being undertaken by the Council to protect Brent's most vulnerable residents and in particular ensure everything was being done to eliminate violence against women and girls. Councillor Denselow (Lead Member for Stronger Communities) replied that he would circulate a full answer to the question to all Members and acknowledged it was a very important issue with Brent being the 10th worst out of the 32 London boroughs for levels of domestic violence offences. He explained that a wide range of groups were working with the most vulnerable in Brent and in particular that the contract to provide a domestic violence service to the most vulnerable victims in the borough was being re-tendered. A significant amount of the community safety budget went towards providing independent domestic violence advocates who provided support to victims and helped them through the criminal justice process. During the previous year 422 victims had been helped in this way. The adult safeguarding team were committed to working to protect vulnerable adults from violence and raise awareness regarding the issues of forced marriages, FGM and honour based violence. These issues were raised at the adult safeguarding board to ensure partner agencies were raising awareness within their own organisations.

Councillor Filson referred to the timed collection of waste as an effective measure to deal with waste on pavements and asked when this service would be extended to selected streets in Kensal Green ward in order to reduce the unsightly accumulation of trade and domestic waste bags on the pavements on the High Street in Harlesden, along Park Parade and on Harrow Road. Councillor Perrin (Lead Member for Environment) replied that as the timed collection service was rolled out, Park Parade was due to be done at the end of March, Harlesden High Street and Harrow Road on 27 April and that it would be extended to Station Road at a later date. The roll out in Harlesden was being held back because of the regeneration scheme being implemented.

Councillor Long asked what the Council was doing to promote fairtrade in its catering outlets and at meetings. She also referred to the MacMillan Cancer Support coffee morning taking place later in the month and asked that encouragement be given to using fairtrade products in that campaign. She added that if fairtrade products were not used the Council would lose its status as a

fairtrade borough. Councillor Pavey (Deputy Leader) replied that he was proud that Brent was a fairtrade borough and the Council continued to support initiatives to raise awareness in the community including holding events during fairtrade fortnight earlier in the year. He agreed that the most important role for the Council was to provide leadership on procurement of products and was able to confirm that the coffee sold in the Melting Pot, the Library cafe and provided at meetings was fairtrade, as was the sugar, bananas and a range of snacks. Following encouragement from the Council, Europa had committed to extend its fairtrade range and scrutinise their supply lines. It had also improved awareness of fairtrade amongst its staff. Councillor Pavey re-affirmed the commitment to fairtrade principles by emphasising that this was a radical initiative to intervene in global markets to guarantee poor farmers in developing countries a fair price for their products.

## **8. Report from the Chair Scrutiny Committee**

Councillor Choudry (Chair of Scrutiny Committee) reported in accordance with standing orders on the work of the Scrutiny Committee. Committee members had attended a seminar run by the Centre for Public Scrutiny and all members had been invited to a scrutiny training session. A work programme session had taken place and all members had been invited to submit items for the work programme. The first formal meeting of the committee had taken place on 6 August and Councillor Choudry outlined the items it had considered. Councillor Choudry stated that two task groups had been established, one on promoting electoral engagement and the other on the budget, with a third on the pupil premium to be agreed. He re-iterated that he wished to encourage open meetings with input from the public.

RESOLVED:

that the report from the Chair of the Scrutiny Committee be received and noted.

## **9. Members Allowances**

The report before Members addressed the requirement for the Council to review allowances to elected Members on a regular basis and to take into account the recommendations of the Independent Remuneration Panel for London (prepared by London Councils), which reported in June 2014.

Councillor Pavey introduced the report by stating that the role of a councillor had never been more demanding and that councillors could only properly serve the community if they reflected it. The job had developed into a professional role. The recommendations from the Remuneration Panel for London had suggested much higher rates than were being proposed. He stated that the proposals represented a fair compromise and were cost neutral; they would support new people from a range of backgrounds joining the Council. Councillor Pavey referred to the Conservatives splitting into two Groups and thereby both qualifying for special responsibility allowances which he considered a nonsense. The outcome of the local election had been a vote for a Labour administration with a Conservative opposition and he therefore moved that the Conservative Group be designated the principal opposition group. Councillor Warren opposed this by saying that sadly the Conservative vote in Brent had declined over the last 20 years and accused the Conservative Group of doing nothing to arrest the decline. He read from a letter

from the President of the local Conservative party which recognised the Brondesbury Park Conservatives. He stated that his group would continue to provide strong opposition and hold the Labour Group to account. Councillor Colwill responded by recalling how in the past the Conservatives had lost seats in the old Brent East constituency under Councillor Warren when he was previously on the Council while he and his colleagues managed to increase their seats in the north of the borough. Councillor Colwill explained that the reason why the group had split was that the Brondesbury Park members had tried to demand that they should lead the Conservative Group but had been resisted. Councillor Carr recognised the enormous amount of work faced by a councillor and the need to attract new talent. However, all those standing in the recent election had known about this and the present allowances payable and she did not feel able to accept the increases being proposed.

RESOLVED:

- (i) that the proposed Members Allowance Scheme attached as appendix 1 to the report submitted be agreed;
- (ii) that any additional payments for Members' allowances and Special Responsibility Allowances arising from the new scheme take effect from 1 June 2014;
- (iii) that the Conservative Group be recognised as the principal opposition group for the purposes of the new Members Allowance Scheme.

## 10. **2013/14 Treasury Management Outturn Report**

The circulated report updated Members on Treasury Management activity and confirmed that the Council had complied with its Prudential Indicators for 2013/14.

RESOLVED:

that the 2013/14 Treasury Management outturn report be noted.

## 11. **Motions**

### 11.1 **Northwick Park Hospital**

Councillor Daly read out the proposed motion. She referred to the Care Quality Commission's (CQC) visit to Northwick Park Hospital in May 2014 which found that 24,568 patients were re-admitted within one week of being discharged by A&E, which was much higher than the national average, no Medical Director was in post, there was no consultant in the department at night time, an overly dependent reliance on poorly inducted locum doctors, patients sitting in ambulances because A&E was full and patients not being properly provided with food and drink. Councillor Daly added that surgery, critical care, maternity and family planning, services for children and young people and outpatient services had all been found to be either inadequate or required improvement. She asked the Council to demand from NHS England, the CQC and the North West London Hospitals Trust an apology to the people of Brent. She felt the least that could be done was to keep the A&E at Central Middlesex hospital open until the failings were addressed.

Councillor Daly also asked the Council to pass on its thanks to the staff at Northwick Park hospital for the professionalism and passion they displayed despite the circumstances within which they worked.

Councillor Warren spoke in support of the opening paragraph of the motion because there were clearly concerns arising from the inspection. However he pointed out that the CQC report concluded that improvements were needed and not that the services were unsafe. He did not think the majority of residents were affected by the situation at Northwick Park hospital. Councillor Warren questioned how the motion could call for performance at Northwick Park hospital to vastly improve, which he said would take time, but also say that if it was agreed that all the improvements would be carried out then delay to the closure of the A&E at Central Middlesex hospital would not be sought. He therefore moved an amendment to the circulated motion to delete all after paragraph 1. He felt the Council had a responsibility to be a critical friend of Northwick Park hospital and pointed out the outstanding stroke unit and short term assessment team there.

Councillor Kansagra supported the motion and referred to discussion at Scrutiny Committee on 6 August 2014 when Members were assured by health managers that everything was in place for the closure of the A&E at Central Middlesex Hospital. However the CQC report had clearly shown this not to be the case and a clear message needed to be sent out from the Council that this was not acceptable.

Councillor Hirani welcomed the support for the motion and agreed that a clear message was needed to express the concerns of the people of Brent given that the A&E at Northwick Park hospital would be the only A&E facility serving people within the boundaries of Brent.

The amendment moved by Councillor Warren was put to the vote and declared LOST.

The motion as circulated was put to the vote and declared CARRIED.

RESOLVED:

- (i) this Council places on record its deep concern about the findings from the Care Quality Commission (CQC) inspection of Northwick Park Hospital – which is set to become the main A&E hub when the Central Middlesex unit closes;
- (ii) this Council places on record its concern at the quality of health provision for the majority of Brent residents that depend on Northwick Park;
- (iii) that North West London Hospital Trust be called upon to delay the closure of its A&E facility at Central Middlesex until the performance of Northwick Park Hospital is vastly improved;
- (iv) that urgent assurances be demanded from The North West London Hospital Trust that they will implement the recommendations as set out in the CQC report to improve Northwick Park Hospital as a matter of urgency or else delay the closure of the A&E unit.



## 11.2 **Waste collection service**

Councillor Kansagra moved the motion circulated in his and Councillors Colwill and BM Patel's names by claiming the decision to introduce a chargeable waste collection service was not one of efficiency but the introduction of a tax. He felt the charge introduced would be subject to increases in the future and that there should be a period during which residents were able to make up their minds whether they wanted to keep their green bins. He felt the issues raised at the Scrutiny Committee had not been adequately addressed.

Councillor Warren questioned why the same arguments set out in the motion were not put before the Scrutiny Committee when it considered the matter. He wanted the charge scrapped but did not feel the motion sufficiently addressed the issue.

Councillor Perrin stated that an undertaking had already been given to monitor the new arrangements and review them in line with the decisions of Scrutiny Committee.

The motion was put to the vote and declared LOST.

## 11.3 **Listening Council**

Councillor Warren moved the motion circulated in his and Councillors Davidson and Shaw's names which sought to reverse the charge imposed for collecting green waste by deleting the budget for trade union officials and making savings on senior officer salaries. The motion also called for the re-introduction of the parking scratch card. Councillor Warren stated that the Council claimed to be a listening Council but it had to respond to what it heard. Councillor Davidson added that he felt the Council had a dismissive attitude towards the views of the community which had made it clear that it wanted to retain the use of scratch cards.

Councillor Butt referred to Government policies that he claimed were adversely affecting residents in Brent. He referred to the consultations carried out by the Council and the work it was doing with the local community. He pointed out that the Council faced severe financial challenges and reminded members that Government ministers advocated the introduction of some charges.

The motion was put to the vote and declared LOST.

## 12. **Urgent business**

None.

The meeting closed at 8.35 pm

COUNCILLOR KANA NAHEERATHAN  
Mayor



## FULL COUNCIL – 8 DECEMBER 2014

### Report from the Cabinet

1. The Leader and Cabinet members will report on matters which are the responsibility of the Cabinet, in accordance with standing order 38.
2. **Decisions taken by the Cabinet under the Council's urgency provisions**

Under the provisions of rule 38 of the Access to Information Rules in the Constitution, the Cabinet is required to report to the Full Council for information on any key decisions taken by them which did not appear in the Forward Plan giving 28 days' notice or where due notice was not given that a report, or part thereof, was to be considered in private.

Notification that the following reports, considered by the Cabinet on the dates shown contained appendices which were considered in private:

- 15.09.14 Domestic Violence Advocacy, family support and MARAC coordination services
- 13.10.14 Award of a contract for revenues and benefits housing software
- 10.11.14 Housing PFI project initiative agreement
- 10.11.14 Review of Revenues Collection post
- 10.11.14 Award of contracts for Gas and Electricity

Less than 28 days notification was given of the following on the Forward Plan:


- 10.11.14 Authority to tender a contract for Independent Reviewing Officer service (IRO)
- 10.11.14 Future Development of Children's Centres

Reason why it was impracticable to defer the decisions until they could be included on the forward plan giving due notice:

In order for the decisions to be taken within timescales and to ensure the Council was not financially disadvantaged.

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 <b>Brent</b>	<b>Full Council</b> 8 December 2014
	<b>Report of the Chief Finance Officer</b>
Wards affected: ALL	
<b>First Reading Debate on the Budget</b>	

## 1.0 Summary

- 1.1. This report meets the requirement in Standing Order 24(b) as set out in Part 3 of the Constitution that there is a report presented:

*‘to Full Council setting out the financial position of the Council, financial forecasts for the following year and the possible expenditure priorities of the executive. There shall then be a debate on the issues raised in that report held in accordance with Standing Order 44 hereinafter called a “First Reading Debate”.’*

- 1.2. Final decisions on the budget and the level of Council tax for 2015/16 will be made at Full Council on 2 March 2015.

## 2.0 Recommendation

- 2.1 Full Council is recommended to note the content of this report and consider the issues set out in this report as part of the First Reading Debate.

## 3.0 Background to the budget and medium term financial plan

- 3.1 On 2 March 2015 the council will be required to set its budget for 2015/16 and its financial plans for future years. Savings of at least £53.9m over the next two years will need to be agreed, most of which will fall due in 2015/16. Over the medium-term, to 2018/19, officers anticipate that total savings of £100m will be required, forcing the council to reduce its net revenue budget by between one third and a half of the current level, on top of savings of £89m that have already been delivered since 2010.
- 3.2 Meeting this unprecedented financial challenge will require radical re-thinking of services and the council structures that currently deliver them. The council will need to confront extremely difficult decisions about which services continue to be provided and at what level.

## Introduction and context

- 3.3 People are, on the whole, living longer lives, with increasing consequences for the way in which they need to access care services and the length of time for which they continue to need such services. In Brent, there are now more than 48,500 people aged over 80 years old, up by 24% in the last five years. The number of over 65s has increased by more than 10% in the same period.
- 3.4 This puts pressures on council budgets. Officers have responded to these pressures by redefining models of care provision, increasing the emphasis on programmes designed to enable vulnerable residents to live their own lives without support and, where this is not possible, to exercise greater choice about how their needs are met.
- 3.5 In London the combined impact of a growing and younger population is placing enormous pressure on the demand for school places, especially at the primary phase. In Brent, there are now more than 45,000 children aged less than 10, up by 12% in five years. This has implications on the number of vulnerable children the council provides services to.
- 3.6 These demographic pressures are also driving housing prices to such a level that home ownership is becoming increasingly out of reach for many residents. In Brent an average two bedroom property costs £410,000, nearly 15 times greater than the average annual salary of £28,000. Private rented tenancies as a form of tenure have therefore grown to levels not seen for many years, and for some residents the housing available in the borough is increasingly unaffordable in any form of tenure.
- 3.7 These demographic changes also place particular challenges on those services that all residents access and will continue to need to access, such as street cleaning and refuse collection, the quality of the local built environment and open spaces and all the many other services that local authorities provide. As populations rise so the cost of providing services tends to increase, and the competing demands on the use of the local environment become increasingly difficult to reconcile.
- 3.8 Despite these changes and pressures, or perhaps because of them, residents' expectations of the council continue to change. This relates not just to the range and level of services that the council provides, but also to the way in which it provides them. More and more of our residents expect to be able to deal with the council through digital means, with the ability to obtain information and perform at least routine transactions 24/7. However, whilst services are reconfigured to meet this demand the council needs to ensure that it remains open to those whose needs can only be assessed and met through more traditional service delivery routes.
- 3.9 These demographic and societal changes alone would be a challenge for any organisation to respond to. However, they have been coupled with deep and ongoing reductions to local government funding of a scale and pace not previously seen in the UK public sector. In real terms, funding

for local government has fallen by 43% from 2010/11 to 2015/16 (Source: House of Commons research paper 14/43, September 2014). This is in marked contrast to other parts of the public sector.

- 3.10 Spending on welfare, the NHS and schools have all increased above the rate of inflation for the same period. At the same time, technical changes to the local government finance system have reduced the proportion of funding allocated to meet local needs. In other words, local government's share of public funding has declined, and Brent's share of local government funding has also been affected. The cumulative effect of these changes has been significant for boroughs like Brent, with high levels of local needs to meet.
- 3.11 This trend is set to continue. The government's original policy intention was to eliminate the current account deficit in the lifetime of one Parliament. However, in 2014/15 national borrowing is set to be some £90bn, showing that further funding reductions in the medium term are inevitable unless a future government fundamentally changed this approach to deficit reduction and funding distributions within the UK.
- 3.12 The table, overleaf, shows that by 2018/19 core revenue support grant funding will have fallen to just 13.5% of total council funding, or to around a third of its current level.

Table 1 – Core Government Funding

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'m	£'m	£'m	£'m	£'m
Revenue Support Grant	95.4	68.8	54.4	41.8	29.8
Assumed Retained Business Rate	32.5	33.2	33.8	34.5	35.2
Business Rate Top up	47.4	48.8	50.5	52.5	54.5
<b>Core Government Funding</b>	<b>175.3</b>	<b>150.8</b>	<b>138.7</b>	<b>128.8</b>	<b>119.5</b>
<b>Total Funding</b>	<b>271.1</b>	<b>245.8</b>	<b>236.5</b>	<b>228.5</b>	<b>220.3</b>

#### 4 Consultation and the Borough Plan

- 4.1 The Council is keen to ensure that the difficult decisions facing us as we seek to agree a balanced budget for 2015/16 and 2016/17 are fully informed by the views and priorities of local people.
- 4.2 Accordingly, to help develop a borough plan and sustainable budgets in this context the council has consulted widely with residents, the voluntary and community sectors and other stakeholders. The priorities have been informed by extensive engagement with local people, communities, voluntary organisations and businesses, and by detailed discussions with our partners from all sectors, but at the time that this report was finalised, consultation had not concluded.

- 4.3 Between 16 September and 28 November the council, with its partners, undertook a major consultation exercise to gather information on local people's views of:
- The area where they live
  - Their aspirations for the future of the borough
  - Their spending priorities, including those services they felt should be protected and areas where they felt we could do less
  - What more they, their community group, or others could do to help build strong communities in Brent in the context of shrinking public resources.
- 4.4 We engaged thousands of local people and organisations in this discussion, via the broadest possible range of channels and events, including:
- A call for evidence. This was promoted on the websites of the council and all partners and was also available in leaflet format. Over 200 responses to the call for evidence had been received at the time of drafting this report.
  - An independently administered residents' attitude *survey* of 2,100 local people, selected to be demographically and geographically representative of Brent's population.
  - A series of 11 demographically representative residents' focus groups, attended by approximately 350 local people. This included two workshops specifically for young people.
  - Meetings with local councillors.
  - A series of workshops with local voluntary organisations facilitated by Brent CVS.
  - A number of meetings with local businesses.
  - Workshop sessions at each of the five Brent Connects forums.
  - Five staff roadshows.
  - Meetings between strategic directors and a broad range of partners and consultative groups, including local businesses, school governors, head teachers, and BHP residents.
- 4.5 The consultation is providing a rich picture of people's views of the borough and their priorities for the future. People told us that they valued the diversity and vibrancy of Brent, and that they feel a strong connection to the neighbourhoods where they live, though there was some concern about this sense of community being eroded as the number of people living in rented accommodation grows. Many people expressed a strong sense of community and neighbourhood identity, describing Brent as a friendly, inclusive place with supportive community networks.
- 4.6 People recognised the difficult decisions facing the council as it seeks to make savings on the scale required. However, perhaps understandably, people were mostly reluctant to identify specific service areas which they thought should be cut. The maintenance of

clean, safe public spaces and care for the genuinely vulnerable in our society were consistently identified as priorities.

4.7 A significant number of consultees expressed enthusiasm for playing a greater role in service design and delivery, provided that the council, along with voluntary sector organisations, supported them to play this role, either by working in partnership, or providing by appropriate support at the point services were handed over if they were to be run entirely by the community in future.

4.8 The findings from this consultation will be used to inform the budget process and are also driving the production of the Borough Plan, which will set out the key priorities for the Council and its partners between 2015 and 2019. The Leader will report further on key priorities at Council.

## 5.0 General Fund revenue budget issues

5.1 The 2014/15 budget was agreed at Full Council on 3 March 2014. Key features of the budget agreed for 2014/15 were:

- A General Fund budget requirement of £269.4m;
- No Council tax increase for Brent services leading to a Band D level of £1,058.94;
- An overall Council tax reduction of 0.3%, including the GLA precept, leading to a Council tax for Band D properties of £1,357.94; and
- Reserves of £12m, which was at the lower end of the planned range of £12m to £15m agreed by Council, based on the Chief Finance Officer's assessment of budget risks.

5.2 At that stage projections for future years produced a gap to be bridged for the period 2015/16 to 2016/17 of £52.8m. This budget gap was subsequently updated in a report to Cabinet in October 2014 to incorporate:

- Legislative changes introduced by central government including parking enforcement and the Care Act, which will cost the council more than the equivalent of a 4% increase in council tax.
- Demographic changes, reflecting the anticipated increase in the borough's population to 322,000 in the next four years and other anticipated pressures, particularly on capital finance and social care.
- Updated funding assumptions, including an increase in the council tax base, reflecting new housing developments in the borough.

5.3 The overall impact of these changes was a deterioration in the outlook for 2015/16 and an improvement for 2016/17, as set out in table two, below.

Table 2 - Revised Budget Gap

	<b>2015/16 £m</b>	<b>2016/17 £m</b>

Original Gap	33.0	19.8
Additional Pressures	4.0	0.5
Funding Changes	(1.2)	(2.2)
October 2014	35.8	18.1

#### 2015/16 and 2016/17 Budget

- 5.4 Officers are undertaking a review of all service budgets to identify areas to bridge the budget gap over the next two financial years. This work is ongoing and will be considered by the Cabinet at its meeting on 15 December. A summary of the key issues identified to date for each department is set out in the sections below.
- 5.5 Officers have sought to limit the impact on front-line services by focusing spending reductions on support services. To this end a new corporate management structure has already been proposed to drive organisational efficiency. This will better enable the council to respond to the future challenges by reconfiguring service groupings to promote more joined up policy design and more rapid and successful implementation of change. It will also help to future-proof the council and its services by enabling better commissioning and procurement of services in the future, and better contract management of those services that are provided externally, creating opportunities to drive down future costs without stopping services.
- 5.6 Recognising the need to redesign services around the customer and promote better access to services, including radically enhancing the digital offer, the Cabinet has also agreed a new community access strategy. This will target a reduction in the cost of back office services whilst improving the customer experience.
- 5.7 Work to develop a new procurement strategy in the early part of 2015 is expected to have the potential to generate significant efficiencies and will be a key focus of future work.
- 5.8 In consultation with Cabinet members, officers have adopted key principles in reviewing budgets. These follow a clear hierarchy, set out below, so that the focus is on doing things differently and more cheaply in order to preserve key services.
- Driving organisational efficiency
  - Building independence and community resilience
  - Leveraging in resources and income
  - Stopping services completely.
- 5.9 However, to meet the demanding financial challenges the proposals that are in due course put forward will inevitably go beyond transformation, innovation and integration to maintain the current level of support and outcomes. In some cases, services may be reduced to a statutory minimum with a clear focus on those in the most need and in some cases stopped altogether in order to balance the budget.

## *Adults*

- 5.10 The service is looking to promote independence for clients through the development of more supported living accommodation and reduction in residential care placements. In addition, an increase in the use of direct payments is being targeted.
- 5.11 A further area identified for savings is commissioning, both through internal team structures (including Children's services and Public Health) and negotiation with suppliers.
- 5.12 Savings are also being sought through:
- Better co-ordination of service provision through social care and health
  - Continuing to manage the impact of demographic growth
  - Improving the recovery of client contributions due to the Council.

## *Children & Young People*

- 5.13 The main areas being considered for savings relate to the provision of Children's Centres and Youth Services. The options range from reviewing the operating model (including management and infrastructure costs) to a reduction in the level of services provided.
- 5.14 Savings are also being sought through:
- Reducing support costs across the department
  - Integration of the Children's Information Service with other customer facing services.

## *Environment & Neighbourhoods*

- 5.15 The areas under consideration to deliver savings are:
- Review of Brent Transport Service as a One Council project
  - Review of the costs of parking enforcement and charges
  - Reductions in sport development work
  - Potential for charging for bulky waste
  - Reduction in school crossing patrols.
- 5.16 The budget for 2015/16 will also be reduced to reflect decisions already taken, including charging for green waste, the re-tender of the parking contract and the cessation of funding for police community support officers.

## *Regeneration & Growth*

- 5.17 The proposals include the renegotiation of the revenues and benefits contract to deliver improved collection rates at reduced costs, savings from re-tendering contracts for supporting people services and the latest assessment of the impact of welfare reform on the temporary accommodation budget.
- 5.18 Other areas under consideration include:

- Reduction in the revenue budget support to regeneration initiatives across the borough
- Development of a single Employment and Skills service
- Reconfiguration of customer services
- Use of reserves rather than ongoing revenue budgets to fund benefits processing work in advance of the implementation of universal credit.

### *Central Departments*

- 5.19 For central departments proposals for savings of 40% are being developed. These will largely be delivered by reductions to staffing levels and also include:
- Pursuing opportunities to share services with other councils
  - A more targeted approach to the provision of support services, based on an assessment of risk
  - Greater reliance on self-service.
- 5.20 Other areas of council-wide spending managed centrally will also be under review including advertising, learning and development and printing.

## **6.0 Schools Budget**

- 6.1 The Schools Budget is funded directly from a Dedicated Schools' Grant (DSG) which is ring-fenced and does not appear as part of the Council's overall budget requirement. Schools are also allowed to build reasonable levels of reserves which are also ring-fenced.
- 6.2 The past two years have seen major reform to the schools' funding system as a result of the government's commitment to simplify this system and work towards a national school fair funding formula with local discretion. No further changes to the national formula are anticipated for 2015/16.
- 6.3 In July 2014, the Department for Education announced additional national funding of £390m for 2015-16 to provide further resources for the least fairly funded local authorities. It is estimated that Brent schools will benefit from this by approximately £11m.
- 6.4 Education funding has been protected since 2010, growing above the rate of inflation, so the sector has had real-terms funding increases whereas the council has had to contend with actual cash cuts. Brent's maintained schools had balances of £17.6m as at 31 March 2014. This was more in aggregate than the council's entire general reserve.
- 6.5 The council works closely with the school sector, as it does with other partners in the NHS, Police and across the public and voluntary sectors. Formal mechanisms exist, summarised below, for this consultation to take place. Increasingly the council will look to identify ways of working jointly with the schools and other sectors to improve service efficiency and address funding inequities.



- 6.6 The council is required to consult the Schools' Forum, which consists of representatives of the different schools sectors and includes head-teachers and governors, on the setting of the Schools' Budget. The Schools' Forum and its sub groups have been considering the funding formula, the funding ratio between primary and secondary sectors, and the options for distributing the additional funding allocated for 2015-16.
- 6.7 Final decisions on the allocation of the Schools Budget will be taken as part of the overall budget process, following the completion of which all maintained schools will have their final budgets confirmed.

## **7.0 Housing Revenue Account**

- 7.1 The Housing Revenue Account (HRA) covers the activities of the Council as landlord for approximately 8,400 dwellings. The HRA is separate from the General Fund and is ring-fenced – i.e. HRA expenditure is met from HRA resources which primarily consist of rent income and not from Council tax or other General Fund resources.
- 7.2 The annual rent increase for Council dwellings takes account of the government's guidelines on social rent policy, which for 2015 is to increase rents by CPI plus 1%. Although the Government has indicated that it expects councils to follow these guidelines there is not currently an absolute obligation to do so. In November 2013, the Council's then Executive agreed a rent policy for 2014-2019 in which for 2015, rents should increase by CPI plus 1% plus £2 (towards convergence) subject to annual approval.
- 7.3 In February 2015 the Cabinet will decide on the rent increase to be applied in 2015/16. The HRA budget will be agreed by Full Council on 2 March 2015 as part of its consideration of the overall Council budget report.

## **8.0 Capital Programme**

- 8.1 The capital programme is a four year rolling programme which is up-dated each year to reflect the priorities set out in the Borough Plan and the asset management priorities. The current capital programme was agreed as part of the overall 2014/15 budget process in March 2014 and has been up-dated to reflect subsequent changes, including accounting for slippage of previous years' spending into 2014/15.
- 8.2 The key challenges for the development of the capital programme are:
- a. To revisit the estimated sources of funding, taking into account the continuing impact of the wider economic activity on other contributions such as levels of developer contributions arising from major development projects.
  - b. To optimise the way that the Council levers in additional funding and maximises the opportunities to enhance the wider value obtained from use of its own assets.
  - c. The ongoing need in particular to provide additional school places across the borough and also to address other demands for capital finance.

- d. To consider how best to facilitate the delivery of housing policy priorities through the flexibilities available through the new HRA financing regime, and to ensure that opportunities to link these to wider regeneration and other priorities are pursued.
- e. In the light of the above to ensure that the up-dated capital programme delivers the Council's key priorities within the resources available.
- 8.3 The capital programme has historically been based on the assumption that a level of new unsupported borrowing will be entered into each year. This is not proposed to be extended beyond the current date of 2016/17.
- 8.4 At a time when revenue resources are falling significantly this would lead to interest costs taking up an increasing share of total revenue resources. Members could decide to reduce that unsupported borrowing as a way of helping to bridge the budget gap in future years. Achieving this would mean either reductions in the capital programme or the identification of additional funding sources other than borrowing that are not already accounted for in the capital programme.
- 8.5 Borrowing levels currently included in the capital programme are set out in table three, below:

Table 3 - Summary of planned future borrowing

	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Unsupported Borrowing	6,801	6,801
Unsupported Borrowing – Self Funded	200	200
Total new borrowing (per annum)	7,001	7,001

- 8.6 The elements of borrowing for which the costs are borne centrally and for which measures could be taken to reduce the revenue budget gap are unsupported borrowing. The borrowing costs from the self funded elements of unsupported borrowing are met from service revenue budgets respectively and reflect committed schemes for which there is budgetary provision.

## **9.0 Timetable**

- 9.1 The key events and dates in the timetable for finalising the 2015/16 budget are:
- the Chancellor's Autumn Statement on 3 December 2014;
  - initial consideration of draft savings proposals by Cabinet on 15 December 2014
  - the release of the Mayor's consultation on the GLA budget mid-December 2014;

- the provisional local government finance settlement, which is expected in week commencing 15 December 2014;
- Scrutiny Committee to review budget proposals on 6 January 2015;
- Local consultation activities during January and February, including five Brent Connects meetings
- the administration's revised draft proposals issued mid-February 2015;
- Cabinet decides budget recommendations to Full Council at its meeting of 23 February 2015;
- GLA budget agreed by 23 February 2015;
- Full Council decides budget on 2 March 2015.

## **10.0 Financial Implications**

- 10.1 The recommendations of this report do not have specific financial consequences at this stage, as the formal decisions on the budget will be taken at later stages. However, the report is entirely concerned with financial implications which have far reaching consequences for the Council's services in future years.

## **11.0 Legal Implications**

- 11.1 The Council's Standing Orders contain detailed rules on the development of the Council's budget. Some elements of these rules are required by the Local Authorities (Standing Orders) (England) Regulations 2001 but a number are locally determined.
- 11.2 In the case of the Council's annual budget, including the capital programme, under Standing Order 24(b) of the Council's Standing Orders as set out in Part 3 of the Council's Constitution, the Cabinet is required under the Constitution to present a report to Full Council setting out the financial position of the Council, financial forecasts for the following year and their expenditure priorities. This report sets out the required information. There will be a debate on the issues raised herein and in the separate report, which will be conducted in accordance with Standing Order 44. This is known as the "First Reading Debate" and this will take place at the Full Council meeting on 8 December 2014.
- 11.3 Following the First Reading Debate, a record of the debate will be sent to the Leader and to the Chair of the Scrutiny Committee. The Scrutiny Committee will meet and produce a report setting out its view of the budget priorities and any other issues it considers relevant. This report will be submitted to each Cabinet Member and each Group Leader in order to inform budget proposal discussions. Prior to being agreed by the Cabinet, the Cabinet's budget proposals will be sent to members of the Scrutiny Committee which will consider the proposals and submit a note of its deliberations and comments on the proposals to the Cabinet. The Cabinet will take into account the issues raised at the First Reading Debate and the note of the deliberations and comments from the Scrutiny Committee in making its budget recommendations to Full Council.

- 11.4 The final proposals will be submitted by the Leader to a special meeting of Full Council for consideration and determination no later than 10<sup>th</sup> March in accordance with Standing Order 34. There is a statutory dispute procedure set out in Standing Order 25 to deal with circumstances where there is a disagreement between the Council and Cabinet on the budget proposals but this only applies where the budget setting meeting takes place before the 8<sup>th</sup> of February.
- 11.5 Further and more detailed legal implications will be provided in the Budget Report which will be submitted to the Full Council for consideration on 2 March 2015 when it sets the Council's Budget for the 2015/16 financial year.

## **12.0 Diversity Implications**

- 12.1 Under the Public Sector Equality Duty (PSED) in the Equality Act 2010, Brent Council is required to pay due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups when making decisions. The PSED supports the council to make decisions in a fair, transparent and accountable way that takes into account the diverse needs of all our local communities. It does not prevent us from making difficult decisions.
- 12.2 The collective savings will have an impact on those vulnerable people who are the greatest users of council services. Officers will conduct rigorous equalities impact analyses of individual budget proposals and also assess their cumulative impact as part of the process, in order to inform the final decision making on the budget.

## **13.0 Background Papers**


Budget Report – Full Council 3 March 2014  
Budget Strategy – Cabinet 13 October 2014  
House of Commons research paper 14/43, September 2014

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 <b>Brent</b>	<p style="text-align: center;"><b>Full Council</b> 8 December 2014</p> <p style="text-align: center;"><b>Report from the Assistant Chief Executive</b></p>
For Action	Wards Affected: ALL
<b>Report from the Chair of the Scrutiny Committee</b>	

## 1.0 Summary

1.1 This report provides a summary of the work of the council's Scrutiny Committee in accordance with Standing Order 14. It covers the period September to November 2014. During this period the Scrutiny Committee has been focused on consolidating the role of the Scrutiny Committee, further developing their work programme and taking forward four time limited task groups.

## 2.0 Detail

2.1 The Scrutiny Committee has formally met on four occasions during the period September to the end of November 2014. Members of the committee have also met informally to discuss the future work programme of the Committee and agree priorities. They have also attended two Member development sessions on questioning skills and scoping effective task groups.

2.2 The Chair and members of the Scrutiny Committee have represented the Council on the West London Joint Health Overview and Scrutiny Committee, which is currently addressing the impact of the 'Shaping a Healthier Future' proposals across the sub-region. The Chair of the Committee is a member of the London Scrutiny Chairs Network and via the networks has contributed to developing their package to Member training and development events. The Network has held discussions on approaches to budget scrutiny used by London boroughs as part of sharing best practice.

### *Scrutiny Committee Meetings.*

2.3 The Scrutiny Committee has met on four occasions during this period. These meetings considered a range of issues in relation to both Council services and those of partner agencies. Following the inspection published in August 2014 by the Care Quality Commission (CQC) of North West London Hospitals Trust, the Scrutiny Committee has twice requested that the Trust and the Clinical Commission Group report back on the actions they are taking to implement the recommendations. The CQC findings highlighted a number of areas, particularly

A&E services and maternity care at Northwick Park which required improvement. Following the closure of the A&E facilities at Central Middlesex the performance at Northwick Park A&E has declined further. The Scrutiny Committee at the time of the closure sought reassurance from health partners that all mitigating actions were in place to enable the closure to go ahead safely, without reduction in service quality to Brent residents. Prior to the closure of the Central Middlesex facility members of the Scrutiny Committee made a site visit to the current A&E Unit at Northwick Park. As part of the site visit they spoke to senior staff and nursing staff within the A&E unit. A second site visit by Scrutiny members has since been made to the new, as yet not operational A&E unit at Northwick Park Hospital.

- 2.4 The Committee has continued to question NWLHT on their plans to improve waiting times, ensure adequate staffing and increase the bed capacity at Northwick Park Hospital. The most recent attendance of the Trust was at the Scrutiny meeting held on 26<sup>th</sup> November 2014.
- 2.5 The Scrutiny Committee have commented on a number of the key strategies currently being development by the council and included items on their agenda covering:-
- Draft School Places Strategy.
  - Draft Employment, Skills and Enterprise Strategy.
  - Response to the impact of the housing benefit cap in Brent.
- 2.6 In response to concerns raised by residents, the Committee requested that the Lead Member for Environment and the Strategic Director attend the September meeting to discuss the new Parking service and visitor permits. The Committee commented on the long call waiting times at the call centre and also older residents' concerns about how to obtain 'virtual' visitor permits. Council policy in this area has since been up-dated to reflect a number of the issues raised by both residents and Members of the Scrutiny Committee.
- 2.7 The October meeting of the Committee received the annual report from the independent Chair of the Local Safeguarding Children's Board.

A copy of the Scrutiny Forward plan is attached (Appendix 1)

#### *Task Group activity*

- 2.8 The Scrutiny Committee has established four time limited task groups during the period. These are looking at:-
- Promoting Electoral Engagement – ensuring residents register to vote following the introduction of Individual Voter Registration.
  - Use of the Pupil Premium – best practice in supporting educational attainment through use of pupil premium funding.
  - Budget Scrutiny task group.
  - Access to GP services and primary care under the Shaping a Healthier Future proposals.

- 2.9 The aim of the Promoting Electoral Engagement task group has been to develop proposals to ensure that all of Brent's residents are successfully transferred onto the new electoral roll. As such, the task group's key outcomes have been:
- To develop a clear and coherent communication strategy for promoting electoral engagement in the borough, with a particular focus on under-represented groups using data to better target engagement;
  - Ensure that the Council and elected members are working with local communities around civic participation and voter registration
  - Harness the expertise of local CVS organisations to reach out to residents;
  - Ensure that most people in the borough are successfully transferred to the new system with a target rate of 95%.
- 2.10 The task group produced an interim report which was positively received by the meeting of the Scrutiny Committee on 11<sup>th</sup> November 2014. Following comments from Scrutiny members, the final report of the electoral engagement task group was indorsed by the Scrutiny Committee on 26<sup>th</sup> November and will now be referred to the Cabinet in the New Year.
- 2.11 To date the task group looking at the use of the pupil premium has been focusing on gathering the national, regional and local picture on the effective use of pupil premium. Firstly meeting with the Director of Brent's Education and Early years; the group has also met with the leading Government and Non Government organisations such as Department for Education (DfE), Achievement for All and the Education Endowment Foundation. The group is due to meet with Ofsted, The Brent partnership and The Brent Schools Forum over the next few weeks.
- 2.12 Using information provided by the DfE the task group met with the Director of Education at LB Lambeth to look at examples of good practise and have meetings provisionally booked with LB Hackney and LB Lewisham. The next step of the task group's work is to visit a sample group of Brent schools and to consult with Brent stakeholders. There are discussion meetings set up with Brent School Governors, Parent groups and the Brent Youth Parliament which will take place during December. A sample group of 10 Brent Primary and Secondary Schools will be visited before the Christmas break, the task group will be speaking to Teaching staff, governor and children from each of these schools.
- 2.13 The Budget task group has held a series of meetings with Strategic Directors and Finance. These meetings have focused on the current budget and service pressures affecting departments and the consequences of the increase in population and demand. The have discussed the potential opportunities for collaborative working to reduce costs and ways to increase income levels. The task group has received an update on the One Council programme and the approach to realising savings through transformational change projects. Following the publication of the council's budget the task group will be meeting in December and will make a report back to the February 2014 meeting of the Scrutiny Committee.
- 2.14 The health task group on access to GP services is in its early stages and has agreed the scope. So far it has held discussions with Brent Clinical

Commissioning Group on their strategic approach to developing GP Hubs and networks and has also heard from a number of Brent GP's on their experiences.

2.15 The next meeting of the Scrutiny Committee will take place on 6<sup>th</sup> January 2014 when the committee will be considering the work of the Safer Brent Partnership with regard to community safety in the borough.

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**Scrutiny Committee  
Forward Plan 2014/15**

<b>Date of Committee</b>	<b>Agenda items</b>	<b>Responsible officers</b>
Wednesday 26 <sup>th</sup> November 2014	<ul style="list-style-type: none"> <li>• Maternity Services at Northwick Park</li> <li>• Progress on response to CQC inspection</li> <li>• Proposals for services at Central Middlesex Hospital</li>   <li>• Final report of the Promoting Electoral Registration task group</li> </ul>	<p>North West London Hospital's Trust and CCG.</p> <p>Chair of Task group and Cathy Tyson, Head of Policy and Scrutiny.</p>
Tuesday 6 January 2015	<ul style="list-style-type: none"> <li>• Safer Brent Partnership – update on progress. (request to include specific report on the implementation of Prevent)</li>   <li>• Voluntary Sector initiatives</li>   <li>• Report from the Budget Scrutiny Panel</li> </ul>	<p>Borough Commander Met Police Christine Gilbert, Chair of Safer Brent Partnership, Chris Williams, Head of Community Safety.</p> <p>Ben Spinks, Assistant Chief Executive.</p> <p>Chair of Task group</p>
Tuesday 10 February 2015	<ul style="list-style-type: none"> <li>• Education Commission – 6<sup>th</sup> month Update on implementation of Action Plan</li>   <li>• Update on Working with Families project and children's social care</li> <li>• Future of inpatient mental health services in Brent</li>   <li>• Use of Pupil Premium – Task group report</li> </ul>	<p>Gail Tolley, Strategic Director Children and Young People.</p> <p>Chair of task groups</p>

Date of Committee	Agenda items	Responsible officers
Wednesday 11 March 2015	<ul style="list-style-type: none"> <li>• Customer Access Strategy</li> <li>• Housing pressures within Brent.</li> <li>• Work programme providers and Job Centre Plus</li> <li>• Equalities and HR practices</li> </ul>	<p>Andy Donald, Strategic Director of Regeneration and Growth</p> <p>Cara Davani, Director of HR</p>
Thursday 30 April 2015	<ul style="list-style-type: none"> <li>• Annual report of Scrutiny Committee</li> <li>• Sustainability agenda – Recycling, CO2 emissions, cycling, congestion and air quality.</li> <li>• Local Government ombudsman complaints and corporate complaints.</li> </ul>	<p>Cathy Tyson, Head of Policy and Scrutiny</p> <p>Sue Harper, Strategic Director Environment and Neighbourhoods.</p>
Tuesday 16 June 2015	<ul style="list-style-type: none"> <li>• Access to affordable childcare.</li> <li>• Paediatric Services in Brent.</li> <li>• Public Health – priorities and progress.</li> </ul>	<p>Sara Williams, Operational Director Early Help and Education.</p> <p>Northwest London Hospitals Trust, Brent Clinical Commissioning Group.</p> <p>Melanie Smith, Director of Public Health</p>
Wednesday 8 July 2015		

 <p><b>Brent</b></p>	<p align="center"><b>Full Council</b> 08 December 2014</p> <p align="center"><b>Report from the Chief Finance Officer</b></p>
<p align="right">Wards Affected: ALL</p>	
<p><b>2014/15 Mid-Year Treasury Report</b></p>	

**1. SUMMARY**

- 1.1 This report updates Members on treasury activity during the 2014/15 financial year.

**2. RECOMMENDATION**

- 2.1 That Council considers the 2014/15 mid-year Treasury report, which has also been presented to the Audit Committee and the Cabinet.

**3. DETAIL**

**BACKGROUND**

- 3.1 The Council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management ("the Code"), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
- 3.2 The Council has borrowed money over the long term to support investment in the Council's infrastructure and also invests balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

**ECONOMIC BACKGROUND**

- 3.3 Growth in the UK continues, with unemployment falling and inflation remaining below the Monetary Policy Committee's (MPC) target. However, growth is not felt to be robust, as real pay is still not increasing, productivity shows no sign of rising and the balance of payments remains high by historical standards. Outside of the UK growth is still erratic in the US and the Eurozone is struggling to grow at all, with the malaise now having spread to the core economies. Doubts remain over the path of the Chinese economy and geopolitical risk has increased significantly over the last year.

- 3.4 Gilt yields (the rate of interest on UK government borrowing) fluctuated in response to events for the first half of the year. In the United States the Federal Reserve continued to withdraw Quantitative Easing, but other events have produced downward pressure over the spring and summer. The movement in rates at which local authorities can borrow from the Public Works Loans Board (PWLB) is set out in the table below:

Period	31 March 2014	1 September 2014
1 year	1.3%	1.3%
5 year	2.8%	2.6%
10 year	3.7%	3.2%

- 3.5 The interest rate that the Council receives on money market deposits has risen gradually for deposits of between 1-12 months. Rates range from 0.35% at the shortest maturities to a little below 1% for one year.

#### DEBT MANAGEMENT

- 3.6 The Authority continues to qualify for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate). This is reviewed on an annual basis and has been confirmed as applying until 31 October 2014.
- 3.7 Alternative sources of long term funding to long-dated PWLB borrowing are available, but the Council will continue to adopt a cautious and considered approach to funding from the capital markets as the affordability, simplicity and ease of dealing with the PWLB represents a strong advantage. No loans have been raised so far this year as is shown in the table below and only Equal Instalment of Premium (EIP) amounts maturing have been repaid:

	Balance on 01/04/2014 £m	Debt Repaid £m	New Borrowing £m	Balance on 01/09/2014 £m
Long Term Borrowing	428.0	1.6	0.0	426.4
Average Rate %	4.69			4.70

- 3.8 At 1 September 2014 the Council had £426 million of long-term borrowing, to finance its previous years' capital programmes. With short-term interest rates being much lower than long-term rates, it continues to be more cost effective in the short-term to use internal resources, rather than undertake further long-term borrowing. By doing so, the Council is able to minimise net borrowing costs and reduce overall treasury risk.
- 3.9 The Treasury Management Strategy approved by the Council in March 2014 includes provision for borrowing to progress towards CFR over a period of 2 – 3 years. The rate of progress will depend on the perceived risks of lending surplus cash, the Council's cash flow and the prospective path of interest rates. Any borrowing options will continue to be assessed in conjunction with the Council's treasury advisor, Arlingclose.
- 3.10 No debt rescheduling has been undertaken in during the financial year as present discount rates make the costs involved unattractive.

#### INVESTMENT ACTIVITY

- 3.11 The Council gives priority to security and liquidity and aims to achieve a yield commensurate with these principles.

	Balance on	Investments	Investments	Balance on
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	01/04/2014 £m	Made £m	Repaid £m	1/09/2014 £m
Short Term Investments	110.7	615.1	561.8	164.0

- 3.12 Security of capital has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2014/15. New investments were made with the following classes of institutions:

A- rated banks;  
AAA rated Money Market Funds;  
Other Local Authorities;  
The UK Debt Management Office.

- 3.13 Counterparty credit quality was assessed and monitored with reference to Credit Ratings (the Council's minimum long-term counterparty rating of A- (or equivalent) across rating agencies Fitch, Standard & Poors and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms; potential support from a well-resourced parent institution; share price.

#### **BUDGETED INCOME AND OUTTURN**

- 3.14 The Council's financing charges budget for the year is £26.3m, net of investment income of £0.6m and the latest estimate is that the Council will achieve this figure. The average cash balances, representing the Council's reserves and working balances, were £158m during the period, though the average for the whole year will be less than this because substantial government grants were received in April.

#### **ICELANDIC BANK INVESTMENT UPDATE**

##### **Glitnir**

- 3.15 On 16 March 2012 the Council received £4m of its original £5m deposit. A further £1m remains in a ring-fenced account in Icelandic Krone, pending a decision of the Icelandic Central Bank to enable its return. At present the residual deposit is earning interest although the final sum returned to the Council will be affected by currency movements.

##### **Heritable**

- 3.16 The Council's last receipt was £1.7m in August 2013, which means that only £0.6m of the original £10m deposit now remains outstanding. It is anticipated that a further distribution will be made during the autumn, although there is no indication as to likely amount or date.

#### **COMPLIANCE WITH PRUDENTIAL INDICATORS**

- 3.17 Officers confirm that they have complied with its Prudential Indicators for 2014/15, which were set in March 2014 as part of the Council's Treasury Management Strategy Statement (TMSS). Details can be found in Appendix 1.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The report confirms that the Council's treasury management activity during the current financial year has been in accordance with the strategy and budget approved by the Council in 2014/15.

- 4.2 Opportunities to minimise current and longer-term costs will continue to be sought, commensurate with the overriding need to safeguard the Council's resources.

## **5 DIVERSITY IMPLICATIONS**

- 5.1 No specific implications arising from this report.

## **6 STAFFING IMPLICATIONS**

- 6.1 No specific implications arising from this report.

## **7 LEGAL IMPLICATIONS**

- 7.1 Under section 12 of the Local Government Act 2003, a local authority may invest:  
(a) for any purpose relevant to its functions under any enactment, or  
(b) for the purposes of the prudent management of its financial affairs.
- 7.2 Under section 15(1) of the Local Government Act 2003, when carrying out its functions under Chapter 1 of the 2003 Act in relation to capital finance, a local authority shall have regard to such guidance as the Secretary of State may issue and such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.
- 7.3 Under sections 3 (in relation to the Council's borrowing powers) and 15 (in relation to the Council's investment powers) of the 2003 Act, "The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003" (Statutory Instrument - SI: 3146/2003) were laid in Parliament and these regulations set out the limits, controls and powers in relation to borrowing and investments by local authorities. These regulations also require local authorities to have regard to the CIPFA Prudential Code for Capital Finance and have regard to the "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", which are also published by the CIPFA.
- 7.4 The CIPFA Treasury Management Code of Practice recommends that local authorities receive reports on its treasury management policies and activities, including, as a minimum, an annual strategy. Under Table 3 in Part 4 of the Council's Constitution (Functions not to be the sole responsibility of the Executive), the Cabinet is responsible for formulating or preparing the plans listed in that Table and then submitting them to the Full Council for consideration and adoption or approval. Those plans include, amongst others, "A plan or strategy for the control of the authority's borrowing investments or capital expenditure or for determining the authority's minimum revenue provisions".

## **8 BACKGROUND**

Annual Treasury Strategy – Report to Full Council as part of the Budget Report – March 2014.

## **9. CONTACT OFFICER**

Mick Bowden, Tel: 020 8937 1460, [mick.bowden@brent.gov.uk](mailto:mick.bowden@brent.gov.uk)

CONRAD HALL  
Chief Finance Officer

## Appendix 1

### Prudential Indicator Compliance

#### Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Council to set an Authorised Borrowing Limit. This is a statutory limit which should not be breached. The Council's Authorised Borrowing Limit was set at £790m for 2014/15. The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The Operational Boundary for 2014/15 was set at £690m. The Chief Finance Officer confirms that there were no breaches to the Authorised Limit or the Operational Boundary so far this year; borrowing at its peak was £428m.

#### Upper Limits for Fixed Interest Rate and Variable Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2014/15	Maximum during 2014/15
Upper Limit for Fixed Rate Exposure	100%	100%
Upper Limit for Variable Rate Exposure	40%	0%

#### Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. As is now normal practice, debt which has an option to recall debt or change the rate is shown at the earliest date on which the option can be exercised

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 1/09/14 £m	% Fixed Rate Borrowing as at 30/09/14	Compliance with Set Limits?
Under 12 months	40	0	19	5	Yes
12 months and within 24 months	20	0	50	12	Yes
24 months and within 5 years	20	0	43	10	Yes
5 years and within 10 years	60	0	25	6	Yes
10 years and above	100	0	289	67	Yes

#### Net Debt and the Capital Finance Requirement

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Authority should ensure that the net external borrowing does not exceed the total of the CFR in the preceding year plus the estimates of any additional increases to the CFR for the current and next two financial years.

The Authority had no difficulty meeting this requirement so far in 2014/15, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### **Total principal sums invested for periods longer than 364 days**

This indicator allows the Council to manage the risk inherent in investments longer than 364 days.

The limit for 2014/15 was set at £20m. A deposit of £5m was made with another local authority for 18 months, but this is now less than a year to maturity. At 1 September 2014, the last maturity date in the deposits portfolio was 28 August 2015.

### **Credit Risk**

This indicator has been incorporated to review the Council's approach to credit risk. The Council confirms it considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not the sole feature in the Authority's assessment of counterparty credit risk. The authority considers the following tools to assess credit risk, with advice and support from our advisers, Arlingclose:

- Published credit ratings of the financial institution and its sovereign;
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum.

The Council can confirm that all investments were made in line with a minimum long term credit rating of A- or equivalent, as set in the 2014/15 TMSS.

### **HRA Limit on Indebtedness**

This purpose of this indicator is for the Council to report on the level of the limit imposed at the time of implementation of self-financing by the Department for Communities and Local Government.

HRA Limit on Indebtedness	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/2016 Estimate £m	31/03/2017 Estimate £m
HRA CFR	137	137	137	137
HRA Debt Cap (as prescribed by CLG)	199	199	199	199
Difference	62	62	62	62