Public Document Pack

Cabinet

Monday 15 January 2024 at 10.00 am
Conference Hall - Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

Please note this will be held as a physical meeting which all Cabinet members will be required to attend in person.

The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available [HERE](#)

Membership:

Lead Member Councillors:	**Portfolio**
M Butt (Chair)	Leader of the Council
Tatler (Vice-Chair)	Deputy Leader, Cabinet Member for Finance, Resources & Reform and Cabinet Member for Regeneration, Planning & Growth
Donnelly-Jackson	Cabinet Member for Customers, Communities & Culture
Farah	Cabinet Member for Safer Communities & Public Protection
Grahl	Cabinet Member for Children, Young People & Schools
Knight	Cabinet Member for Housing, Homelessness & Renters Security
Nerva	Cabinet Member for Public Health & Adult Social Care
Krupa Sheth	Cabinet Member for Environment, Infrastructure and Climate Action

For further information contact: James Kinsella, Governance Manager, Tel: 020 8937 2063; Email: james.kinsella@brent.gov.uk

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Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.
(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
(d) **Land -** Any beneficial interest in land which is within the council's area.
(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.
(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

	All Wards	Member for Finance, Resources and Reform (Councillor Shama Tatler) **Contact Officer**: Minesh Patel, Corporate Director Finance and Resources Tel: 020 8937 4043 minesh.patel@brent.gov.uk	
8	**Treasury Management mid-year report 2023/24**		67 - 84

This report updates Members on Treasury activity for the first half of the financial year 2023-24.

Members are asked to note that the report has also been subject to consideration and review by the Audit & Standards Advisory Committee on Wednesday 6 December 2023.

Ward Affected: All Wards	**Lead Member**: Deputy Leader and Cabinet Member for Finance, Resources and Reform (Councillor Shama Tatler) **Contact Officer**: Amanda Healy, Head of Finance Tel: 020 8937 5912 Amanda.Healy@brent.gov.uk

Finance & Resources and Children and Young People reports

9	**Acquisition of a property in Wembley for the Brent Childrens Care Home Project**	85 - 92

This report seeks approval, in accordance with the Council's Property Standing Orders for the acquisition of a property as part of the Children's Residential Home Project.

Ward Affected: Barnhill	**Lead Member**: Cabinet Member for Children, Young People & Schools (Councillor Gwen Grahl) **Contact Officer(s)**: Michelle Gwyther, Head of Forward Planning Performance and Partnerships Tel: 020 8937 2499 Michelle.Gwyther@brent.gov.uk and Jas Yembra, Capital Project Manager Tel: 020 8937 2379 Jas.Yembra@brent.gov.uk

Resident Services reports

10	**Northwick Park Public Mortuary Expansion Business Case**	93 - 104

This report sets out and seeks approval of the business case to support the expansion of Brent Mortuary on its existing site at Northwick Park Hospital.

Ward Affected: Northwick Park	**Lead Member**: Cabinet Member for Environment, Infrastructure & Climate Action (Councillor Krupa Sheth) **Contact Officer**: Neil Martin, Head of Capital Programmes Tel: 020 8937 4203 neil.martin@brent.gov.uk and Jon Gardner, Head of Mortuary and Bereavement Operations Tel: 020 8937 6603 jon.gardner@brent.gov.uk

11 Exclusion of Press and Public

The following item(s) are not for publication as they relate to the following category of exempt information set out below, as specified under Part 1 Schedule 12A of the Local Government Act 1972:

Agenda Item 9:	Acquisition of a property in Wembley for the Brent Childrens Care Home Project – Appendix 1 (Purchase Cost) This appendix has been classified as exempt under Paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

12 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Chief Executive and Member Services or their representative before the meeting in accordance with Standing Order 60.

Date of the next meeting: **Monday 5 February 2024**

- Please remember to set 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. Alternatively, it will be possible to follow proceedings via the live webcast **HERE**

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Brent

LONDON BOROUGH OF BRENT

MINUTES OF THE CABINET
Held in the Conference Hall, Brent Civic Centre on Monday 11 December 2023 at 10.00 am

PRESENT: Councillor M Butt (Chair), Councillor Tatler (Vice-Chair) and Councillors Donnelly-Jackson, Farah, Grahl, Knight, Nerva and Krupa Sheth.

Also present: Councillor Georgiou.

1. **Apologies for Absence**

None received.

In welcoming everyone, Councillor Muhammed Butt (as Leader of the Council) took the opportunity to formally welcome Alice Lester to the meeting as newly appointed Interim Corporate Director of Communities & Regeneration.

2. **Declarations of Interest**

No declarations of interest were made at the meeting.

3. **Minutes of the Previous Meeting**

Cabinet **RESOLVED** that the minutes of the previous meeting held on Thursday 16 November 2023 be approved as a correct record.

4. **Matters Arising (if any)**

None.

5. **Petitions (if any)**

5.1 Planting of Additional Trees Along Bathurst Gardens

Councillor Muhammed Butt (as Leader of the Council) welcomed Naeema Hasan to the meeting, who had been invited to speak in support of a petition containing 58 signatures from local residents requesting the planting of additional trees along Bathurst Gardens. In welcoming the opportunity to speak on behalf of local residents, Naeema Hasan began by outlining what were felt to be the significant benefits provided by trees located within residential areas, which included improved air quality, improved energy conservation and most importantly improving the mental health and wellbeing of local residents.

In emphasising the disparity of tree coverage between Bathurst Gardens and neighbouring streets Naeema Hasan advised that, whilst being one of the longest streets in the local area, Bathurst Gardens was an outlier in terms of the number of trees containing only 12. This number compared to 48 trees on Clifford Gardens, 43 on Leigh Gardens, 37 on Buchanan Gardens, 51 on Palermo Road and 17 on College Road (between Mortimer Road and Purves Road). As an additional contribution in support of the comments raised, a further local resident (Arun Kumar) also spoke to highlight the number of mature trees which had been lost and not replaced over the years as a further contributory factor with the petitioners, as a result, calling on the Council to consider the planting of more tress along Bathurst Gardens.

In responding, Councillor Krupa Sheth (as Cabinet Member for Environment, Infrastructure & Climate Action) began by thanking Naeema Hasan for attending the meeting to present the petition on behalf of local residents. In highlighting the challenging nature of the financial position faced by the Council she advised that whilst unable to commit any core budget for the provision of new trees she would be willing, in response to the petition, to facilitate a meeting between local residents, ward councillors and the Council's Principal Landscape Architect in order to explore the alternative options available. This was in view of the need, given the resource pressures identified, for tree planting projects of the type being sought to be supported through external funding with the officer identified having already indicated he would be willing to meet with residents from Bathurst Gardens in order to consider the potential options available to seek funding for such a scheme. In concluding her response, Councillor Krupa Sheth reiterated her willingness to facilitate such a meeting in order to explore all available options.

5.2 Special Educational Needs and Disability School Transport

Councillor Muhammed Butt (as Leader of the Council) then moved on to welcome Zaynab Alfadhi to the meeting, who had been invited to speak in support of a separate petition containing 123 signatures regarding the arrangements for the provision of Special Educational Needs and Disability (SEND) school transport within Brent. In addressing Cabinet, Zaynab Alfadhi began by explaining that she was a resident of Brent and the parent of a child with special educational needs attending a special school in Brent. In presenting the petition she confirmed she would also be representing the families of other children with SEND across the borough in seeking to raise concerns, which had been ongoing for a number of years, regarding the provision of SEND transport as the service was not felt to be meeting the needs of children and young people or their families.

In highlighting the reliance of both her and many other families on the service, it was felt that the Council needed to take action in order to address the level of concern being raised, especially in relation to the impact of extended journey times, recognising the Council's duty of care and need to safeguard the wellbeing of the children currently impacted by the quality of service. Specific examples were provided about the type of issues being experienced and distress being caused as a result of the current standard of service and length of journey times, with concerns also raised about the lack of special educational needs provision in the borough and extended journey times for those having to travel outside of Brent to access suitable specialist educational provision, which meant they were often outside of the recommended travel time for primary and secondary school aged children. It was pointed out that these issues had been compounded by the increased number of children included on each route as well as other external factors such as traffic delays and roadworks.

In outlining concerns regarding the increase in journey times being experienced by many service users, Zaynab Alfadhi also highlighted the impact from an educational and family perspective not only in terms of time being lost at school and at home, but also as a result of the associated behavioural impact on the children and young people created by the anxiety and stress due to the lack of routine and stability. In concluding, members were therefore urged to review the current level of SEND transport service provision, in light of the concerns highlighted, in order to ensure that sufficient and better managed routes were provided with additional transport and less children on each route that would not only assist to reduce journey times but also better reflect the level of service required by vulnerable children and young people with SEND and their families in Brent.

In responding, Councillor Krupa Sheth (Cabinet Member for Environment, Infrastructure and Climate Action) thanked Zaynab Alfadhi for attending the meeting in order to highlight the issues raised and began by outlining how seriously the Council took its responsibility in safeguarding the wellbeing of children and young people with special educational needs and disabilities. In highlighting the process undertaken to plan each route, which involved the use of specialist software as well as local knowledge, Councillor Krupa Sheth outlined how these measures were designed to ensure sufficient capacity that not only met the needs of the children using the service but also the necessary obligations in relation to journey times within the constraints of the resources available.

In highlighting the range of external factors outside the direct influence of the service that also needed to be taken into account in terms of journey times, such as traffic congestion and delays in children being ready to board a vehicle on time, the number of pick-ups on any specific route was also recognised as a factor influencing total journey times with the planning and implementation of routes being monitored to ensure that, where identified as necessary, adjustments could be made taking account of the need to ensure the most efficient use of resources. Whilst often a difficult balance to achieve, Councillor Krupa Sheth ended by seeking to reassure the petitioners of the Council’s commitment to continue monitoring provision of SEND school transport in order to ensure the delivery of a good quality service and journey times were kept to a minimum as a key priority for those relying on the service.

In commenting further, Councillor Grahl (as Cabinet Member for Children, Young People and Schools) also recognised the wider concerns raised regarding the provision of SEND places within Brent, highlighting the investment which had been provided as a result by the Council to provide over 400 new SEND school places in the borough. Whilst recognising that this would not necessarily improve the situation for all families who had supported the petition, Councillor Grahl felt that this would be an important measure to assist in extending the support available for children with SEND in accessing more local provision with both her and Councillor Krupa Sheth advising they would also be willing to meet with the petitioners separately in order to discuss any further concerns or support required.

In concluding consideration of the petition, Councillor Muhammed Butt (as Leader of the Council) advised that Cabinet had recognised the importance of the issues raised which would continue to be kept under review in order to identify any further actions or improvements that could be made as part of the Council's commitment to the welfare of every child in Brent.

6. **Reference of item considered by Scrutiny Committees (if any)**

There were no references from the Community & Wellbeing or Resources & Public Realm Scrutiny Committees submitted for consideration at the meeting.

7. **Affordable Housing Supply update 2023**

Councillor Knight (as Cabinet Member for Housing, Homelessness and Renters Security) introduced a report providing an overview on progress against the Council's target in relation to the delivery of affordable homes in the borough and outlining specific decisions required for schemes being delivered through the New Council Homes Programme or other regeneration schemes.

In considering the report members, whilst commending the progress made to date in terms of delivery against the target for provision of new affordable homes across the borough by 2028, also recognised the significant nature of the financial and economic challenges identified in relation to ongoing delivery of the programme and associated impact on the viability of a number of schemes. As a result, whilst the delivery of the target remained on track, Cabinet was advised of the need to further prioritise which sites continued to be taken forward in order to not only address housing need but also benefit the wider community and the strategic priorities of the Council.

Members noted the updates provided in relation to the schemes being delivered by the Council, including the proposal to prioritise delivery of the Church End scheme given its impact as a catalyst for wider regeneration in that area, and measures introduced to manage delivery of schemes on site within the New Council Homes Programme designed to mitigate against delays (where identified) and the associated financial implications and risks to the Council. In terms of Phase 2 of the New Council House Programme, members welcomed the agreement obtained from the GLA to roll the Kilburn Square scheme into the new grant programme and whilst keen to support ongoing delivery noted that this would only be possible should the current viability gap be removed. In considering the wider updates provided, Cabinet also expressed support for the work being undertaken in an attempt to address the pressures and increase the supply of temporary accommodation in response to the high level of demand being created by the current increase in homeless households, including the further budget of £52.7m identified for an additional acquisition programme and the potential use of void properties as part of the South Kilburn regeneration programme, on which additional legal advice had been incorporated within a republished version of the Cabinet report.

Members took the opportunity to thank officers for their efforts in seeking to progress delivery of the target for new Affordable Housing, given the extent of the current economic, financial and wider political challenges faced recognising the importance of the work being undertaken to maximise the opportunities available given the ongoing housing crisis and significant increase in households currently presenting as homeless on a weekly basis. Whilst expressing disappointment that it had not been possible to progress the Moreland Gardens scheme, including the provision of the Adult Education Centre, members recognised the pressures which had meant the scheme had no longer been assessed as viable to proceed. The quality of the new build schemes which it had been possible to deliver was, however, welcomed along with the support being provided to protect tenants (including introduction of the selective landlord licensing scheme in the private rented sector) and in seeking to support those households at risk of homelessness which it was felt contrasted with the approach and support being made available through central government and delay in progressing the Renters Reform Bill.

In recognising the extent of the challenges identified, Cabinet ended by once again highlighting their ongoing commitment to delivery of new and affordable housing across the borough with members supportive of the efforts being made to progress delivery of the programme in as prudent a way as possible, despite the significant financial pressures identified, with all involved thanked for their efforts in seeking to establish a viable way forward whilst also supporting those tenants and residents most at risk.

In supporting the approach outlined and having noted the exempt information contained in Appendix 1 of the report Cabinet **RESOLVED**:

(1) To agree to award the Main works contract to Wates for the delivery of Church End including 99 homes and a new market square for the value set out in Recommendation 1 of Appendix 1 of the report (which contained exempt information).

(2) To note the challenges set out regarding the delivery of Morland Gardens in paragraph 5.3 – 5.10 of the report and agree for officers to develop an alternative site strategy for future consideration by Cabinet.

(3) To approve, that if necessary, the Council consult on ending the South Kilburn Promise (Landlord Offer) for new temporary accommodation households and the use of voids properties identified on the South Kilburn regeneration area for temporary accommodation, noting the legal considerations around consultation set out in Section 8 of the report.

(4) To note the updated programme budget for the New Council Homes Programme of £495.5m and approve the use of usable Capital reserves to fund this.

(5) To agree to wave the delegated authority limits to enable the Corporate Director of Resident Services in consultation with the Corporate Director of Finance and Resources to agree the terms of the lease and thereafter enter into and complete on a 5-year leasing arrangement with the developer for the new build scheme at Manor Park Road, Harlesden NW10 4JJ for use as emergency and settled temporary accommodation, as set out in Section 6 of the report and where necessary make any further amendments as and when required.

(6) To approve an acquisitions budget of £52.7m to address the acute housing and temporary accommodation needs and challenges. This is in addition to any acquisitions already approved by Cabinet.

(7) To agree for a new delegation to the Corporate Director of Resident Services in consultation with the Corporate Director of Finance and Resources, to acquire 133 homes from the open market (including both freehold and leasehold acquisitions) such delegation to include negotiating and approving the terms of any freehold or leasehold acquisitions and thereafter entering into the relevant transactional documents to address the acute housing and temporary accommodation needs in line with approach set out in Section 11 and Appendix 1 (containing exempt information) of the report, which is in addition to those acquisitions already approved by Cabinet.

8. **Air Quality Action Plan Adoption**

Councillor Krupa Sheth (Cabinet Member for Environment. Infrastructure and Climate Action) introduced a report setting out for adoption Brent's Air Quality Action Plan 2023 – 27.

In considering the report, members began by recognising the significant problems created by air pollution and commitment to taking action to improve air quality and raise awareness of its impact, particularly on the most vulnerable residents. In order to focus these efforts, Cabinet was advised that the 2023-27 Air Quality Action Plan contained 37 measures designed (working in partnership with key stakeholders) to reduce levels of the main air pollutants. These measure included 16 priority actions developed, following an extensive community outreach and consultation process, under 5 main themes as detailed within the Action Plan included as Appendix A to the main report, with the core aims being to reduce pollution concentrations as quickly as possible (striving to meet World Health Organisation guidelines); to raise awareness of the health impacts of air pollution and address health inequalities; and to influence change leading by example and working with strategic partners.

Members were advised that the updated Air Quality Action Plan had been approved by the GLA and had also been subject to detailed consideration by the Health and Wellbeing Board (HWB) in October 2023, with the actions identified to improve air quality also supporting a range of key Council policies within the Borough Plan, Inclusive Growth Strategy, Joint Health and Wellbeing Strategy, Brent's Long Term Transport Strategy, Local Plan and Climate and Ecological Emergency Strategy.

In recognising the action being taken to reduce air pollution and improve air quality as critical to addressing wider inequalities and improving the health and wellbeing for communities across Brent, members thanked officers for the work undertaken to develop the Action Plan and welcomed the engagement with health partners through the HWB in reinforcing their key role in supporting delivery of the key measures, on which it was noted implementation which would continue to be monitored. Whilst highlighting the need for significant Government investment to support the action required it was felt the approach adopted by the Council within the Action Plan demonstrated the positive impact that could be made locally in seeking to improve air quality and raise awareness of the associated health impacts with reference made to various initiatives such as the introduction of Green Neighbourhoods, programme of School Streets schemes and ongoing work to discourage engine idling around schools, delivery of electric vehicle charging infrastructure and work to lobby for and encourage a wider programme of active travel including walking and cycling routes with partners such as TfL. Members also recognised the coordinated nature of the wider strategic approach being developed which included, as an example, use of relevant planning policies and Brent's Sustainable Environment and Development Supplementary Planning Document.

Members also commended the extent of community engagement and consultation undertaken in seeking to inform development of the updated Action Plan (as detailed in section 4 of the report) which it was noted had been designed to ensure the core aims and actions clearly reflected resident priorities.

Having recognised the importance in seeking to improve air quality and reduce pollution across the borough as a means of addressing the associated health and wellbeing and wider environmental impacts and supporting the extension of Brent's Air Quality Management Area to cover the entire borough, Cabinet **RESOLVED**:

(1) To note and endorse for adoption the Air Quality Action Plan (2023-2027) and actions.

(2) To agree the Action Plan can be published as final (as detailed within Appendix A of the report).

(3) To approve the Air Quality Management Area Order (as detailed within Appendix E of the report).

9. **Corporate Performance Q1 and Q2 2023/24 Performance Report**

Councillor Muhammed Butt (as Leader of the Council) introduced a report, which provided Cabinet with an overview of corporate performance in the first and second quarter of 2023-24.

In presenting the report, the Leader advised that the performance monitoring update represented the first detailed assessment against the full suite of Key Performance Indicators developed to monitor delivery of the desired outcomes and corporate priorities within the new Borough Plan 2023-2027.

In noting the performance monitoring updates and commentary provided within the report, members also recognised the actions being undertaken to address current performance in relation to those targets rated as "red", particularly in relation to the corporate priority "Prosperity and Stability in Brent". Members were also keen to recognise the efforts being made to ensure the continued delivery of services and work being undertaken jointly by Cabinet Members with their relevant Corporate Directors, in seeking to manage and mitigate against the financial challenges and strategic risks identified as part of the overall wider approach towards supporting local residents and in support of the priorities within the Borough Plan.

As a result, Cabinet **RESOLVED** to:

(1) To note the Borough Plan 2023/24 performance reporting for Q1-Q2 as set out in section 3.2 and Appendix A of the report.

(2) To note the current and future strategic risks associated with the information provided and agree the remedial actions on strategic risks identified as

appropriate alongside the challenge on progress being provided with responsible officers as necessary.

10. **Uncollectable Debt Write-off**

Councillor Donnelly-Jackson (as Cabinet member for Customers, Communities & Culture) introduced a report which, in accordance with Financial Regulations, provided details on those debts above £20,000 relating to Council Tax, sundry debts, Adult Social Care client contributions and Housing Benefit overpayments which had been written-off as unrecoverable covering the period 1 April 2023 – 30 September 2023.

In considering the report Cabinet noted the recovery action taken as a means of seeking to protect the Council's financial position prior to any debt being considered for write-off which also complied with the Council's Ethical Debt Recovery Policy and Write Off procedure.

Having reviewed the exempt information contained within Appendix 1 of the report relating to the individual debt write-offs Cabinet **RESOLVED** to note the debt written off as listed within Appendix 1 of the report (totalling £1,266,816.53).

11. **Authority to Award Contracts for the Purchase of Gas and Electricity (October 2024 to September 2028)**

Councillor Tatler (as Deputy Leader and Cabinet Member for Finance, Resources and Reform) introduced a report seeking approval to award a four-year contract for the supply of gas and electricity to the Council via the LASER Energy Framework to cover the period 1 October 2024 – 30 September 2028.

In considering the report, Cabinet was advised that the recommendation to continue use of the LASER Energy Framework for the supply of energy to Council corporate buildings, street lighting, communal housing areas and a number of Brent Schools had followed an independent review of the Council's energy procurement strategy and ability of LASER as an energy buying organisation to secure value for money. In noting that the review had identified the procurement strategy as remaining fit for purpose and achieving prices significantly better than market average as well as offering a range of additional services of value to the Council, members were also keen to recognise the way in which the strategy had been designed to mitigate against the risk of further energy price rises in the short-medium term in order to secure consistency and achieve significant cost avoidance.

In supporting the recommended approach outlined in terms of the procurement strategy and award of contracts, members welcomed the benefits identified in relation to the cost effective nature of the energy being provided for many Council facilities, including schools, as well as the continuation of the Council's active engagement in the work stream to increase the procurement of renewable sources of energy.

Having reviewed the exempt information contained within Appendices B and C of the report Cabinet therefore **RESOLVED**:

(1) To approve entry into an Access Agreement with Kent County Council trading as LASER Energy to enable participation and purchase of gas and electricity from their frameworks referenced in section 1.1 and 1.2 of the report.

(2) To approve the award of call-off contracts for the period of four (4) years via the two previously mentioned frameworks to Total Energies and Npower for the supply of gas and electricity to the Council, including corporate buildings, streetlights, housing estates' communal areas and gas to a heat network, and Borough schools who contract for energy through the Council.

(3) To approve the utilisation of a Purchase In Advance (PIA) energy buying strategy to be undertaken by LASER Energy on behalf of the Council and other contracting authorities who purchase energy through the frameworks.

(4) To approve the utilisation where applicable of a 'Fully Managed service (FM)' from LASER Energy as opposed to a 'Procurement Only Service Option (POSO)'.

(5) To note that, as a key part of the Council's commitment to net zero by 2030, the key objective to procure green energy had been addressed in section 8 of the report, via a 'Green Tariff' (REGOs), the 'Green Basket' energy option, and/or a Power Purchase Agreement (PPA), all of which were available via the LASER contract. All three options would be assessed based on the provision of 'additionality' i.e. additional renewal power generation and a viable business case.

(6) To note Brent's ongoing engagement with the "Renewable Power 4 London Action Plan" work stream, which aimed to procure public sector energy for London Public Sector Bodies that was 100% renewable, through collaboration, with the ultimate aim of having a Power Purchase Agreement in place that Boroughs could procure renewable energy from, with the expectation that this option may become available during this next contracting period.

12. Appointment of i4B Holdings Ltd and First Wave Housing Ltd Chair

Councillor Tatler (as Deputy Leader and Cabinet Member for Finance, Resources and Reform) introduced a report seeking approval to the appointment of Andrew Hudson as new Chair on the board of the Council's two wholly owned housing companies, i4b Holdings Ltd and First Wave Housing Ltd following the decision of the current Chair (Martin Smith) to step down on 31 December 2023.

In considering the report, Cabinet firstly took the opportunity to thank Martin Smith for his extensive and important work in leading Brent's housing companies over the previous seven years. Members then welcomed Andrew Hudson to the meeting, with it noted that his recommended appointment followed a comprehensive and competitive recruitment process.

In recognising the extensive experience that Andrew Hudson would be able to continue to offer, Cabinet **RESOLVED**:

(1) To approve the appointment of Andrew Hudson to the position of Chair for i4B Holdings Ltd and First Wave Housing Ltd for a term of three years.

(2) To formally thank Martin Smith for the contribution made as Chair of both i4B Holdings Ltd and First Wave Housing Ltd during his tenure, noting his intention to stand down as of 31 December 2023.

13. **Brent Infrastructure Funding Statement 2022/23**

Councillor Tatler (as Cabinet Member for Regeneration, Planning and Growth) introduced the report, which detailed the Council's fourth Infrastructure Funding Statement (IFS) prepared in accordance with the requirements within the Community Infrastructure Levy (CIL) (Amendment) Regulations 2019.

In considering the report, Cabinet noted the outline provided relating to the purpose of CIL as a funding mechanism to assist in the delivery of infrastructure to support development of the area and annual requirement within the IFS to detail how Brent's CIL funding had been spent in line with the regulations. In addition, the IFS was designed to set out future spending priorities on infrastructure in line with the commitments included within the Borough Plan and other key strategic plans such as the Local Plan.

Whilst recognising the impact of the current financial and economic climate on the programme of development across the borough, members noted the continued strong performance of the Council in terms of the collection of CIL and s.106 receipts, as detailed within section 3 of the report. Whilst thanking officers for their efforts in relation to performance on the collection of receipts during such a challenging period, members also recognised the impact which the current financial and economic conditions may have on the generation of receipts over future years.

In noting the wide ranging and diverse nature of both local and regional infrastructure projects being supported through the CIL process, members were also keen to commend performance in relation to the use, allocation and impact of community projects being supported through the Neighbourhood CIL programme designed to support continued growth and benefit all communities across the borough.

Having noted the performance outlined in relation to CIL and associated benefits being achieved through its use to support the wider growth and regeneration programme across the borough Cabinet **RESOLVED** to note and approve publication online of the Brent Infrastructure Funding Statement 2022/23, as set out in Appendix A of the report.

14. **Exclusion of Press and Public**

There were no items that required the exclusion of the press or public.

15. **Any other urgent business**

There were no items of urgent business so as the final Cabinet meeting before Christmas Councillor Muhammed Butt (as Leader of the Council) took the opportunity to thank all members for their support over the year and to wish everyone all the best for the festive season.

The meeting ended at 10.43 am

COUNCILLOR MUHAMMED BUTT
Chair

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Brent	**Cabinet** 15 January 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance, Resources & Reform (Councillor Shama Tatler)

Quarter 3 Financial Report 2023/24

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Two: Appendix A: Savings Delivery Tracker 2023/24 Appendix B: Prudential Indicators
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director of Finance & Resources Tel: 020 8937 4043 Email: Minesh.Patel@Brent.gov.uk Ben Ainsworth, Head of Finance Tel: 020 8937 1731 Email: Benjamin.Ainsworth@Brent.gov.uk

1.0 Executive Summary

1.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 3 2023/24.

1.2 The Council's revised General Fund revenue budget for 2023/24 is £297.5m. The revised budget includes planned revenue savings in-year of £13.5m and the status of these are set out in Appendix A. There is a forecast overspend of £13.0m against the revised General Fund revenue budget at Quarter 3, which is overall broadly the same as the position reported at Quarter 2. If sustained until the year end, this would require a transfer from unallocated reserves. Equally, any overspending not dealt with in 2023/24 would potentially carry over into 2024/25 thereby increasing the requirement for further savings in that year whilst at the same time providing reduced scope to draw on the Council's reserves.

1.3 As set out in the Quarter 2 forecast report, the seriousness of the Council's financial position cannot be understated. The scale of the financial challenge for 2023/24 and 2024/25 is such that, in addition to work currently underway to implement savings in 2023/24 and to identify new savings proposals for 2024/25 and 2025/26, the Council will need to implement further measures to control expenditure in order to address the underlying issue that the Council's net expenditure is significantly greater than available sources of in-year funding. Further details on these measures are set out below.

1.4 There are also significant pressures being reported within the Housing Revenue Account as a result of considerable savings being required following rent limitations imposed by central government and increased demand and costs associated with repairs. Further details are set out from section 3.11. The forecast against the Dedicated Schools Grant is a deficit of £0.8m, which has reduced by £0.6m as forecast at Quarter 2. Further details are set out in section 3.10. The Capital Programme is forecasting a variance of £39.6m to the revised budget for the year with a number of projects experiencing delays to the programmed works resulting in slippage. Further details can be found in section 3.12.

1.5 The tables below show the forecast position against budget for the General Fund, Dedicated Schools Grant and Housing Revenue Account. Further detail on each area is contained within section three of this report.

	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
Care, Health and Wellbeing	124.2	124.2	0.0
Children and Young People	71.1	71.4	0.3
Communities and Regeneration	7.3	7.3	0.0
Governance	13.9	13.5	(0.4)
Finance and Resources	12.3	12.2	(0.1)
Resident Services	68.7	81.9	13.2
Subtotal Service Area Budgets	**297.5**	**310.5**	**13.0**
Central Budgets	61.0	61.0	0.0
Total Budget Requirement	**358.5**	**371.5**	**13.0**
Funding	(358.5)	(358.5)	0.0
Grand Total General Fund Budgets	**0.0**	**13.0**	**13.0**
DSG Funded Activity	0.0	0.8	0.8
Housing Revenue Account (HRA)	0.0	0.3	0.3
Net Total	**0.0**	**14.1**	**14.1**

Table 1 - Forecast Position Against Budget

**DSG and HRA budgets have been presented as net figures in the table above. Gross income and expenditure budgets for the DSG and HRA are shown below.*

DSG gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
DSG			
Income	(220.7)	(220.7)	0.0
Expenditure	220.7	221.5	0.8
Total	**0.0**	**0.8**	**0.8**

Table 2 - DSG Gross Income and Expenditure

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend / (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(61.2)	(61.2)	0.0
Expenditure	61.2	61.5	0.3
Total	**0.0**	**0.3**	**0.3**

Table 3 - HRA Gross Income and Expenditure

1.6 The table below shows the current forecast against the revised budget for the Capital Programme for 2023/24. Further detail is contained within section four of this report.

Directorate	Original Budget	Revised Budget	Current Forecast	FY Variance	
	£m	£m	£m	£m (Underspend) / Overspend	£m (Slippage)/ Brought Forward
Corporate Landlord	10.3	10.8	10.3	(0.4)	(0.1)
Housing GF	82.3	165.9	135.3	0.3	(30.9)
Housing HRA	157.0	73.0	69.9	0.3	(3.4)
PRS I4B	18.5	2.5	5.8	0.0	3.3
Public Realm	25.5	36.9	29.2	(0.2)	(7.5)
Regeneration	74.1	9.8	9.0	0.0	(0.8)
Schools	35.1	12.6	12.4	(0.1)	(0.1)
South Kilburn	27.0	14.8	14.8	0.0	0.0
St Raphael's	31.7	0.8	0.8	0.0	0.0
Total	**461.4**	**327.1**	**287.5**	**(0.1)**	**(39.5)**

Table 4 - Forecast Against Revised Budget - Capital Programme

Current economic environment

1.7 The current economic environment is volatile and uncertain with high interest rates designed to curb high inflation, in part caused by the war in Ukraine and unrest in the Middle East, which particularly affect energy costs, and exacerbate the cost-of-living crisis. CPI Inflation was 3.9% in November 2023, which is the lowest it has been since October 2021, although still significantly above the Bank of England’s target of 2%. Inflation is expected to continue to fall in 2024 but is expected to remain above the target for longer than was previously forecast. In its November 2023 economic and fiscal Outlook report, the Office for Budget Responsibility forecast that inflation will not reach the

2% target until the second quarter of 2025, more than a year later than it forecast in March 2023, driven in part by stronger wage growth.

1.8 The Bank of England has frozen interest rates at 5.25% for a third consecutive time. This comes after 14 consecutive increases between December 2021 and August 2023. In the Monetary Policy Committee's monthly report for November 2023, it was implied that interest rates will remain frozen until the third quarter of 2024, before reducing gradually to 4.25% by the end of 2026, which remains higher than at any time since 2008. However, the report also states that the Bank of England 'will keep interest rates high enough for long enough to get inflation back to the 2% target'. Therefore, it remains possible that there may be further interest rate rises if the Bank considers inflation to be too persistent. These factors create a challenging environment for the Council to plan its future resourcing requirements.

Medium Term Financial Strategy update

1.9 The budget for 2023/24 was approved by Council on 23 February 2023, including new savings proposals of £18m to be delivered between 2023/24 (£13.5m) and 2024/25 (£4.5m). Appendix A sets out the progress in delivery of these savings and any mitigating actions where necessary. As at Quarter 3 93% are on track to be delivered, delivering 81% of the budgeted savings. Mitigating actions are being implemented to deliver the targets for those flagged at risk.

1.10 An update to the MTFS was considered by Cabinet in July 2023, where it was estimated that the budget gap between 2024/25 and 2025/26 was £8m. In November 2023, the draft budget for 2024/25 and 2025/26 was presented to Cabinet, where new savings proposals were brought forward to close the £8m budget gap. The budget gap and savings target were not increased as a result of the forecast overspend reported in Quarter 2. Should management actions and other cost control measures not turn around the situation both for 2023/24 and future years, it may be necessary to identify further savings.

1.11 The 2024/25 Local Government Finance Settlement was announced on 18 December 2024, which was the sixth annual one-year settlement for local government and continues the trend of the last 13 years of real terms cuts to funding. The policy approach for the settlement is once again a uniform roll over for the core elements (council tax, business rates and specific grants) and preserving current distributions. There are no new resources for service provision, arising from the Autumn Statement. Any nominal increase in funding available to the Council is predicated on the Council raising its council tax by the referendum limit of 2.99% and levying an adult social care precept of 2%.

1.12 The provisional settlement is particularly poor for Brent. The increase in government support at 5% is the lowest of the London boroughs (excluding the City of London) and less than the September CPI rate of inflation of 6.7% used as the basis for uprating most grants. The increase is also 1.5% less than the national average of 6.5% and also less than the London average of 6.3%. Indeed, the settlement is so poor for Brent that the government has had to make a Guaranteed Funding payment to keep the total value of the settlement at this safety net level.

1.13 Viewed in the round, the Council has a total level of increase that is little different to the MTFS position, which was cautious. Other than changes to the overall allowance for inflation, no additional funding has been provided in the settlement to tackle issues such as homelessness which are causing significant overspending. None of the funding in the settlement is available to address the current forecast overspend in this area of £13m, which looks set to continue in the new financial year.

1.14 Since the provisional settlement does not adequately provide funding to cover inflationary pressures and offers no new funding to tackle persistent pressures in social care and homelessness, the Council continues to be under pressure to continue to realise its planned savings whilst taking action to curb its expenditure in order to maintain a balanced budget.

1.15 At this stage, no changes to the draft budget are required as a result of the settlement and the final budget will be presented to Cabinet on 5 February 2024 and then Full Council on 29 February 2024.

Maintaining Financial Control

1.16 As reported in Quarter 2, local government is facing the most challenging financial environment for many decades. Many councils are overspending and depleting their reserves; most are experiencing the adverse effects of high inflation, high interest rates and significant increases in demand due to demographic changes. Some are even declaring bankruptcy by issuing s114 notices. Concerns about future levels of government funding are widespread. Against this backdrop, Brent has maintained a strong position in terms of financial resilience and sustainability with a good track record of delivering savings and balancing the overall budget. However, at Quarter 2, the position for 2023/24 had worsened significantly and the forecast required the Council to take urgent actions in the short and medium term to maintain financial control.

1.17 Despite the considerable efforts of the Council to manage its position, the operating environment and wider economic context continues to be volatile with small changes in demand disproportionately materialising in large financial pressures. These are particularly in Children's social care and Adult social care packages in terms of volumes and complexities, and temporary accommodation volumes, costs of provision and loss of Housing Benefit subsidy from central government. The Council is also dealing with the impact of rising costs due to continued high level of provider inflationary pressures, and the impact of cost-of-living crisis which also affects important income streams of the Council.

1.18 The main cause of the forecast overspend is within the Housing Service, where high levels of demand due to a rise in homelessness and reduction in the supply of suitable accommodation are expected to result in an overspend of over £13m. Section 3.8 of this report sets out the Council's strategy in dealing with the significant increase in the cost of providing temporary accommodation for those homeless people to whom the Council owe a legal duty. While Brent is not in the financial situation of those Councils that have recently issued, or threatened to issue, a Section 114 notice (legally required when the council cannot balance its budget, unlike the NHS and other parts of the public sector councils are not allowed to carry a deficit) all efforts must be focused on positively changing the financial position.

1.19 Since Quarter 2, a number of immediate and medium-term actions have been taken to mitigate these pressures in order to maintain financial control over the current budget position. This includes taking a Council wide approach. Officers have implemented a Budget Assurance Panel to provide additional oversight and scrutiny of its financial position. In addition, a number of new spending controls were introduced in an attempt to prevent the financial situation worsening.

1.20 The introduction of spending controls and the Budget Assurance Panel are intended to facilitate better grip of the Council's financial position and reduce the in-year overspend. This introduced a range of measures including proactive vacancy management, directorate led targeted non-essential spend control including agency and interim spend, alongside department led management action plans reflecting other actions being undertaken. These sensible, proactive and prudent measures are providing more assurance over the Council's spending decisions and reducing the risk that the budget position deteriorates further. Each department has provided responses on what actions have been taken to reduce and control expenditure – these are set out in the service area sections below.

1.21 At Quarter 3, the forecast has remained broadly the same as in Quarter 2, which indicates that the interventions that have been put in place to this point have made an impact on controlling the increase in the overspend against the 2023/24 budget, despite demand for homelessness services increasing. However, the actions taken have not led to an improvement in the budget position and the Council must continue to work hard to reduce this and return quickly to a sustainable position.

1.22 At this stage, it appears that the current spending controls will need to be enhanced and continue into 2024/25, with further actions, mitigations and in-year savings to be identified. Funding an overspend of this magnitude will require the use of reserves in 2023/24. This can only be a one-off solution as it will result in a significant depletion of the reserves available for use in future years. Holding an adequate level of reserves to fund future commitments and mitigate risks is a key indicator of the Council's financial resilience and the current trajectory going into 2024/25 is not sustainable. A full analysis of reserves and a financial resilience assessment will be presented to Cabinet in February 2024 as part of the 2024/25 budget setting process.

2.0 Recommendation(s)

2.1 That Cabinet note the overall financial position and the actions being taken to manage the issues arising.

2.2 That Cabinet note the savings delivery tracker in Appendix A.

2.3 That Cabinet note the Prudential Indicators set out in Appendix B.

2.4 That Cabinet approve the virements set out in section 3.9.11 of this report.

3.0 Detail

3.1 Cabinet Member Foreword

3.1.1 This report sets out the Quarter 3 forecast for the Council's overall 2023/24 budget. The forecast overspend in housing due to increases in homelessness and lack of suitable accommodation, will have a significant impact on the Council's budget. While this is being reported as a London wide issue, a number of actions are being taken to manage these pressures and support vulnerable residents that have been affected by the cost-of-living crisis. This is in line with the Council's strategic priority - Prosperity and Stability in Brent.

3.1.2 It is important to recognise that over a decade of austerity on Local Government has reduced the ability of councils to withstand issues like the increased pressures on Temporary Accommodation. The impact of the disastrous mini-budget last year on interest rates and inflation has significantly impacted the supply of housing and on delivering council services. Brent will continue to take decisions to ensure a sustainable budget can be delivered while safeguarding key services.

3.1.3 It is also worth noting that Brent will receive the second lowest Local Government Finance Settlement in London for 2024/25. Despite the significant challenges Brent faces, the Government has not allocated any support for homelessness pressures. Pressures on Local Government finances are going to continue to be difficult as a result of the decisions of this Government.

3.2 Contribution to Borough Plan Priorities & Strategic Context

3.2.1 The Borough Plan includes a specific priority to support residents affected by the cost-of-living crisis.

3.3 Care, Health and Wellbeing

Care, Health and Wellbeing	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	100.6	100.6	0.0
Public Health	23.6	23.6	0.0
Integrated Health Partnerships	0.0	0.0	0.0
Total	**124.2**	**124.2**	**0.0**

Table 5 - Forecast Against Budget - Care, Health and Wellbeing

Summary

3.3.1 Care, Health and Wellbeing are forecast to break even this financial year, unchanged from the Quarter 2 forecast. The budget for 2023/24 includes a savings target of £4.3m and assumes an additional growth budget of £15.3m. This budget has been set accordingly, based on assumptions around future demographic and inflationary trends.

3.3.2 In order to ensure the department is able to maintain its forecast break-even position, spending controls were introduced in October 2023. These controls include:

- A recruitment freeze for positions not involved in essential services
- A review of all agency staff to reduce agency contracts, and an emphasis on converting agency to permanent staff
- Establishment of a project team to review volatile areas of residential and nursing care, particularly for Learning Disability & Mental Health placements
- Going forward all placements require sign-off from the Operational Director.

3.3.3 There are increasing pressures around recruitment and retention, particularly in Adult Social Care. There is on-going work within the service to reduce the use of agency staff and retain more experienced and qualified members of staff.

3.3.4 There is increased pressure on the ASC budget as a result of rising costs and client numbers for supported leaving, nursing care, residential care and Direct Payments.

3.3.5 The weekly average cost of Nursing Care has increased by 5% to £1,072pw with client numbers currently 10% higher than this time last year.

3.3.6 On average, Residential care weekly costs appear stable at present, with a 2% increase. However, residential dementia care costs have increased by 8% to £790pw. With client numbers also on the rise, there has been an increase of 6% since this time last year.

3.3.7 Client numbers for supported living have increased by 10% compared to this time last year, with an average weekly cost increase of 6% to £967.

3.3.8 Whilst there are ongoing pressures within ASC relating to expenditure on agency staff, homecare, Nursing, Residential care, and Learning Disability supported living. ASC is forecasting a breakeven position for Q3 as the additional growth allocation will mitigate any additional costs as a result of underlying pressures.

3.3.9 As is the case in other service areas, Public Health contracts are likely to be affected by the rising levels of inflation. The majority of public health services are commissioned from the NHS where national Agenda for Change pay awards have significantly outstripped uplifts in the Public Health grant. However, for 2023/24 the funding for nationally agreed NHS pay increases has been provided to the ICB for NHS and local authority commissioned services.

3.3.10 Public health spend activity against the additional grants, Supplementary Substance Misuse Treatment and Recovery Grant, and Rough Sleepers Drug and Alcohol Treatment Grant and Start for Life, are all on track and in line with the outcomes that have been set out within the guidelines. Some contracts have been broken down and commissioned separately to utilise in-year grants, where they would previously be funded by the public health grant.

Risks and uncertainties

3.3.11 There are a number of risks and uncertainties within the service that could affect the assumptions made and the overall forecast outturn for Care, Health and Wellbeing in 2023/24.

3.3.12 Within Adult Social Care, demographic and inflationary pressures, spend on agency staff, as well as uncertain implications of the fair cost of care and social care reforms, all pose financial risks to the service's budgets.

3.3.13 Whilst the planned social care charging reforms have been delayed from October 2023 to October 2025, the sector must still work to ensure sustainable rates for care are paid with fair cost of care funding from the Government continuing for the next two years.

3.3.14 The demand for social care services and complexity of care needs are also ever-increasing, resulting in higher costs. Whilst there are some reductions in costs due to less Residential and Nursing placement following the COVID-19 outbreaks, there are still ongoing pressures as the demand for homecare and supported living continue to rise.

3.3.15 The cost-of-living crisis and the steep rise in inflation, heating and fuel costs are likely to have an impact on spot placement requests from providers who are looking to recover all of the additional costs they are incurring. Due to continued rises in inflation this creates additional risk and uncertainty, and care package budgets are therefore being monitored closely whilst any placement fee increase requests from providers are also being reviewed in greater detail.

3.3.16 Brent will continue to receive Hospital Discharge Funding from the government this financial year to the value of £3.54m. The fund is designed to increase capacity in post-discharge care and support improved discharge performance, patient safety, experience, and outcomes. This grant funds 9 schemes related to the LA Direct DHSC Funding of £1.9m. Whilst the NWL ICB DHSC Funding of £1.7m funds 6 additional schemes, a monthly return is submitted to the DHSC to monitor spend against this grant.

3.3.17 Within Public Health, sexual health testing and treatment services are currently on cost and volume contracts. There is a risk of underperformance against these contracts, as clinical activity has not fully recovered from COVID-19 and MPox. The service is working with the trusts to get the latest activity and spend data to identify any slippage.

Savings and Slippages

3.3.18 A savings target for 2023/24 of £4.3m is planned to be delivered across a number of services within the department including homecare, reablement, staffing, learning disability and mental health placements.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
The Adult Social Care providers' costs will increase to the anticipated level in line with inflationary assumptions.	A 1% increase on the cost of care packages could result in a £0.7m pressure.	A 1% decrease on the cost of care packages could result in a £0.7m reduction in anticipated costs.	The Council is working closely with the service providers and provides robust challenge of individual package costs based on evidence as part of placement reviews.
Client numbers and unit costs stay within the forecast range	Additional budget pressures should there be clients beyond those predicted in the forecast	Client numbers falling below those forecasted would reduce costs	The Council are monitoring both client numbers and package costs for each service. This should allow for early identification of pressures so mitigating actions can be taken.

Table 6 - Key Assumptions - Care, Health and Wellbeing

3.4 Children and Young People (CYP) (General Fund)

CYP Department	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Central Management	1.4	1.4	0.0
Early Help	5.3	5.2	(0.1)
Inclusion	2.0	2.0	0.0
Localities	23.2	23.9	0.7
Looked After Children and Permanency	7.5	7.5	0.0
Forward Planning, Performance & Partnerships	29.0	28.7	(0.3)
Safeguarding and Quality Assurance	2.7	2.7	0.0
Setting and School Effectiveness	0.0	0.0	0.0
Total	**71.1**	**71.4**	**0.3**

Table 7 - Forecast Against Budget - Children and Young People

3.4.1 There is currently a £0.3m forecast overspend within the Children and Young People department, which is a £0.2m reduction from the Q2 reported position of £0.5m. The reduction is largely due to stepdown arrangements against the Placement budgets.

3.4.2 The ongoing actions being undertaken by the department to control spend are mainly interventions the department has put in place in previous years and currently this continuation and increased focus will lead to cost avoidance estimated at c£1.6m and include:

- A monthly panel to review the stepdown arrangements from residential placements to foster placements and/or semi-independent placements for young people aged 16+, and measures to move 21+ semi-independent placements into independent living arrangements. There have been 5 step-downs achieved and a further 3 expected by the end of the financial year which will lead to cost avoidance of c£0.7m and as a result has led to the FPPP department forecasting a £0.3m underspend.
- Due to the challenges of recruiting and retaining permanent social work staff, the department is reliant on agency workers. Several actions are in place to address the workforce pressures:
    - Working in collaboration with neighbouring local authorities on effective and targeted recruitment and retention activity.
    - Compliance with the London Pledge to ensure that agency worker rates are kept to the agreed cap which is closely monitored at Director level.
    - A weekly Establishment Board was created to scrutinise all agency recruitment, and corresponding activity to achieve permanency through conversations with agency workers to convert to

    - permanent roles. There have been 10 agency workers in the Localities service that have converted to permanent roles as at 31st of October 2023 leading to cost avoidance of £63k.
    - Ensuring that across the CYP department, that agency workers take at least the minimum annual leave requirement of 20 days which is assumed to lead to cost avoidance of c£0.3m
- Also included in the forecast is £0.3m of cost avoidance arising from positions that have been held vacant in order to contain the departments overspend as much as possible. The changes to approval limits as part of the expenditure controls put in place and further scrutiny of subsistence payments is also assumed to generate cost avoidance of c£0.2m.

Forecast

3.4.3 The Localities service has an overall pressure of £0.7m. This consists of a £0.3m forecast pressure against employee costs, mainly driven by the need to use agency social workers to cover vacant positions and the Localities service has pressures due to additional staff required to cover long term sickness absences and maternity leave; a £0.2m forecast pressure against the Children with Disabilities (CWD) Placements budget, which funds Direct Payments, Care at Home, and Residential and Day Services, with numbers of supported clients rising by 18% since 2022/23. There is also a £0.2m pressure against the Short Break Centre mainly because of the use of agency workers and the use of an external provider required to provide 2:1 care for a number of children with challenging needs.

3.4.4 The pressures against the Localities service are currently being offset by underspends against the Forward Planning, Performance and Partnership service of £0.3m which is mainly due to the impact of the stepdown arrangements built into the forecast as mentioned in paragraph 3.4.2 above.

3.4.5 The Early Help service is reporting a £0.1m forecast underspend, which is due to the impact of holding positions vacant within the service.

Risks and Uncertainties

3.4.6 Recruitment and retention of skilled and experienced social work staff remains a risk in the Localities and Looked After Children, and Permanency (LAC&P) services. Focus remains on agency staff conversions to permanent positions. As at September 2023, 67.4% of the social worker cohort are permanent compared to 54.1% as at September 2022.

3.4.7 The volatility surrounding the placements budget for looked after children (LAC) and social care costs for children with SEND remains a key risk as an individual high cost residential or secure placement in the final quarter of the year can cost between £0.1m to £0.2m.

3.4.8 The Children with Disabilities budget within the Localities service funds the care costs for children with Education, Care and Health Plans (EHCPs). There remains a risk that further increases in EHCPs would put additional pressure on the care packages budget. Brent is part of the DfE's Delivering Better Value (DBV) in SEND programme to support the Brent's Management Plan action to manage the rising demand for EHCPs.

Savings and Slippages

3.4.9 The department has a £0.84m savings target to deliver. The savings are mainly from reductions in care packages of £0.36m, staffing efficiencies of £0.36m, and £0.12m arising from contract savings and a reduction in the training budget.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
Health contributions for CYP placements and Children with Disabilities (CWD) packages will be lower than the 2022/23 levels.	The spend will not be mitigated by these contributions in proportion to the overall demand.	It will assist in reducing overall net spend.	Maximising joint funding approaches with health to ensure contributions to placement costs where applicable. Targeted activity across ICS to ensure consistency in Continuing Health Care funding.
LAC and Care Leaver placements forecast assumes numbers of 819 and unit costs reflect current trends.	An increase in the number of high cost residential or secure placements would place additional pressure on the budget, e.g. an increase by 4 placements in year could cause an additional in-year pressure of c£0.3m (and £1.2m per annum).	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.1m in-year.	Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements. Supporting the transition of care leavers to their own tenancies, to improve outcomes and independence. Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures.

Mix of social work staff and caseloads in the Localities and LAC & Permanency service to include the use of agency staff.	If there are increases of 15% during the year, there could be up to £0.7m additional spend on agency social work staff to manage the pressure.	There would be a reduction in the use of agency staff and the reduced caseloads could be attractive to social workers seeking permanent roles.	Continued management action to monitor caseloads across the service and review and manage social work resources.

Table 8 - Summary of Key Assumptions - Children and Young People

3.5 Communities and Regeneration

Communities and Regeneration	**Budget (£m)**	**Forecast (£m)**	**Overspend / (Underspend) (£m)**
Communities	4.6	4.6	0.0
Communities and Regeneration Directorate	0.2	0.2	0.0
Regeneration	2.5	2.5	0.0
Total	**7.3**	**7.3**	**0.0**

Table 9 - Forecast Against Budget - Communities and Regeneration

Summary

3.5.1 The Communities and Regeneration department is currently forecasting to break even in 2023/24. To mitigate against overspends, the department have put in place various measures to reduce spend. So far, £0.3m of cost avoidance savings are forecast for this financial year.

Risks and uncertainties

<u>Regeneration, Growth and Employment</u>

3.5.2 The service is currently forecasting a break-even position, however there are a number of risks that the department is managing. The current economic climate has caused a decline in the income generated within the department, with Building Control and Planning being particularly impacted.

3.5.3 Within Planning and Development Services, Application and Pre-Application fee income has seen a decline in recent years. This reduction in income is not exclusive to Brent and has been the case across the country. Fee increases for planning applications have been implemented by the Department for Levelling Up, Housing and Communities. This has been included within the forecast, with a decline in demand also factored into the forecast in the latter months of the financial year. The service is expecting to break even as a result of the fee increases.

3.5.4 Rising interest rates and material costs are likely to cause cancellation or scaling back of some developments, which will cause a decline in income in Building Control. This decline in income is being exacerbated by increased competition from private inspectors, which has resulted in a drop in the council's market share. Health and Safety Executive (HSE) high-rise building regulations were introduced in October 2023, which mean a switch to a cost recovery basis. The service is currently forecasting an overspend of £0.5m.

3.5.5 Community Infrastructure Levy activity this year is high comparative to prior years, which increases costs for administration. Under the regulations that govern the Community Infrastructure Levy, the Council can apply up to 5% of receipts generated to cover administrative expenses. The elevated levels of activity this year is forecast to generate an additional £0.25m, which partially offsets the overspends elsewhere in Regeneration.

3.5.6 As a result of the Council's spending controls, savings have been made across the Regeneration department which has helped to offset the overspend in Building Control, with the largest savings coming from holding vacancies within the department as well as a reduction of consultancy costs. These savings, in conjunction with the application of the Community Infrastructure Levy administration allowance has resulted in a break-even outturn for Regeneration.

Communities

3.5.7 Communities is currently forecasting an overall breakeven position.

3.5.8 The Communications service are forecasting a £0.1m underspend due to successfully generating additional commercial income, due in part to a series of large filming bookings in the Civic Centre.

3.5.9 Community Safety and Prevent are forecasting to break even.

3.5.10 Strategy and Partnerships has a pressure of £0.2m, this mostly due to a contract dispute with a third sector partner. This relates to a historic contract and will not affect future years.

3.5.11 To mitigate against overspends, the department have put in place various measures to reduce spend. So far, £0.1m of cost avoidance savings are forecast for this financial year. The majority of this saving is a result of holding vacancies within the department.

Savings and Slippages

3.5.12 A £0.33m saving is planned to be delivered from the Communities and Regeneration departmental budget in 2023/24, predominantly through changes to staffing structures, including the deletion of some posts. Delays with a supplier have resulted in a slippage of £50k on a saving which was to be achieved through efficiencies generated by the use of technology and automation. This saving is being delivered in 2023/24 by limiting spending on training to create a £50k underspend. The rest of the savings are on track to be delivered.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
Application Fee increases have been introduced in December 2023, and there is a projected fall in demand as a result	If the introduction of this increase causes a fall in demand that exceeds the value of the increase, the service will overspend	Higher income volumes will generate additional revenue for the Council	Continuous monitoring of the fee income to identify budgetary pressures as early as possible.
Strategy and Partnerships contract dispute with a third sector partner over historic contract payments	Payment has been built into the forecast on a worst-case scenario basis.	If the potential payment is no longer needed, the funds will be available to other programmes or relieve pressures elsewhere within the directorate	Budgets are being reviewed and spending plans will be adjusted to absorb the overspend

Table 10 - Summary of Key Assumptions - Communities and Regeneration

3.6 Governance

Governance	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Legal Services	4.8	4.8	0.0
HR Services	3.7	3.4	(0.3)
Executive & Membership	4.3	4.2	(0.1)
Procurement	1.1	1.1	0.0
Total	**13.9**	**13.5**	**(0.4)**

Table 11 - Forecast Against Budget - Governance

Summary

3.6.1 The Governance department is forecasting an underspend of £375k for 2023/24. This is made up of:

- A £112k underspend attributable to early achievement of 2024/25 savings by the Human Resources service
- An underspend of £128k as a result of a recruitment lag on apprenticeship and graduate schemes.
- An underspend of £135k in Executive and Membership due to reduced a number of councilors.

3.6.2 This forecast underspend in Governance has increased by £200k when compared to Quarter 2 projections. This is mainly a result of the identified recruitment lag and a £57k saving achieved as a result of the implemented spend controls.

Risks and uncertainties

3.6.3 There are no materials risk identified for this department at present.

Savings and Slippages

3.6.4 A £0.35m saving is planned to be delivered from the department's budget in 2023/24, predominantly through internal restructures and service transformations. This saving is on track and there is currently no slippage anticipated.

3.7 Finance and Resources

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance	7.5	7.4	(0.1)
Audit & Investigations	1.2	1.2	0.0
Shared Technology* Services	0.0	0.0	0.0
Property & Assets	3.7	3.7	0.0
Total	**12.3**	**12.2**	**(0.1)**

Table 12 - Forecast Against Budget - Finance and Resources

**Shared Technology Service show a net zero budget, however their gross expenditure budget is £17m. This expenditure is fully recharged across the three partner boroughs, therefore the income for these recharges net the expenditure to zero.*

Summary

3.7.1 Finance and Resources are currently forecasting an underspend of £0.1m, this is a small favourable movement from the break-even position forecast in Quarter 2.

3.7.2 The £0.1m underspend is a result of the spending controls introduced by the Council in October 2023. The holding of vacant positions in Finance is expected to result in a reduction in spend of £0.1m by year-end.

3.7.3 Within Property & Assets there is an anticipated £0.1m pressure due to income lost from expired leases and vacant property. However, this is currently offset by underspends in rental expenditure and additional income generated from Car Parking fees within Facilities Management.

Risks and Uncertainties

3.7.4 Property & Assets are working to find new tenants to replace expired leases and vacant property to increase their income forecast. The service is actively marketing these properties and working with agents where appropriate. They are also tracking and accelerating efforts to reclaim retrospective rental income owed from expired leases.

3.7.5 Facilities Management are currently reviewing the establishment to determine the optimum staffing level. This aims to minimise the impact of overtime and agency premiums for a more sustainable solution. It is expected that increased car park income will be used to cover any shortfalls.

3.7.6 Commercial Property are currently dealing with a dilapidation claim on a property for which they have vacated and broken the lease on. The claim is currently being reviewed but could be in the region of £0.5m - £0.9m. Once the dispute is resolved it is anticipated that this cost will be covered by a central contingency which has been held for these types of issues.

Savings and Slippages

3.7.7 A total of £1.1m of savings are planned through reductions in staffing, digital transformation, security service transformation, rationalising soft FM services and other departmental efficiencies. The department is on track to deliver these savings.

3.8 Resident Services

Resident Services	**Budget (£m)**	**Forecast (£m)**	**Overspend /(Underspend) (£m)**
Resident Services Directorate	0.0	0.0	0.0
Customer Services	14.2	14.2	0.0
Housing	3.2	16.5	13.3
Environment and Leisure	38.2	38.2	0.0
Transformation	13.1	13.0	(0.1)
Total	**68.7**	**81.9**	**13.2**

Table 13 - Forecast Against Budget - Resident Services

Summary

3.8.1 The Resident Services department is forecasting an overspend of £13.2m, a £0.1m increase when compared to the Quarter 2 forecast. There is also a risk that it could rise to £14.4m. This projected overspend is predominately a result of significant pressure on the Housing service. Transformation are forecasting a small underspend as a result of the implemented spending controls. The department is taking a number of actions to support Brent residents and businesses to mitigate the impact of the cost-of-living crisis.

Risks and uncertainties

<u>Housing</u>

3.8.2 The forecast overspend of £13.2m is made up of the following pressures:

- £4.2m overspend associated with the cost of providing temporary accommodation
- £8.9m attributable to a loss of housing benefit subsidy from the Department of Work and Pensions as a result of the type of accommodation being used to house those that are homeless
- £0.6m is a result of additional Council Tax liability on empty properties that are being considered for temporary accommodation use
- (£0.4m) is a saving attributable to spending controls, mainly staffing related

3.8.3 This position represents a £0.3m decrease in projected temporary accommodation costs and a £0.3m increase in projected subsidy loss when compared to the Quarter 2 forecast. There is a risk that this could rise to £14.5m by the end of the year. An additional pressure around the Council Tax liability and a saving as a result of spend controls were not quantified as part of the Quarter 2 forecast, which results in an overall net £0.2m increase.

Temporary Accommodation – increase in demand and reduction in supply

3.8.4 The increase in demand for Bed & Breakfast, Annexes and Emergency Homeless Lets (EHL) is expected to result in a £4.1m - £5.6m pressure against the current 2023/24 budget. An extremely high level of demand for housing services is a national issue, but is particularly acute in London. The Housing Needs Service in Brent has seen a 38% increase in the number of homelessness presentations when compared to the same time last year. The total number of households in Temporary Accommodation in Brent has increased by 13% and the number of families in Bed and Breakfast hotels has seen a 347% increase. Whilst the COVID-19 pandemic, associated lockdowns and the ban on Private Rented Sector (PRS) evictions may have been a factor in this growth, demand for homelessness services continues to grow. As at the end of November 2023, the total number of homeless households living in B&B and Annexe accommodation has risen to 639, broken down between 377 families and 262 single people. This is a further increase of 16% when compared to the previous quarter. If demand continues at the same rate, the service will receive a total of 8,200 applications this financial year, an average of 158 applications every week, which is the highest it has ever been.

3.8.5 London Councils share some analysis and benchmarking of peers that helps to gauge a position across London. They revealed that Housing pressures are increasing rapidly compared to budgeted levels and that on average Boroughs are projecting to overspend their budgets by 49%. Across London, total number of homelessness presentations has increased by 24%, whilst total number of residents owed a prevention or relief duty has gone up by 15%. A total number of households in temporary accommodation has increased by 13% and a total number of families in Bed and Breakfast hotels rose by 443%.

3.8.6 Once the Council accepts that a household is eligible as homeless, as defined by legislation, the Relief Duty to take reasonable steps to help the applicant secure that accommodation becomes available for at least six months is triggered. If the applicant is also deemed to be in priority need, as defined by legislation, there is an immediate statutory duty to secure suitable interim accommodation, pending further enquiries into the application.

3.8.7 As these issues are London wide, the availability of B&B and Annexe accommodation is severely restricted across the capital, with many Councils being forced to book rooms in commercial hotels to meet statutory duties. This lack of availability of accommodation is resulting in having to use expensive providers and at times outside of Brent, which also causes significant financial pressures to the families placed there due to additional travel costs for children at schools in Brent.

3.8.8 The supply of settled TA properties, leased from private owners and used to move families out of B&B and Annexe accommodation has also contracted. This is due to fewer new properties being procured under Private Sector Leasing (PSL) schemes, and owners not renewing the lease for existing stock, when the lease ends.

3.8.9 London Councils' findings suggest that London's PRS (Private Rented Sector) is affected by multiple factors driving a reduction in the availability of properties for rent. The demand for housing is continuing to increase while supply is reducing across the whole market. Greater reliance on the PRS to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available. It appears to be supply side factors notably taxation, interest rate changes and uncertainties about future regulation that are reducing availability at the lower end of the PRS.

Housing Benefit Subsidy loss

3.8.10 The type of accommodation provided as TA also has a bearing on entitlement to housing benefit subsidy for the payments made. Where a family occupies more than one room in a hotel and those rooms are not connected only one room will be eligible for subsidy. Depending on whether the accommodation is self-contained (exclusive use of a kitchen, bathroom and toilet) or non-self-contain (one or more facilities is shared), there is a cap on the subsidy entitlement based on the applicable Local Housing Allowance (LHA). Payments above the LHA cap are ineligible for HB subsidy.

3.8.11 The loss of subsidy cost is forecast to rise to £8.9m in 2023/24 (from £3.7m in 2022/23) as rents increase but the LHA remains unchanged at its current level. Benefits paid to those living in TA is limited to 90% of the 2011 LHA rates which, particularly since the pandemic, is significantly less than rents being charged by most private sector landlords today. A percentage of the Housing Benefits subsidy received from DWP when compared to the total amount paid to residents is forecast to reduce by 21% when compared to the average over the last three years (60% versus an 81% average). The current forecast represents a £0.3m increase when compared to the previous quarter and includes a £2.6m subsidy loss attributed to backdated Housing Benefit applications as a result of clearing a backlog.

3.8.12 A programme of works has been designed to focus on containing the projected overspend. A number of workstreams covering affordability of Temporary Accommodation and new and alternative supply have been set up. Officers are actively looking to renegotiate prices and identify alternative arrangements that would allow to move some of the most expensive cases or those with the highest subsidy loss with the aim of reducing costs to the Housing Needs service and associated overall subsidy losses. Circa £0.9m has been avoided in accommodation costs and £1.2m in subsidy losses. In addition, 484 Housing Benefit applications have been assessed that relate to a backlog from the previous year, which helped to collect £3.9m of Housing Benefit contributions towards rent arrears. Officers also continue to carefully consider and assess the needs of homelessness applications, where almost half of the approaches the Council has not accepted duty for.

3.8.13 Furthermore, in December, Cabinet approved for the Council to, if necessary, consult on ending the South Kilburn Promise (Landlord Offer) for new temporary accommodation households and the use of voids properties identified on the South Kilburn regeneration area for temporary accommodation. The purpose of this proposal is to utilise empty properties within Brent for Temporary Accommodation, reducing the pressure created by high-cost or unsuitable placements currently being made due to unprecedented demand. At the moment the Council incurs a £0.6m Council Tax charge in relation to void properties within the South Kilburn regeneration area, which contributes to the overall overspend within Housing. Cabinet also approved an acquisitions budget of £52.7m to provide 133 homes and to help alleviate the demand pressure for temporary accommodation. This was in addition to any acquisitions already approved by Cabinet. Any new supply would help to avoid additional housing costs and mitigate the risk of the projected overspend increasing.

Environment and Leisure

3.8.14 Within Brent Transport services, rising demand linked to the increase in the EHCPs (Educational, Health and Care Plans), as well as prices on taxi routes are projected to result in a £0.2m pressure on the budget. Brent continues to monitor the demand projections for the year and mitigations in place to reduce the impact.

3.8.15 Within Leisure services, a reduction in management fees for one of the leisure centers as a result of an increase in operational costs leads to a £0.1m pressure on the service. Any reductions in income could cause further financial pressures if demand for services is lower than anticipated. The income levels are being closely monitored and income maximisation strategies are being put in place. Higher utility costs for leisure centres also mean that a risk of provider failure is increasing. Supporting operators by subsidising their operating costs would create budgetary pressures for the Council and closing sites would also have a significant impact on both communities and income levels. The Council is working closely with the leisure providers to ensure continuity of the affordable service.

3.8.16 Volatilities in the energy market are being closely monitored against the budgetary assumptions but this is one of the risk areas for the service. Energy costs are currently forecast to be lower than initially feared earlier in the year and are expected to be contained within the budget growth allowed within the MTFS.

3.8.17 In addition, new contractual arrangements for a number of key services within the Environmental Services and Leisure department, such as parking and waste management, commenced in 2023/24, which creates further uncertainties that could materialise in financial pressures until the contracts are fully embedded. New contracts are being closely monitored and performance measured in order to identify any potential issues and develop mitigation plans in a timely manner. No financial pressures against the budgetary assumptions have been identified to date.

3.8.18 The Environment and Leisure department has achieved a £0.3m saving as a result of the introduced spending controls, which helps to contain the identified pressures within the overall budget.

<u>Transformation</u>

3.8.19 The Transformation service is forecasting a £0.1m saving as a result of the introduced spending controls.

<u>Supporting residents</u>

3.8.20 Following the government's Council Tax Energy Rebate scheme in 2022/23, under which the Council delivered £15m of support with energy bills for 90,000 households, a further £0.9m of support was provided in the first two quarters of 2023/24 through the Energy Bills Support Scheme Alternative Funding and Alternative Fuel Payments Alternative Funding schemes. The scheme is now completed and this has been delivered to households who were ineligible for support with their energy bill costs through their domestic electricity supply.

3.8.21 A Household Support Fund (HSF) grant has been awarded by the government to support residents through the cost of living and winter costs. The total grant allocated for 2023/24 is £5.6m. This is anticipated to be utilised in full to support households receiving free school meals for holiday period, 0-4 year old children whose parents or guardians are on Housing Benefits, food banks, careers in Brent, Housing Benefits residents who did not qualify for any government help, as well as reactive food support through supermarket vouchers. The Council has already spent £2.5m to provide support to 13,806 households. Further activities for supporting residents claiming Housing Benefits only, Disabled residents receiving Housing Benefits, Young Carers is planned are planned in the year. There are further plans to support Food banks, Charities and voluntary organisations to support our residents with financial, food and fuel support with circa £220k. Further payments for holiday vouchers for school children for an additional five weeks is still to be awarded of the total allocation, £2m of the HSF has been made available for the Resident Support Fund (RSF) for reactive support through RSF applications. No new HSF funding has been confirmed for 2024/25.

3.8.22 While these measures are much needed by Brent households and businesses, the Council has taken additional steps to provide more support to residents and businesses. The Council's RSF, which is a discretionary support fund, has been in place since August 2020 to provide help with the cost of living. This can include, but is not limited to, household bills, arrears in rent, mortgage, council tax, food, fuel, digital equipment and emergency funds. The RSF for 2023/24 is estimated to support 5,000 households with a total of £5m, of which £3m is the Council's investment and £2m of the HSF reactive support fund. This fund has already supported 2773 applications that were accepted and a total of £2m has been awarded to residents. High volumes of applications are expected in the winter months and the Council will be working collaboratively to support residents who may have difficulty in making payments.

3.8.23 In addition, £1m has been made available in the form of the Family Food Fund, which has supported 1,828 residents.

3.8.24 The Collection Fund has foregone around £32m of Council Tax revenue in 2023/24 to fund the Council Tax Reduction Scheme (CTRS), supporting around 26,000 households in the borough. In addition to this, the Council is reducing Council Tax bills for CTRS households by up to £25, funded by Central Government's Council Tax Support Fund and at the end of Quarter 2, £300k of support has been provided from this Fund. Any remaining allocation from this fund will be used to support vulnerable households through the RSF.

Savings and Slippages

3.8.25 A £4m saving is planned to be delivered from the department's budgets in 2023/24. The main savings are expected from the services transformation, restructures and digital projects. There is a risk that a £1.2m saving allocated against the Brent Transport Services and a £350k saving attributed to new accommodation will slip against the original timeline, however these delays have been accounted for in the Medium-Term Finance Strategy.

3.8.26 In addition, there is a £300k digital saving allocated against this department that is currently on track. This is anticipated to be achieved through processes automation, licenses and technology efficiencies and a back-office review.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
Housing benefits subsidy loss % will remain stable and as projected	A 1% additional loss in subsidy could cost an additional £280k.	A 1% less of subsidy lost could save £280k.	A number of workstreams covering affordability of Temporary Accommodation and new and alternative supply have been set up in order to monitor and contain the projected overspend in Housing
Temporary Accommodation costs will not increase above the currently projections	A 1% increase in approaches could cost an additional £300k - £450k	A 1% decrease in approaches could save £300k - £450k.	A number of workstreams covering affordability of Temporary Accommodation and new and alternative supply have been set up in order to monitor and contain the projected overspend in Housing.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £0.9m.	A 5% improvement in the collection rate will recover £0.9m.	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection rates are ongoing.
SEN Transport spend is within budget and expected client numbers.	Every additional child requiring transport via taxis costs the Council an average of £10,102 per annum.	Reduction in the growth requirement for future years.	The service is monitored as part of the shared service with Harrow. Client numbers can therefore be planned for. A strategic review of this service is taking place to look for efficiencies.
Energy costs stay within the	Additional pressures on reserves.	Reduced pressure on	The service is working closely with the contractors to build

expected forecast.		the Council's reserves.	projections and mitigate impacts.

Table 14 - Summary of Key Assumptions - Resident Services

3.9 Central items

Collection Fund – Council Tax

3.9.1 The net collectible amount for Council Tax for 2023/24 (after exemptions, discounts and Council Tax Support) as at 30th November 2023 is £201.5m. As at the end of November 2023, the amount collected was 68.4%, a decrease of 1.9% when compared to the in-year target and 2.6% lower than the amount collected in the same period in 2022/23 (71.0%). This has been revised down from the position reported in the Quarter 2 report (2.3% decrease) and is the result of a timing error.

3.9.2 The collection rate is low due to several issues, including the fall in the number of working age residents in receipt of Council Tax Support (CTS), which creates additional debt to collect, a large outstanding payment due from the Council for an empty property in South Kilburn and staffing issues within the Revenues team, which have a created a backlog of work.

3.9.3 Collection of Council Tax is the same as it was in the equivalent period of 2021/22. This suggests that the recovery of the in-year collection rate from the fall during the COVID-19 pandemic has stalled and may be being impacted by the ongoing cost-of-living crisis. The Council Tax Base report to General Purposes Committee in December 2023 includes an increase in the long-term collection rate back to the pre-pandemic target of 97.5%. Further work is being undertaken to determine if the current issues with collection in the short term will lead to a reduction in the long-term collection. The results of this review will have a direct impact on the resources available to the General Fund in future years and will be reported to Cabinet in the July 2024 update to the Medium-Term Financial Strategy so that it can feed into the 2025/26 budget setting process.

Collection Fund – Business Rates

3.9.4 The budgeted net collectable amount for Business Rates (NNDR) for 2023/24 is £125.5m (after exemptions, reliefs and discounts). This was based on the forecast used for the NNDR1 form in January 2023 and has increased by 11% from £112.8m in 2022/23. This increase has been caused by the revaluation of all non-domestic properties at 1st April 2023 (the first revaluation since 2017), which has resulted in an increase to the overall rateable value of Brent's non-domestic properties from £312m to £370m (19% increase). The increase to the net collectable amount has been partially offset in 2023/24 by transitional reliefs applied to some properties to defer the increase in rates because of the revaluation.

3.9.5 The actual net collectable amount for NNDR as at 30th November 2023 is £121.0m, a decrease of £4.5m from the budget in January 2023. However, adjustments to this may occur during the year due to increases or reductions in the number of non-domestic properties and successful appeals against rateable values.

3.9.6 The decrease to the net collectable amount for NNDR does not directly affect the General Fund as the overall resources that the Council receives from the Business Rates retention system are determined in the Local Government Finance Settlement. However, where the actual income to the Collection Fund is different to the budget, Brent's share of the resulting surplus or deficit estimated in January is distributed to/from the General Fund in the following financial year.

3.9.7 As at 30th November 2023, the amount collected was 71.1%, which is 0.6% above the month-end target. The amount collected in the same period in 2022/23 was 68.2% and in 2021/22 the collection was 63.8%. This increase suggests that collection of Business Rates is continuing to recover from the COVID-19 pandemic.

3.9.8 However, there are currently a number of factors present in the economy, which could have a negative effect on the ability of businesses to pay their Business Rates, such as energy costs, persistently high inflation and the reduction in consumer spending power as a result of the cost-of-living crisis. Work is ongoing to review the NNDR collection rates and determine if the future trend is one of continued growth, or if the aforementioned economic factors will result in a new drop in collection rates.

Pay Award

3.9.9 The current financial environment is putting considerable upward pressure on pay. On 1st November 2023, the pay award for 2023/24 was agreed, which for Outer London consists of an increase of the highest of 3.88%, or £2,226, inclusive of the Outer London Weighting. In absolute terms, this is similar to the pay award for 2022/23, but broadly equates to an average 5.7% increase in pay (6.5% in 2022/23), ranging from 9.42% at the lowest level of pay to 3.88% at the highest level of pay. This is estimated to cost £8.5m in 2023/24. Provision has been made for this in the Council's budget for 2023/24, so it is not anticipated at this time that further management action will be required to mitigate this pressure.

Savings

3.9.10 The 2023/24 budget, agreed at Full Council on 23 February 2023, included an £18m savings target, of which £4.5m was deferred to 2024/25. Appendix A sets out the progress in delivery against this savings target and any mitigating actions. Of the savings for 2023/24, at Quarter 3 93% of these are on track to be delivered, delivering 81% of the budgeted savings. Since Quarter 2, one saving has moved from at risk to being on track to be delivered and one saving has moved from being on track to at risk. The remaining savings have been flagged as a risk, however mitigating actions are being implemented to deliver these savings targets.

Virements

3.9.11 The table below shows the virements which have been entered to adjust the budgets at Corporate Directorate level during 2023/24. Cabinet are recommended to approve these virements.

	2023/24 Opening Budget	**In-year growth**	**Transfer of functions between services**	**Technical Adjustments**	**2023/24 In-Year Budget at 31.10.2023**
	£m	**£m**	**£m**	**£m**	**£m**
Care, Health and Wellbeing	**122.0**	1.1	0.1	1.0	**124.2**
Children and Young People	**62.1**	0.0	0.0	9.0	**71.1**
Communities and Regeneration	**5.2**	2.0	0.0	0.1	**7.3**
Resident Services	**69.2**	2.4	0.1	(3.1)	**68.6**
Governance	**13.6**	0.5	(0.2)	0.0	**13.9**
Finance and Resources	**11.7**	0.5	0.0	0.1	**12.3**
Central Items	**(283.8)**	(6.5)	0.0	(7.1)	**(297.5)**
Total Budget	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Table 15 - Virements by Directorate in 2023/24

3.9.12 In-year growth items are budget movements from the Central Items budget to Departmental budgets which were not actioned at the start of the financial year.

3.9.13 Transfers of functions between services are budget movements between Corporate Directorates, which occur when a department is moved from one service to the other. The virement ensures that the department and the related budget remain together.

3.9.14 Technical adjustments are budget movements resulting from either events which are provided for in the MTFS, but only confirmed during the year (e.g. pay award), or budget movements resulting from changes to processes (e.g. centralisation of budgets).

3.9.15 The table above includes the following technical adjustments added between August and October 2023:

- Rent for Council owned depot at Unit 2 Marsh Road funded by Resident Services
- Increase to employee costs in Transactional Finance funded by the Pension Fund
- Growth for Children and Young People agreed at Full Council meeting on 23 February 2023
- Centralisation of budgets for document storage
- Transfer of Brent’s share of the 2022/23 West London Waste Authority PPP income.

3.10 Dedicated Schools Grant (DSG)

Funding Blocks	Overall DSG Funding 2022/23	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	119.5	119.5	0.0
High Needs Block	74.7	75.5	0.8
Early Years Block	24.4	24.4	0.0
Central Block	2.1	2.1	0.0
Total DSG	**220.7**	**221.5**	**0.8**

Table 16 - Forecast Against Funding - Dedicated Schools Grant

Summary

3.10.1 The DSG forecast reflects a deficit of £0.8m, against grant funds of £220.7m for 2023/24, due to pressures from the High Needs (HN) Block, a £0.6m reduction from the reported Quarter 2 forecast of a £1.4m deficit. This reduction is mainly due to a reduction in the forecast expenditure for Brent children in out of borough special schools. The forecast assumes that the other funding blocks will achieve a balanced budget by the end of the financial year.

3.10.2 The cumulative DSG deficit brought forward from 2022/23 is £13.8m. The forecast deficit on the HN block will increase the overall DSG deficit to £14.6m by the end of this financial year and will be held in an earmarked unusable reserve in line with Department for Education (DfE) regulations (the School and Early Years Finance (England) Regulations 2021), to be funded from future years' funding and/or recovery plans agreed with the DfE.

Forecast

3.10.3 The £0.8m deficit against the HN Block is a reduction from the £1.4m deficit reported in Quarter 2. This is mainly due to a reduction in the forecast spend for top-up funding to out of borough special schools which was initially based on c224 pupils at an average cost of £25.5k, currently numbers have averaged at around 197 pupils, which has resulted in a revision to the forecast.

3.10.4 The pressure remains that there continues to be an increase in the number of children requiring EHCPs and the HN funding has not increased in line with the growth in overall pupil numbers creating financial pressures nationally. At the end of October 2023, there were 3383 EHCPs, which represents a growth of 7% compared to October 2022 (3160).

3.10.5 The forecast position is due to the following pressures:

- £1.1m pressure against the cost of post-16 provision. It is difficult at this point in time to accurately forecast the post-16 costs due to a delay in various settings confirming their charges to the local authority. New pupils also join in the spring term which makes it difficult to predict pupil numbers and therefore the forecast. As such, the forecast pressure of £1.1m is subject to change later in the financial year.

- £0.4m forecast pressure against the costs for independent residential special schools which is based on the number of pupils placed in these schools.
- The above pressure is expected to be mitigated by a (£0.7m) forecast underspend against the out-of-borough special schools due to a reduction in the forecast number of pupils placed in these settings.

3.10.6 The Council has a Deficit Recovery Management Plan is in place with longer-term actions to recover the cumulative deficit. A task group led by the Corporate Director of Children and Young People (CYP) is in place to coordinate and monitor these actions. Some of these actions to reduce costs include developing Alternative Provision education in the borough and increasing the amount of Special Provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students. A combination of these longer-term recovery actions and anticipated funding increases is expected to achieve a reduction in the deficit. As at Quarter 3, there has been cost avoidance delivered of c£1m factored into the forecast. Brent being part of the Delivering Better Value (DBV) in SEND programme continues to work with the DfE to review the current Management Plan and efficiencies identified from the programme may allow funds to be released to address historic deficits.

Risk and Uncertainties

3.10.7 The risk remains, in line with the national trend, that the number of children and young people with Education Health and Care Plans (EHCPs) will continue to grow and funding increases announced by the DfE will not be sufficient to meet the rising demand and inflationary increases requested by providers including other local authorities.

3.10.8 The statutory override set out in the School and Early Years Finance (England) Regulations 2021 which requires local authorities to either carry forward any cumulative DSG deficit to set against the DSG in the next funding period or carry forward some or all the deficit to the funding period is due to come to an end in 2025/26. There remains the risk that the local authority would then be required to absorb any accumulated deficit from the DSG by using General Fund balances and at present no provision is made in the MTFS for such a transfer out of the General Fund. A deficit of this size will completely clear out the Council’s General Fund reserves and put the Council’s financial resilience at significant risk.

3.11 HRA

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(61.2)	(61.2)	0.0
Expenditure	61.2	61.5	0.3
Total	**0.0**	**0.3**	**0.3**

Table 17 - Forecast Against Budget - Housing Revenue Account

Forecast

3.11.1 The budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which has a balanced budget for 2023/24.

3.11.2 The HRA is under pressure to achieve £3m worth of savings as a result of rent limitations imposed in 2023/24, and together with additional budgetary pressures arising during the year, these are resulting in an estimated net pressure of £0.3m on the fund overall.

3.11.3 An increased demand on disrepairs, responsive repairs and void works results in a £0.9m financial pressure on the HRA. Additional costs associated with service charges over planned budget lead to a further £0.4m pressure. This forecast represents a £1.3m increase when compared to the break-even projection at Quarter 2.

3.11.4 Mitigating actions include maintaining vacant positions and exploring the use of alternative funding sources to contribute towards planned maintenance costs. It is anticipated that the HRA will be able to reduce interest charges by £0.4m, which will help to reduce the impact of projected pressures. In addition, a £0.6m reduction in expenditure is anticipated as a result of a review of support services and brining a number of support functions under the HRA management. The HRA has a £0.4m working balance in reserves.

3.11.5 There are a number of other risks and uncertainties that could pose further financial pressures.

Risks and uncertainties

3.11.6 High levels of uncertainty around inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Energy cost increases are to be passed on to tenants and leaseholders resulting in an increased risk of non-collection. In addition, an increase in service requests relating to damp and mould is likely to put additional pressures on budgets.

3.11.7 Other pressures involve the capital programme as there is no new government funding having been made available to meet environmental priorities and requirements such as carbon reduction works to homes.

3.11.8 The government has limited social housing rent increases to 7%, which means that the increased costs experienced by the HRA cannot be fully met by rent inflation. The HRA needs to modify service delivery and achieve considerable additional savings in order to close the gap between rental income and the cost of service delivery. In addition, the cost-of-living crisis is likely to further impact rent collection rates and consequently result in increased rent arrears.

3.11.9 These risks are being continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy. The HRA reserve is currently lower than the target working balance, however plans are in place to increase this reserve over the medium term to increase the financial resilience and sustainability of the HRA.

Capital Programme

3.12 Capital Summary

3.12.1 The table below sets out the Capital Programme current forecast to the revised budget position for 2023/24. Due to the multi-year nature of projects within the Capital Programme, any variances are reported either as an overspend or underspend which is spending more or less than anticipated on a particular aspect of a project or slippage, or as brought forward which is a change in the timing of the expenditure between financial years.

Directorate	Original Budget	Revised Budget	Current Forecast	FY Variance	
	£m	£m	£m	£m (Underspend) / Overspend	£m (Slippage)/ Brought Forward
Corporate Landlord	10.3	10.8	10.3	(0.4)	(0.1)
Housing GF	82.3	165.9	135.3	0.3	(30.9)
Housing HRA	157.0	73.0	69.9	0.3	(3.4)
PRS I4B	18.5	2.5	5.8	0.0	3.3
Public Realm	25.5	36.9	29.2	(0.2)	(7.5)
Regeneration	74.1	9.8	9.0	0.0	(0.8)
Schools	35.1	12.6	12.4	(0.1)	(0.1)
South Kilburn	27.0	14.8	14.8	0.0	0.0
St Raphael's	31.7	0.8	0.8	0.0	0.0
Total	**461.4**	**327.1**	**287.5**	**(0.1)**	**(39.5)**

Table 18 - Forecast Against Revised Budget - Capital Programme

3.12.2 This quarter's forecast has seen a significant amount of 2023/24 budget slippage into future periods. The narrative in the following paragraphs provides further explanation on the underlying causes for this quarter's change in forecast. This narrative demonstrates a clear distinction between the issues for those schemes currently onsite and those that are working to complete their design prior to the commencement of main works.

3.12.3 Since the last quarter, the GLA has launched a new grant programme for acquisitions. The focus of this new programme is towards the delivery of new Temporary Accommodation with each unit receiving an additional allocation of £85k per unit (£6k per unit additional grant for social housing). This is welcome news, especially with recent increases in the Local Housing Allowance and the continuation of HRA borrowing rates confirmed in the Autumn Statement. This news will bring units for Temporary Accommodation within the reach of the Council that previously were not due to viability.

3.13 Corporate Landlord

3.13.1 Corporate Landlord has a forecast of £10.3m versus a revised budget of £10.8m for 2023/24. This variance is driven mainly by an underspend of £0.4m for Digital Strategy staff costs following a spending review which represents a permanent saving, and slippage of £0.1m for Flexible Working Equipment as a result of lower-than-expected demand, however this will be spent in future years.

Risk and Uncertainties

3.13.2 The programme includes a loan to Central and North West London College to enable the new campus development in Wembley Park. There is a risk the Council may not be the lender to the College following the legal implications of Colleges being included within the Public Sector. Discussions are ongoing with the DfE to confirm this.

3.14 Housing General Fund

3.14.1 This quarter sees significant movement in the 2023/24 forecast across Housing General Fund. At Q3, the Housing General Fund is forecast to spend £30.6m below the current year budget. This position is due to slippage, i.e. expenditure originally targeted this financial year now moved to future periods. This quarter is reporting significant slippage at: Church End, £8.0m, Clock Cottages, £1.7m, Edgware Road, £6.8m and Fulton Road, £14.1m. The underlying theme for this level of slippage is the viability challenges due to changing regulatory requirements (additional staircases and fire safety measures) and a generally worsening economic environment.

3.15 Housing HRA

3.15.1 The HRA Capital Board is forecasting to spend £3.1m below the current year budget. This position is primally driven by slippage totaling £5.7m, offset against accelerated spend (i.e. spend ahead of profile) totaling £2.6m. Most of the accelerated spend is attributable to Neville and Winterleys, £1.3m; this is because actual spend is ahead of a cautious profile set at budget setting. The significant slippage relates to Grand Union Phase 2, £1.7m and Major Repairs, £4.0m. The main cause for this slippage is delay in either progressing or commencing main works.

Risk and Uncertainties – Housing

3.15.2 Cost inflation is reportedly slowing, which should see a consequential slowing of tender price inflation, although any benefit from slowing inflation may be offset by cost pressures due to the recent update to the fire safety regulations and the need for schemes to be redesigned. Viability challenges are set to continue given the current high interest rate environment. The Council in the last year has had to pause significant development schemes and further schemes in the New Council Homes Programme may need to be paused throughout the year. The Council is also experiencing significant supply pressures for Temporary Accommodation as noted in 3.8.4. One of the options to mitigate the pressure is to increase the supply of temporary accommodation through a new acquisition programme.

3.16 PRS I4B and First Wave Housing

3.16.1 At the start of 2023/24, i4B had circa £18m remaining of its drawn down loan facility for private rented sector property acquisitions. The company had paused acquisitions at the start of the financial year, and had a forecast spend of £2.5m based on completion of the existing pipeline. During the year, the company has resumed purchasing and built up its acquisition pipeline. i4B has purchased 10 properties in the year for a total of £3.6m, and is forecasting two further purchases bringing the annual budget to £4.2m. In addition, i4B has 15 properties in conveyancing and a further pipeline of over 20 properties, meaning the company expects to use the majority of its remaining funding within 2024/25.

Risk and Uncertainties

3.16.2 i4B and First Wave Housing are engaging with the Council on the future acquisition strategy and availability of loan funding for the companies. This includes exploring the increased offer of grant from the GLA for Temporary Accommodation alongside the increase in LHA rates for new properties, both of which would improve the viability of future purchases.

3.17 St Raphael's

3.17.1 The St Raphael's project is forecasting to spend to budget. The budget of £0.8m is for planning and design spend for all phases and for the minor improvement works that will not require planning consent (formal application). Plans for further works will be firmed up in the future, subject to viability. The Council is now working towards the delivery of the first tranche of Estate improvement works, set to commence this financial year.

Risk and Uncertainties

3.17.2 The development works on the infill masterplan are currently on pause. The Council remains committed to exploring alternative delivery and financing options however these remain significantly challenging.

3.18 Public Realm

3.18.1 The Public Realm is forecasting a variance for the overall programme of £7.7m, the majority of this is being slipped into future years (£7.5m). There are circa 135 Public Realm live Capital projects. Some of the bigger re-profiling includes Highways, where there is a £2.6m budget slippage. The key projects in Highways are Wembley High Street and Church End, which have experienced delays due to ongoing contractor disputes with FM Conway (£1.5m), the hostile vehicle mitigation has slipped by (£0.4m) as the works are reactive, and Highway Structures (£0.4m) where a new consultant is being appointed to take the programme forward. The parks programme is forecasting slippage of £1.6m which has been pushed out partly due to the pitch improvement project (£0.4m). Delivery is dependent on Thames Water's agreement to increase the drainage system and discussions are ongoing. Healthy Streets has had some scheme delays resulting in a £1.1m slippage, including (£0.5m) slippage on North End Road. Landscaping is forecasting a slippage of £0.7m, primarily due to procurement challenges. The new waste bin trial has been scheduled for 2024/25 resulting in £1.5m being reprofiled into FY24/25.

Risk and Uncertainties

3.18.2 The reduction in grant funding for TFL has resulted in a smaller scope of work to deliver the Local Implementation Plan. The long-term programme is being developed in recognition of this reduced level of funding to ensure the impact of the funding received is maximised.

3.19 Regeneration

3.19.1 The Bridge Park Regeneration project is still in the early stages of developing options for delivery and is forecasting £0.8m of slippage.

Risk and Uncertainties

3.19.2 Site investigations are ongoing at Wembley Housing Zones project with Wates, with focus on design changes on both sites to meet the new fire safety regulations. The current forecast for this project is centered on implementing the Cecil Avenue planning permission in advance of the February 2024 expiry date. Any deviation from this will significantly change the timescales for delivery of the scheme. The Morland Gardens project has now been aborted and an alternative site strategy is due to be developed.

3.20 Schools

3.20.1 A number of Schools projects have had budgets re-profiled into future years following updates to project plans driven by a delay in procurement on SEND projects and delays in confirmation on claims from schools for capital improvement funding. For the Childrens Care Home project, a site for acquisition is being investigated (currently in conveyancing) which may result in a further update to the spend profile whilst acquisition of a further property is explored.

Risk and Uncertainties

3.20.2 There are many schools involved in the Additional Resource Provision of the SEND programme which may not be able to progress once full feasibility studies and structural surveys are completed so the programme could see volatility in the location of the provision.

3.21 South Kilburn

3.21.1 South Kilburn will deliver over 2,400 homes, of which 50% will be affordable. The programme is around halfway through, with 10 sites delivered or on site and 7 sites remaining to be developed. The forecast for the financial year includes project costs on live projects and acquisition costs for obtaining vacant possession. The District Energy Network (DEN) has experienced a delay in delivery and the option of a temporary energy resource is being investigated.

Risk and Uncertainties

3.22.2 Viability is a key challenge for the remaining developments within the South Kilburn programme. The Single Delivery Partner approach is being explored to help provide certainty for the programme and provide economies of scale for the delivery partner.

3.23 Treasury Management Prudential Indicators

3.23.1 In line with the 2021 Prudential Code, a review of the prudential indicators for the authority will now take place quarterly rather than solely through the Treasury Management updates throughout the year. A performance of the treasury and capital activities against these indicators can be found in Appendix B.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no direct considerations arising out of this report.

5.0 Financial Considerations

5.1 There are no direct financial considerations arising out of this report.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 There are no EDI considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report.

10.0 Communication Considerations

10.1 There are no direct communication considerations arising out of this report.

<u>Report sign off:</u>

Minesh Patel
Corporate Director of Finance and Resources

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Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
Care, Health and Wellbeing	2023-24 AH01	Homecare Reductions	1,200		1,200	Post Covid increases in homecare, driven by increased need and hospital discharge, introduce new reablement service and reduce double handed care packages to manage demand and increase independence	Green	Saving on track to be delivered
Care, Health and Wellbeing	2023-24 AH02	Not in-sourcing Reablement	1,300		1,300	Commission a reablement service through the market, which will deliver the same benefit for residents and for demand, but will cost substantially less to deliver than bringing the service in house	Green	Saving already achieved
Care, Health and Wellbeing	2023-24 AH03	Reduction in cost of Learning Disability Placements	600		600	Proposal to support more people with a Learning Disability to live as independently as possible and to continue to reduce Residential Placements	Amber	Potential delays in fully delivering the savings. It is not anticipated that the saving will be realised in 2023/24. Mitigating actions have been identified to deliver the saving in an alternative way through the reassessment of client needs and assessing scope around moving clients to alternative more cost-effective care provision.
Care, Health and Wellbeing	2023-24 AH04	Extra Care Void Saving	250		250	Reduce the number of care home placements, reversing the increase driven by health during Covid, re-focusing on extra care placements filling voids and new extra care schemes as alternatives that promote more independence	Green	Saving on track to be delivered
Care, Health and Wellbeing	2023-24 AH05	Mental Health Placements	470		470	Working closely with housing and secondary MH services to improve the recovery pathway post Covid, in particular reducing supported living	Green	Saving on track to be delivered

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
						placements and increased access to General Needs accommodation		
Care, Health and Wellbeing	2023-24 AH06	Reductions in Staffing	270		270	Deliver the plan to increase the number of permanent staff in a very challenging recruitment market and reduce the Adult Social Care agency staffing	Green	Saving on track to be delivered via vacancy factors across the service
Care, Health and Wellbeing	2023-24 AH07	Digital / Transformation Savings	175		175	ASC - online forms, single view dashboards, integration of applications with Mosaic, assistive technology. Electronic document management. Direct payments automation and reduction in overpayments; and potential for increased alignment with CYP DP team. Automation of manual case review processes.	Green	Saving on track to be delivered
Sub Total			**4,265**	**0**	**4,265**			
Children & Young People	2023-24 CYP01	Early Help	240		240	Savings proposals will be a combination of establishment savings achieved by deleting posts and reducing some commissioned services.	Green	Savings on track to be delivered
Children & Young People	2023-24 CYP02	Inclusion and Virtual School	80		80	Reducing the Supporting Young People Contract, ('Connexions').	Green	Savings on track to be delivered
Children & Young People	2023-24 CYP03	Localities - Care Packages reduction	365		365	Care package reductions for families receiving support from the 0-25 children and young people with disabilities teams	Green	Reviews are continuing to ensure that savings are on track to be delivered.
Children & Young People	2023-24 CYP05	Looked after Children and Permanency		510	510	Review of agency worker usage and implementation of a vacancy factor	Green	Work is underway to ensure that savings will be on track to be delivered.
Children & Young People	2023-24 CYP06	Forward Planning Performance & Partnerships		860	860	Proposed savings will be made through the commissioning of placements for Looked After Children and Care Leavers	Green	Work is underway to ensure that savings will be on track to be delivered.

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
Children & Young People	2023-24 CYP07	Safeguarding and Quality Assurance	121		121	Savings will be made through the management of vacant posts and a reduction of the CYP training budget.	Green	Work is underway to ensure that savings will be on track to be delivered.
Children & Young People	2023-24 CYP08	Setting and School Effectiveness	34		34	Proposed savings will be made by a reduction in staffing costs within the core school effectiveness team.	Green	Savings on track to be delivered
Children & Young People	2023-24 CYP09	Digital / Transformation Savings		200	200	Admin - case management, RPA, Mosaic enhancement (alerts), electronic document management, removing manual processes and excel. Schools admissions chatbots/virtual agents. Direct payments automation and reduction in overpayments; potential for increased alignment with ASC DP team. CAMS dashboard.	Green	Work is underway to ensure that savings will be on track to be delivered.
Sub Total			**840**	**1,570**	**2,410**			
Communities & Regeneration	2023-24 CR01	Planning Service Staff		205	205	Reduce planning staff by 5% (3.5 FTE) achieved by natural turnover/deletion of vacant posts. Would impact ability to provide planning service and policy framework.	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR02	Brent Works / Brent Start	35		35	Proposal to combine advisors across both Brent Start and Brent Works via turnover / vacancy management	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR03	Brent Start Programme Leader	24		24	Proposal to merge a position with another programme to delete this provision in Brent Start via vacancy management	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR04	Regeneration Capitalisation		75	75	Opportunity for further capitalisation for 4 years, whilst Wembley housing zone schemes are built	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR05	Town Centre managers	68		68	Reduction of one Town Centre manager.	Green	Savings on track to be delivered

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
Communities & Regeneration	2023-24 CR06	Strategy & Engagement restructure	55		55	Reduction in IAG Contract. Non appointment of new posts identified in the new structure	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR07	Communications restructure	100		100	Reduce the number of Communications Account Managers in the corporate communications team from five to three	Green	Savings on track to be delivered
Communities & Regeneration	2023-24 CR08	Digital / Transformation Savings	50		50	Automation, chatbot, virtual agents. Dashboards for contract monitoring and demand management. Any changes to structures, alignment and commissioned services from Employment and Skills OBR. IoT e.g. potholes, better tech for field officers (Powerapps) to increase efficiency.	Amber	Delays with a supplier will result in a slippage. This saving is being delivered in 2023/24 by limiting spending on training to create a £50k underspend.
Sub Total			**332**	**280**	**612**			
Resident Services	2023-24 RS01	Removal of first class envelopes from the Civic Centre	64		64	Removal of first class envelopes from Civic Centre to reduce postage spends. First class postage will remain available in the Post Room but only for those requiring first class postage	Green	Savings on track to be delivered
Resident Services	2023-24 RS02	Staffing Changes	86		86	Staffing changes across the Improvement & Performance Team and the Digital Post Room teams. Duties to be covered by existing staff once re-evaluation of JD's and staff consultation has been carried out	Green	Savings on track to be delivered
Resident Services	2023-24 RS03	IEG and Resilience contract reduction & Staffing reductions due to systems automation	262		262	Reduction in the usage of the Resilience contract and creation of in house applications to replace IEG	Green	Savings on track to be delivered
Resident Services	2023-24 RS04	Online diary and reporting system	11		11	Online diary and reporting system equivalent to current product bought	Green	Savings on track to be delivered

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
		and booking citizenship ceremonies				in house use of corporate. Online booking Citizenship ceremonies incorporating facility for payment for private ceremonies		
Resident Services	2023-24 RS05	Staff reorganisation	210		210	Staff reorganisation in the Revenue & Debt team	Green	Savings on track to be delivered
Resident Services	2023-24 RS06	Reduction in licensing, corporate printing, supplies and services, delivery of ICT roadmap, staffing	418		418	• Reduction in licensing spend through applications rationalisation • Reduction in corporate printing spend through continued move to digital options • Reduction in ICT and Transformation supplies and services spend • Reduction in Brent's contribution to the shared ICT service through realisation of savings through delivery of roadmap projects • Reduction in staffing in Transformation service	Green	Savings on track to be delivered
Resident Services	2023-24 RS07	Digital / Transformation Savings	300		300	Online forms, chatbot/virtual agent, RPA, further reduction in print, aligning systems	Green	Savings on track to be delivered
Resident Services	2023-24 RS08	Libraries stock	62		62	Reduction in Libraries stock budget	Green	Savings on track to be delivered
Resident Services	2023-24 RS09	Increase Council Owned Temporary Accommodation Portfolio	350		350	Build a new Temporary Accommodation scheme of up to 100 units (similar to Anansi House), providing better quality and more affordable accommodation for people who would otherwise be in private sector nightly paid accommodation	Amber	New accommodation will not be available until 2024, however this delay has been accounted for in the Medium-Term Finance Strategy.
Resident Services	2023-24 RS11	Increase portfolio of Council Managed Temporary Accommodation (TA)	86		86	Transfer HALS TA portfolio from Notting Hill Genesis (NHG) to Brent Direct Leasing (BDL)	Green	Saving is no longer deliverable in the original form, however mitigating actions have been identified to deliver the saving in an alternative way through reducing other costs within the

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
								Temporary Accommodation portfolio
Resident Services	2023-24 RS12	Street Light Dimming	60		60	Proposal for Street Light Dimming. Identify areas where lighting levels can be reduced to secure energy cost savings	Green	Savings on track to be delivered
Resident Services	2023-24 RS13	Waste disposal – Education and outreach insourcing	250		250	Reduction in residual waste stream in order to secure increased recycling rates and reduced waste disposal payments to WLWA	Green	Savings on track to be delivered
Resident Services	2023-24 RS14	Review Payments to WLWA	100		100	This proposal seeks to recover any over-payment of waste disposal charges made by Brent that may be retained by WLWA and held as reserves by that organisation.	Green	Savings on track to be delivered
Resident Services	2023-24 RS15	Increased use of Proceeds Of Crime Act	300		300	Subsidise Regulatory Services area with use of POCA income	Green	Savings on track to be delivered
Resident Services	2023-24 RS16	RLS related - Environmental Services Review	150		150	Environmental Services review staff structures as part of RLS Phase 2 review	Green	Savings on track to be delivered
Resident Services	2023-24 RS17	RLS related - Review of BTS	1,200		1,200	Detailed service review, route optimisation and alternative means of transport	Amber	The review is underway, however it is not anticipated that the saving will be realised in 2023/24. This delay has been accounted for in the Medium-Term Finance Strategy.
Resident Services	2023-24 RS18	RLS Related - Negotiate RLS cost reduction		200	200	Potential to reduce cost as part of RLS competitive dialogue tendering approach	Green	Savings on track to be delivered
Resident Services	2023-24 RS19	RLS related - Rationalisation of Environmental service budgets	130		130	A rationalisation of the budgets within Environmental Services has taken place in anticipation of the savings required for the RLS project.	Green	Savings on track to be delivered
Sub Total			**4,039**	**200**	**4,239**			

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
Finance & Resources	2023-24 FR01	Reduction in staffing	252		252	Savings will be made from the creation of a centralised Oracle support function in IT, a proportion of Head of Finance management oversight of master data and systems control is no longer required	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR02	Digital / Transformation Savings	250		250	Digital Transformation will enable automation of transactional activity across the whole of the Finance function and improvements in management self serve as a result of Oracle Cloud enhancements which will deliver savings	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR03	External support for Internal Audit activity	23		23	Reduce use of external support to internal audit service	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR04	Civic Centre Office Let		680	680	Lease further floors of the Civic Centre to external organisations / tenants to generate revenue	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR05	Increase car park/EVCP charge	100		100	Considered feasible to increase civic centre parking charge and also charging rate for EVCP provision without impacting demand.	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR06	Security Service Transformation	300		300	Service transformation to be implemented following the detailed review of security provision across all Brent's operational buildings after staff TUPE'D across from the previous out-sourced provider in summer 2021	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR07	Rationalise soft FM service	150		150	Rationalising soft FM services (cleaning) to meet reduced portfolio demand	Green	Saving on track to be delivered
Finance & Resources	2023-24 FR08	Commercial Staffing Review	50		50	Review capitalisation of staffing costs and replace interims with permanent staff	Green	Saving on track to be delivered
Sub Total			**1,125**	**680**	**1,805**			

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
Governance	2023-24 GOV01	Reduction in staffing via restructure	89		89	Proposed savings to be made from reduction in posts and more efficient allocation of tasks	Green	Savings on track to be delivered
Governance	2023-24 GOV02	Restructures in HR	85		85	This saving would introduce a new model for advisory support in HR and reduce the number of advisory posts in HR by one in 2023/24 and by one in 2023/24.	Green	Savings on track to be delivered
Governance	2023-24 GOV03	Reduce Corporate Learning and Development Budget	40		40	Reduction in budget held by HR for Corporate training	Green	Savings on track to be delivered
Governance	2023-24 GOV04	Administrative and Miscellaneous Efficiencies	12		12	Increased advert via Linkedin for recruitment advertising - reduction in publications	Green	Savings on track to be delivered
Governance	2023-24 GOV05	Increase income target for recoverable legal work costs	30		30	S106 and other third party income increase	Green	Savings on track to be delivered
Governance	2023-24 GOV06	Reduce Legal Fees Budget	50		50	Reduce the provision in the legal budget for payment of court fees and the costs of advice and representation by barristers in cases brought by or against the council	Green	Savings on track to be delivered
Governance	2023-24 GOV07	Cessation of DX Postal service	3		3	This savings would involve discontinuing use of the legal document exchange service through which documents for the court, barristers chambers and solicitors firms are currently sometimes despatched	Green	Savings on track to be delivered
Governance	2023-24 GOV08	Miscellaneous expenses reduction	19		19	Miscellaneous expenses reduction. This saving would remove a budget utilised for unplanned overhead expenses	Green	Savings on track to be delivered
Governance	2023-24 GOV09	Administrative and	22		22	This proposal concerns aligning salary budgets with the establishment	Green	Savings on track to be delivered

Department	Index	Reference	2023/24 savings (£000)	2024/25 deferred savings (£000)	Total Savings (£000)	Description	RAG Status	Comments / Mitigating Actions
		Miscellaneous Efficiencies						
Governance	2023-24 GOV10	Procurement restructure		50	50	Review structure of the Procurement team with overall impact leading to a reduction in the establishment by 1 FTE	Green	Savings on track to be delivered
Governance	2023-24 GOV11	Digital / Transformation Savings		75	75	Electronic document management, further implementation of DocuSign, sharing documents with external parties via M365, chatbots for routine HR and Legal queries	Green	Savings on track to be delivered
Sub Total			**350**	**125**	**475**			
Corporate	2023-24 CORP1	Digital / Transformation Savings	600		600	Commissioning, Performance and Communications review	Green	Saving on track to be delivered
Corporate	2023-24 CORP4	Procurement savings	449	51	500	To be managed by the Commissioning and Procurement Board. All contracts on pipeline will come to the board to review contract specifications in order to deliver savings	Green	Saving on track to be delivered
Corporate	2023-24 CORP5	CMT Savings	200		200	Savings from June 2022 CMT Restructure	Green	Saving already achieved
Corporate	2023-24 CORP6	RLS related - Environment department saving	1,300		1,300	A rationalisation of the budgets within Environment has taken place in anticipation of the savings required for the RLS project.	Green	Saving already achieved
Corporate	2023-24 AH08	Technical Adjustment - recurring grant funding		1,500	1,500	Recognition of grants not previously budgeted for in the MTFS.	Green	Saving on track to be delivered
Sub Total			**2,549**	**1,551**	**4,100**			
Grand Total			**13,500**	**4,406**	**17,906**			

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Appendix B – Prudential Indicators

Legislative Update

In December 2021, CIPFA published its revised Prudential Code and Treasury Management Code of Practice following concerns around the commercial activity undertaken by several local authorities and the affordability of borrowing plans.

The Code required authorities to not borrow to invest primarily for financial return and all capital expenditure undertaken must be related to the functions of the authority. The Council has not undertaken any activities to invest for a yield or have any commercial plans within the capital programme.

The code required the Prudential Indicators (which are approved as part of the Council's Treasury Management Strategy) to be reported quarterly (from semi-annually) as part of the financial updates. The code permitted this reporting to be implemented by the 2023/24 financial year so this appendix will be a recurring addition to the quarterly financial reports.

Prudential Indicators

The Council has a significant borrowing requirement and balance and 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 remains central to the Council's treasury management strategy.

(a) Capital Financing Requirement (CFR)

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement. This is the amount of the Capital Programme that is funded by borrowing. The Council's maximum external borrowing requirement for 2023/24 is shown in the table below. The indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels.

	2023/24 Forecast	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
	£m	**£m**	**£m**	**£m**	**£m**
Opening CFR	1,146.4	1,364.4	1,623.6	1,759.0	1,784.6
Capital Expenditure	318.5	485.6	196.2	53.1	35.8
External Resources	(39.3)	(92.0)	(15.3)	-	-
Internal Resources	(43.6)	(114.7)	(23.4)	(2.8)	(1.0)
MRP	(17.4)	(19.7)	(22.2)	(24.7)	(27.4)
Closing CFR	**1,364.4**	**1,623.6**	**1,759.0**	**1,784.6**	**1,792.0**

(b) Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term, debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below shows that the Council expects to comply with this recommendation during 2023/24.

£M	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£m	£m	£m	£m	£m
Debt (Incl PFI & Leases)	881.4	1,138.6	1,269.6	1,304.6	1,320.8
Capital Financing Requirement	1,364.4	1,623.6	1,759.0	1,784.6	1,792.1

(c) Liability Benchmark

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

	31/03/24 Forecast	31/03/2025 Forecast	31/03/26 Forecast
	£m	£m	£m
Loans CFR	1,364.4	1,623.6	1,759.0
Less Balance sheet resources	(517.8)	(517.8)	(517.8)
Net Loan requirement	**846.6**	**1,105.8**	**1,241.2**
Plus Liquidity Allowance	20.0	20.0	20.0
Liability Benchmark	**866.6**	**1,125.8**	**1,261.2**

(d) Authorised limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council’s estimate of most likely i.e. prudent, but not worst case scenario for external debt. It links directly to the Council’s estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring.

Other long-term liabilities comprise finance leases, Private Finance Initiative contracts and other liabilities that are not borrowing but form part of the Council’s debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

	2023/24 Operational Boundary	2023/24 Authorised Limit	Q3 2023/24 Actual external debt	Compliance
	£m	£m	£m	
Borrowing	1,500.0	1,700.0	759.5	
Other Long-term liabilities	-	-	28.1	Yes
Total	**1,500.0**	**1,700.0**	**787.6**	

The Corporate Director for Finance and Resources confirms that there were no breaches to the Authorised Limit and the Operational Boundary during up to Q3 of 2023/24.

(e) Upper Limits on one-year revenue impact of a 1% movement in interest rates

This indicators is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

	2023/24 Approved Limits £m	Q3 2023/24 Actual £m
Upper limit on one-year revenue impact of a 1% rise in interest rates	5.0	1.4
Compliance with limits:		Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	(5.0)	(1.4)
Compliance with limits:		Yes

(f) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replace at times of uncertainty over interest rates. The Council uses the option date as the maturity date for it's LOBO loans.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at Q3 2023/24	% of Fixed Rate Borrowing at Q3 2023/24	Compliance with set limits?
	%	%	£m	%	Yes / No
Under 12 months	40%	0%	65.0	6%	Yes
12 months and within 24 months	40%	0%	-	0%	Yes
24 months and within 5 years	40%	0%	-	0%	Yes
5 years and within 10 years	60%	0%	4.5	1%	Yes
10 years and within 20 years	75%	0%	207.7	28%	Yes
20 years and within 30 years	75%	0%	126.3	17%	Yes
30 years and within 40 years	75%	0%	199.3	27%	Yes
Over 40 years	75%	0%	156.7	21%	Yes
			759.5	**100%**	

(g) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2023/24 Forecast
Financing costs	34.5
Proportion of net revenue stream (%)	8.0%

(h) Upper Limit for Total Principal Sums invested over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for Total Principal Sums Invested Over 364 Days	2023/24 Approved £m	Q3 2023/24 Actual £m
Limit on principal invested beyond a year	50	0

(i) Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	2023/24 Target	Q3 2023/24 Actual
Portfolio average credit rating	A	AA-

(j) Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	2023/24 Target £m	Q3 2023/24 Actual £m
Total cash available within 3 months	20	118.5

(k) Investment Forecast

This indicator demonstrates the Council's investment exposure broken down by category.

Total investment exposure	2023/24 Forecast	2023/24 Actual
	£m	£m
Treasury management investments	30.0	118.5
Service investments: Loans	172.1	272.7
Commercial investments: Property	0.0	0.0
TOTAL INVESTMENTS	**202.1**	**391.2**
Commitments to lend	11.3	26.6
TOTAL EXPOSURE	**213.4**	**417.8**

Treasury management investments are higher than originally forecast due to the holding of additional short-term investments to allow for more flexible timing around long-term borrowing needs in light of the elevated interest rate environment.

(l) Investment Funding

This indicator demonstrates the amount of exposure to borrowing as a result of investments made for service purposes. These investments are the loans to the Council's subsidiaries i4B Holdings Ltd and First Wave Housing Ltd.

Investments funded by borrowing	2023/24 Forecast	2023/24 Actual
	£m	£m
Service investments: Loans	172.1	272.7
Total funded by borrowing	**172.1**	**272.7**

(m) Investment Rate of Return

This indicator demonstrates the rate of return obtained from the different investment categories.

Investments rate of return	2023/24 Budget	2023/24 Actual
Treasury management investments	3.10%	5.29%
Service investments: Loans	3.90%	3.11%
Commercial investments: Property	0%	0%

(n) Other Investment Indicators

Indicator	2023/24 Forecast	2023/24 Actual
Debt to net service expenditure ratio	2.18	2.20
Commercial income as a % of net service expenditure ratio	0.0%	0.0%

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Brent	**Cabinet** 15 January 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance, Resources and Reform (Councillor Shama Tatler)

Treasury Management Mid-Year Report 2023/24

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	One Appendix 1 Treasury Management Indicators
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Amanda Healy, Head of Finance Email: Amanda.Healy@brent.gov.uk Tel: 020 8937 5912 Sacha Bakhtiar, Senior Finance Analyst Email: Sacha.Bakhtiar@brent.gov.uk Tel: 020 8937 4039

1.0 Executive Summary

1.1 This report updates Members on Treasury activity for the first half of the financial year 2023-24.

2.0 Recommendation(s)

2.1 Cabinet is asked to note the 2023-24 Mid-Year Treasury report and forward to Full Council, along with noting that the Council has been fully compliant with the prudential indicators set as part of the annual strategy.

3.0 Detail

3.1 Cabinet Member Foreword

3.2 The Council's Treasury Management function underpins all Borough Plan priorities through providing the organisation's cash management service which ensures the Council can meet its financial obligations. Through managing the Council's investment and borrowing activities, the service ensures affordability of the Capital Programme and manages the risks associated with those activities in line with the relevant professional codes and legislation.

3.3 With interest rates at much higher levels than seen in recent years, long-term borrowing was unattractive during the first half of the year however the Council was able to benefit from higher investment income due to the short-dated nature of the investment portfolio. With inflation forecast to have reached its peak, there are likely to be opportunities for new long-term borrowing and certainty on affordability for the Capital Programme before the end of 2023/24.

Contribution to Borough Plan Priorities & Strategic Context

3.4 Treasury Management underpins all aspects of financial management within the Council which enables the delivery of the priorities and objectives within the Borough Plan. The Council's Treasury Management Strategy is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's Code of Practice (the CIPFA Code) on Treasury Management 2021. This requires the Council to approve Treasury Management mid-year and annual reports. The update report is presented here in-line with CIPFA's recommendations.

3.5 CIPFA published its revised Treasury Management Code of Practice (the TM Code) back in December 2021. The key changes in the two codes were around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the Code took immediate effect although local authorities were able to defer the revised reporting requirements until the 2023/24 financial year. In line with this, the Council has fully adopted the revised reporting requirements in the current financial year.

Background

3.6 Treasury Management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

3.7 The Council's Treasury Management Strategy for 2023/24 was approved by Full Council on 23rd February 2023.

3.8 In addition to reporting on risk management, the Code requires the Council to report on any financial instruments entered into to manage treasury risks.

Economic Background

3.9 UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise. CPI inflation has subsequently fallen to 4.6% in October 2023, raising hopes that the impact of higher interest rates is reducing demand and inflationary pressures in the wider economy.

3.10 Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

3.11 July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

3.12 Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

3.13 The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

3.14 Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

3.15 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

Financial Markets

3.16 Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

3.17 Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

Local Context

3.18 On 31st March 2023, the Council had external borrowing of £781.0m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.03.23 Actual £m	**31.03.24 Forecast £m**
General Fund CFR	851.4	1,021.0
HRA CFR	295.0	348.4
Total CFR	**1,146.4**	**1,369.4**
*Other debt liabilities	36.2	32.5
Borrowing CFR	**1,182.6**	**1,401.9**
Less: External borrowing	(781.0)	(707.6)
Internal borrowing	401.6	694.4
Less: Balance sheet resources		
Usable Reserves	(491.2)	(491.2)
Working Capital	(26.6)	(26.6)
(Investments) / New Borrowing	**(116.2)**	**176.6**

* Finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

Table 2: Borrowing and Investment Portfolio

	31.03.23 Balance £m	Movement £m	30.09.23 Balance £m	30.09.23 Rate %
Long-term borrowing:				
PWLB	529.8	(4.7)	525.1	3.92%
LOBO's	70.5	-	70.5	4.64%
Other	95.0	-	95.0	2.37%
Short-term borrowing:				
PWLB	13.2	(3.8)	9.4	2.19%
Local Authorities	70.0	(20.0)	50.0	4.48%
Other	2.5	-	2.5	-
Total borrowing	**781.0**	**(28.5)**	**752.5**	**3.80%**
Short-term investments	116.2	2.3	118.5	5.27%
Total investments	**116.2**	**2.3**	**118.5**	**5.27%**
Net Borrowing	**664.8**	**(30.8)**	**634.0**	

Debt Management

3.19 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

3.20 The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It has no plans to do so in future.

Borrowing strategy and activity

3.21 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.22 There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. The Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. The Bank Rate was 2% higher than at the end of September 2022.

3.23 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

3.24 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans. The HRA concessionary rate has had a limited impact so far as the significantly higher market rates still make the overall cost of borrowing relatively high which makes viability challenging. The availability of the HRA concessionary rate was extended in the 2023 Autumn statement and will now continue until 15th June 2024.

3.25 The UK Infrastructure Bank (UKIB) which is wholly owned and backed by HM Treasury has earmarked £4bn for lending to local authorities. Eligible projects must meet the Bank's investment principals: driving economic growth, developing infrastructure, delivering a positive financial return and crowding in private capital. The Treasury has provided £22bn in funding to the Bank over its first 5 years.

3.26 The Bank invested £1.1bn in 2022/23; although all of this was to the private sector (2021/22: £193m private, £117m public). Investments have included subsidy-free solar farms, gigabit broadband infrastructure and green buses. Loans are now available for qualifying projects at gilt yields plus 0.4%, which is 0.4% lower than the PWLB certainty rate. This was a recent reduction from the original offering of gilt yields plus 0.6%, in light of budgetary pressures arising from higher interest rates and gilt yields.

3.27 UKIB borrowing proposals must meet a strict set of criteria to be eligible. These include alignment with the government's net zero objectives and the project being an infrastructure asset or network. The UKIB does not support predominantly social infrastructure projects.

3.28 There may be an opportunity to borrow at lower rates from PWLB or UKIB in relation to the South Kilburn heat network. The GLA is providing low rate finance through the Mayor's Energy Efficiency Fund (MEEF) and the Mayor's Green Finance Fund, which was launched during London Climate Action Week 2023. The forecast development timetable of the heat network means the Council will apply to the latter scheme with the second round of expressions of interest closing in January 2024. Whilst the exact finance rates have not been confirmed, preliminary discussions have been held and funding is likely to be at lower rates those offered by the PWLB or the UKIB.

3.29 A summary of the Council's borrowing in the first half of 2023/24 is provided below:

Table 3 - Borrowing Position

	31.03.23 Balance £m	Movement £m	30.09.23 Balance £m	30.09.23 Weighted Average Rate %	30.09.23 Weighted Average Maturity (Years)
PWLB	543.0	(8.5)	534.5	3.89%	29.3
LOBO's	70.5	-	70.5	4.64%	41.0
Local Authority	70.0	(20.0)	50.0	4.48%	0.2
Other	97.5	-	97.5	2.31%	22.2
Total borrowing	**781.0**	**(28.5)**	**752.5**		

3.30 The Council's short-term borrowing cost has continued to increase with the rise in Bank Rate and short-dated market rates. The average rate on the Council's short-term loans at 30th September 2023 of £50.0m was 4.48%, this compares with 3.01% on £70m of loans 6 months ago.

3.31 The Council's main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

3.32 In the first half of the year, new external long-term borrowing did not take place due to sufficient cash levels and high market rates making forward borrowing unattractive. Short-term borrowing continued to meet cash flow requirements. The Council continues to monitor borrowing rates with the objective to re-introduce the little and often approach for new long-term borrowing to support providing certainty on affordability for projects within the capital programme.

3.33 Borrowing costs on have increased significantly in recent months alongside increased market rates (see 3.7). The highest borrowing rate that has been agreed YTD was at 5.8% for a short-term 11 month borrowing period.

3.34 The Council has an increasing Capital Financing Requirement due to the elements of the capital programme funded by borrowing. An estimated borrowing requirement is determined by the liability benchmark, which takes into account the Council's usable reserves, planned capital expenditure and minimum revenue provision. Borrowing is also determined through detailed cashflow forecasting. This has shown that further borrowing in excess of £176.6m will be required in 2023/24.

3.35 The cost of PWLB and alternate borrowing options has continued to increase substantially in 2023/24, although rates have started to reduce very marginally in recent weeks. For our borrowing requirement, the PWLB remains the cheapest form of financing.

3.36 The Council has considered and will continue to monitor the possibility of agreeing forward funded deals if these are at advantageous rates. The Council will continue to monitor alternative sources of funding and pursue the lower cost solutions and opportunities as they arise. To date, no such opportunities have emerged, given the relatively high interest rate environment and expectation that rates will fall, making forward funding deals relatively unattractive.

3.37 Higher interest rates mean that it would be uneconomic to restructure existing PWLB debt. The majority of our existing long-term PWLB borrowing was secured at interest rates significantly lower than those which would be incurred on new borrowing arrangements. However this will be kept under review should interest rates be reduced in future.

3.38 The Council continues to hold £70.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No lender exercised their option in the first half of the year. However, due to higher market rates, there is now a significant risk that existing LOBO's may require refinancing at higher rates or repayment. £16m of LOBO's have break points in the second half of 2023/24 and may require repayment and refinancing at higher rates. One LOBO, outlined below, had a break point in Q1. However, the break clause was not exercised.

<u>LOBO's with break point in first half of 23/24</u>

	Amount £m	Rate %	Final maturity	New rate proposed	Action taken by the Council
Loan 1	10.0	4.1	19/05/2055	None	None

<u>LOBO's with break points in the remainder of 23/24</u>

	Amount £m	Rate %	Final maturity
Loan 1	5.0	4.72%	18/11/2077
Loan 2	11.0	4.99%	12/02/2067

Treasury Investment Activity

3.39 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £56.1m and £122.0m due to timing differences between income and expenditure.

3.40 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

3.41 The Council's investment position is shown in the table below.

	Balance b/f 01/04/23 £m	Investments Repaid £m	New Investments £m	Balance c/f 30/09/23 £m
Debt Management Account Deposit Facility	-	(147.5)	164.8	17.3
Money Market Funds	116.2	(348.2)	333.2	101.2
Total Investments	**116.2**	**(495.7)**	**498.0**	**118.5**

Average rate of investments	**Return %**
Debt Management Account Deposit Facility	4.68%
Money Market Funds	4.53%

3.42 The Council holds most of its cash in Money Market Funds. The return on Money Market Funds has increased reflecting the higher interest rate environment. As at 30th September our Funds were paying rates between 5.20% - 5.35%. The Council also uses the Debt Management Agency's Deposit Facility (DMADF) for short-term cash deposits, which pays comparable rates.

3.43 The inter-local authority market has also seen higher interest rates. However, as at 30th September the Council did not hold any short-term deposits with other local authorities, as the liquidity offered by the money market funds was of greater benefit.

3.44 There was a modest increase of £2.3m in short term investments in the first half of the year. Investment balances are expected to reduce in the second half of the year in-line with the Council's cashflow requirements. The Council is reviewing its borrowing options which include short-term local authority borrowing, longer-term PWLB borrowing and forward borrowing (agreement to borrow at an agreed future date and rate in the future).

3.45 Security of capital has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2023/24. In accordance with the policy, new investments can be made with the following classes of institutions:

- A+ or above rated banks;
- AAA rated Money Market Funds;

- Other Local Authorities;
- Housing Associations;
- UK Debt Management Office;
- Corporate Bonds
- Collective Investment Schemes (Pooled Funds)
- Real Estate Investment Trusts

3.46 A short summary of the investment products available to the council along with an indication of the main driver behind their financial return and an indication of relative risk is provided below:

Asset Classes (approx. return)	**Cash (1.4%)**	**Bonds (-4.6%)**	**Equities (-0.9%)**	**Property (-19.7%)**
Income driven by	Short term interest rates	Medium term interest rates	Dividends/ share prices	Rental income/ vacancies
Key Risk(s)	Bank defaults	Company defaults	Company performance and perception of future performance	Property prices, least liquid asset class

3.47 Investments in Equities, Property and Bonds tend to be considered over a longer time frame, which are not currently suitable for the Council given its significant capital spending plans.

Risks

3.48 Regardless of the approach taken, the Council will be required to manage significant risks in relation to its treasury investment portfolio. Some key risks are:

- Credit risk - the risk that a bank or other institution will not be able to pay back the money invested with it. For longer term investments, the council is more exposed to credit risk. Should a counterparty's credit worthiness change, the council may not be able to get all their money back or may face heavy penalties if it can do so.

Mitigation – see Prudential Indicator 1 (Security) – Appendix 1

- Liquidity risk - that is the council having funds tied up in long-term investments when it needs to use that money. Increasing the duration of fixed cash deposits increases liquidity risk, however this can be mitigated through good cash flow management.

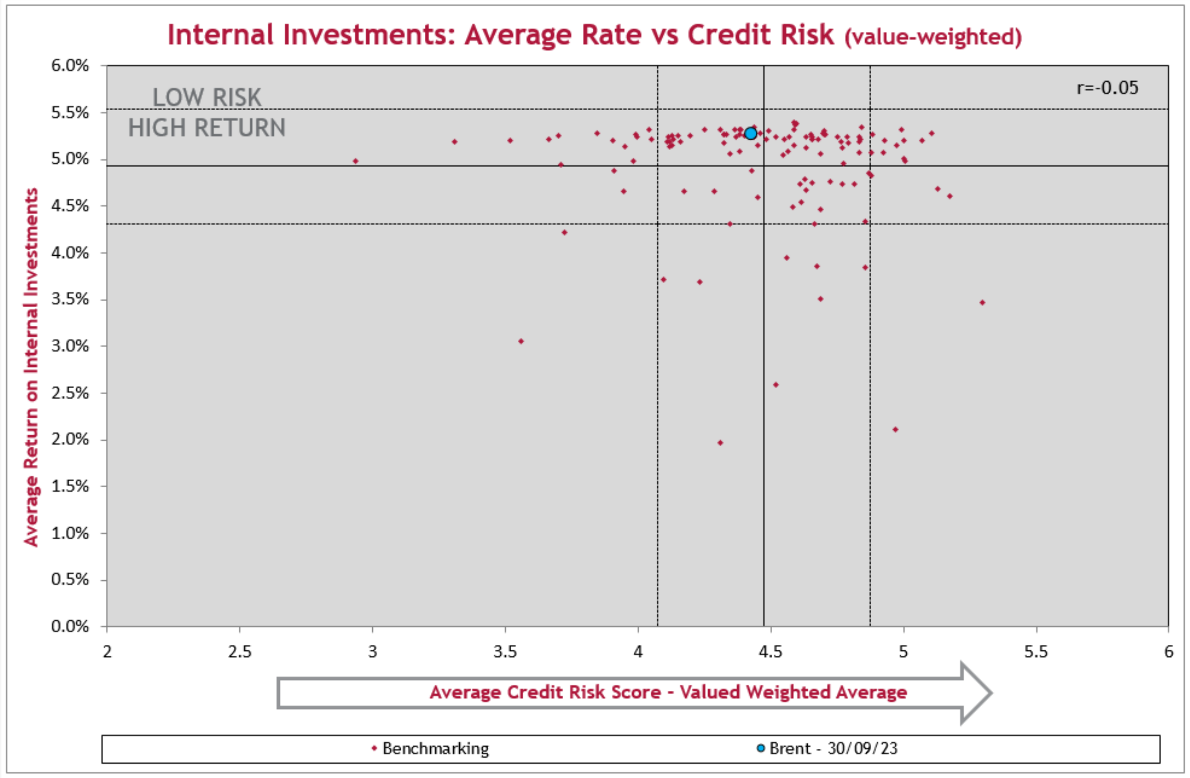
Mitigation – see Prudential Indicator 2 (Liquidity) – Appendix 1

- Interest rate risk – the risk of the council's budget being affected by unforeseen changes in interest rates. Longer term cash deposits increase this risk and will negatively affect the council should interest rates rise. On the other hand, the council may benefit should interest rates fall.

  Mitigation – see Prudential Indicator 3 (Interest Rate Exposure) – Appendix 1

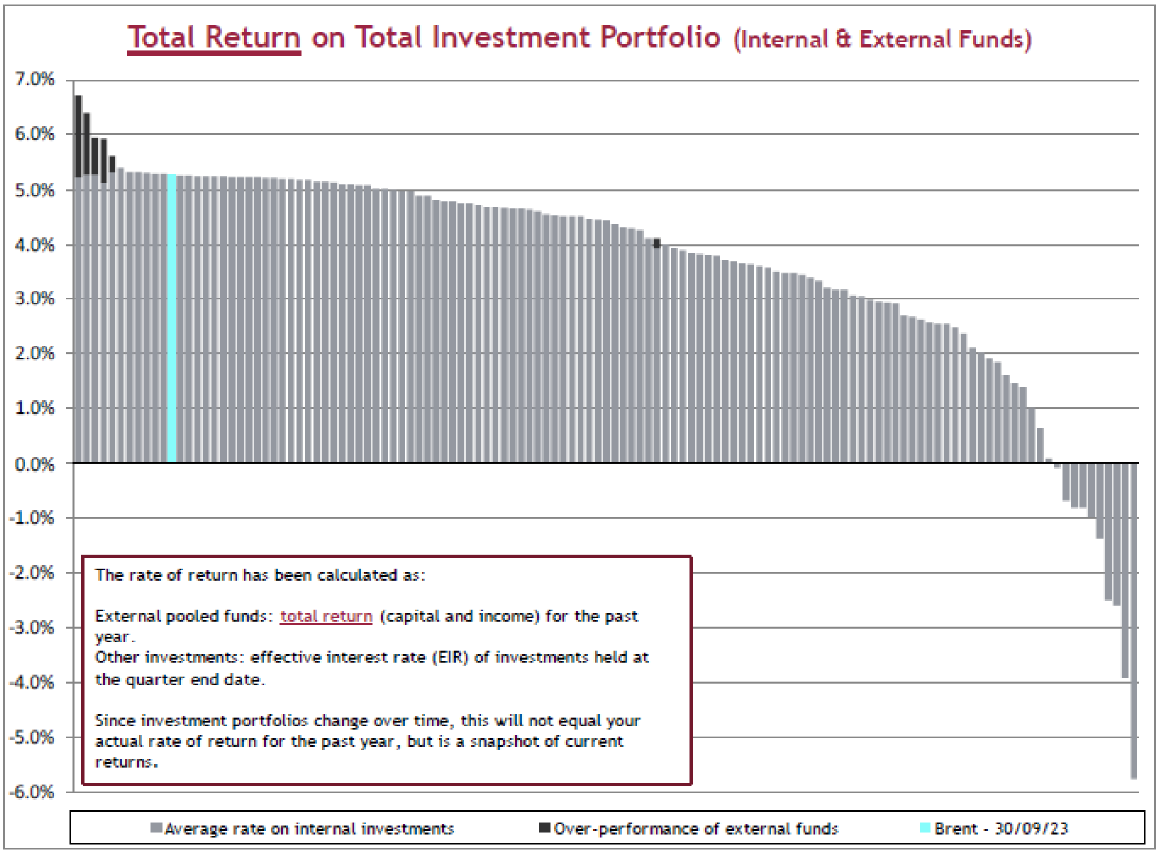
Benchmarking to other councils

3.49 The graph below shows a comparison in performance between Brent's investment portfolio and those of Arlingclose's (the Council's treasury advisor) other Local Authority clients. Brent's portfolio has an average risk profile compared with other authorities.



3.50 Our investment portfolio has a credit rating of AA- (equivalent to a Credit Risk Score of 4.42 in the table above). The credit rating achieved on our investments exceeds our target rating of A (which equates to a Credit Risk Score of 6 in the table above). The lower the Average Credit Risk score in the table above, the better the credit rating of the counterparties with which we hold investments.

3.51 A credit rating of 'A' per the Fitch agency indicates that an organisation has low default risk, but may be vulnerable to adverse economic conditions. A credit rating of 'AA' denotes that an organisation has very low default risk and is not significantly vulnerable to foreseeable events. The '+' and '-' are further delineations for each credit rating.



3.52 Our investment returns have been amongst the top 10 of our Treasury Adviser's clients. This is due to the short-term nature of our investment portfolio, enabling us to benefit promptly from the rising interest rate environment.

Budgeted Income And Outturn

3.53 The Council's external interest budget for the year is £21.8m, and for investment income is £11.3m. The average cash balances were £100.2m during the period to 30 September 2023. The Council expects to receive significantly higher income from its cash and short-dated money market investments than it did in 2022/23 and earlier years due to the higher interest rate environment and the immediate cash requirements, which only allow for short-term investments.

3.54 Reviewing the wider Capital Financing Budget, we are currently forecasting an overspend of £0.4m, with a forecast of £24.3m against a budget of £23.9m. This is driven by higher short-term interest payments which outweigh the benefit of increased interest income from our short-term investments.

Compliance

3.55 Officers confirm that they have complied with its Treasury Management Indicators for 2023/24, which were set in February 2023 as part of the Council's Treasury Management Strategy Statement (TMSS). Details can be found in Appendix 1.

Summary

3.56 In compliance with the requirements of the CIPFA Code of Practice, this report provides Members with a summary report of the treasury management activity during the first half of 2023/24. As indicated in this report, none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

4.0 Financial Implications

4.1 These are covered throughout the report.

5.0 Legal Implications

5.1 There are no direct legal implications arising from this report.

6.0 Equality, Diversity & Inclusion (EDI) Considerations

6.1 There are no EDI considerations arising from this report.

7.0 Stakeholder and Ward Member Consultation and Engagement

7.1 There are no direct considerations arising from this report.

8.0 Human Resources/Property Implications

8.1 There are no HR or property considerations arising from this report.

9.0 Climate Change and Environmental Considerations

9.1 There are no climate change or environmental considerations arising from this report.

10.0 Communication Considerations

10.1 There are no direct communication considerations arising from this report.

Related document(s) for reference

- Treasury Management Strategy – Report to Full Council as part of the Budget Report (Appendix I) – February 2023.

Report sign off: ***Minesh Patel***   Corporate Director of   Finance and Resources

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Appendix 1 Treasury Management Prudential Indicators

1. Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	2023/24 Target	30/09/23 Actual	Complied
Portfolio Average Credit Rating	A	AA-	Yes

2. Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	2023/24 Target £m	30/09/23 Actual £m	Complied?
Total cash available within 3 months	20.0	118.5	Yes

3. Interest Rate exposure

This indicator is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Interest Rate risk indicator	2023/24 Upper Limit £m	30/09/23 Actual £m	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	5.0	1.4	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	5.0	(1.4)	Yes

For context, a summary of the changes in interest rates in the first half of 2023/234 is below.

Interest Rate	31/03/2023	30/09/2023
Bank of England base rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%

10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

4. 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. The Council uses the option date as the maturity date for LOBO loans.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at 30/09/23	% of Fixed Rate Borrowing at 30/09/23	Compliance with set limits?
	%	%	£m	%	Yes / No
Under 12 months	40%	0%	52.5	7.0%	Yes
12 months and within 24 months	40%	0%	0.0	0.0%	Yes
24 months and within 5 years	40%	0%	0.0	0.0%	Yes
5 years and within 10 years	60%	0%	4.5	0.6%	Yes
10 years and within 20 years	75%	0%	209.4	27.8%	Yes
20 years and within 30 years	75%	0%	126.3	16.8%	Yes
30 years and within 40 years	75%	0%	199.3	26.5%	Yes
40 years and within 50 years	75%	0%	160.5	21.3%	Yes
50 years and above	75%	0%	0.0	0%	Yes
			752.5	**100%**	

5. Prudential Indicator: Capital Financing Requirement

	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Actual	Forecast	Forecast	Forecast
	£m	£m	£m	£m
Capital Financing Requirement	1,146.4	1,369.5	1,624.2	1,757.7
Other debt liabilities*	36.2	32.5	74.9	70.4
Loans CFR	**1,182.6**	**1,402.0**	**1,699.1**	**1,828.1**
(less) External borrowing	(781.0)	(707.6)	(697.2)	(686.9)
Internal Borrowing	**401.6**	**694.4**	**1,001.9**	**1,141.2**
(less) Balance Sheet Resources	(517.8)	(517.8)	(517.8)	(517.8)
New borrowing (or Treasury Investments)	**(116.2)**	**176.6**	**484.1**	**623.4**

6. Prudential Indicator: Liability Benchmark

	31/03/23 Actual £m	31/03/24 Forecast £m	31/03/25 Forecast £m	31/03/26 Forecast £m
Loans CFR	1,182.6	1,401.9	1,699.1	1,828.1
Less: Balance sheet resources	(517.8)	(517.8)	(517.8)	(517.8)
Net loans requirement	**664.8**	**884.2**	**1,181.3**	**1,310.5**
Plus: Liquidity allowance	20.0	20.0	20.0	20.0
Liability benchmark	**684.8**	**904.2**	**1,201.3**	**1,330.3**
Existing borrowing	**781.0**			

7. Debt and the Authorised Limit and Operational Boundary for external debt

	2023/24 H1 Maximum £m	30.09.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied?
Borrowing	781.0	752.5			
PFI and Finance Leases	34.5	34.5			
Total debt	**815.5**	**787.0**	**1,500.0**	**1,700.0**	**Yes**

The Authorised Limit sets the maximum level of external borrowing that the Council can incur. The Operational Boundary for External Debt is not a limit and actual borrowing can vary around the boundary. The Operational Boundary acts as an early indicator to ensure that the Authorised Limit is not breached.

8. Investment Limits

	2023/24 Maximum £m	30.09.23 Actual £m	2023/24 Time Limit	Complied?
Any single organisation, except a Government Entity	20	0	n/a	Yes
UK Government	Unlimited	0	50 Years	Yes
Local Authorities & other government entities	Unlimited	0	25 Years	Yes
Banks (unsecured)	20	0	13 months	Yes
Building Societies (unsecured)	20	0	13 months	Yes

Registered providers and registered social landlords	20	0	5 years	Yes
Secured investments	20	0	5 years	Yes
Money market funds	Lower of 5% of total net assets of the fund or £20m	20	n/a	Yes
Strategic pooled funds	20	0	n/a	Yes

9. Upper Limit for Total Principal Sums invested over 364 Days

Upper Limit for Total Principal Sums Invested Over 364 Days	2023/24 Approved £m	Q2 2023/24 Actual £m
Limit on principal invested beyond a year	50	0

10. Investment Rate of Return

This indicator demonstrates the rate of return obtained from the different investment categories.

Investments rate of return	2023/24 Budget	2023/24 Actual
Treasury management investments	3.10%	5.08%
Service investments: Loans	3.90%	3.11%

Brent	**Cabinet** 15 January 2024
	Report from the Corporate Director of Finance and Resources and Corporate Director of Children and Young People
	Lead Member – Cabinet Member for Children, Young People & Schools (Councillor Gwen Grahl)

Acquisition of a property in Wembley, Middlesex for the Brent Childrens Care Home Project

Wards Affected:	Barnhill
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
List of Appendices:	One Appendix 1(exempt) Purchase Cost
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Jas Yembra, Capital Project Manager 020 8937 2379 Jas.Yembra@brent.gov.uk Michelle Gwyther. Head of Forward Planning, Performance and Partnerships 020 8937 2499 Michelle.Gwyther@brent.gov.uk

1.0 Executive Summary

1.1. This report sets out the recommendation to approve the acquisition of a property (address supplied in exempt appendix) in Wembley, HA9 as part of the Children's Residential Home Project.

1.2. The property is a detached house in the Barnhill ward, comprising of six bedrooms with two off street parking spaces and a rear lawned garden. The gross internal area is approximately 191 meters squared.

1.3. This report is required because the purchase price of the above property is £50,000 above the threshold for decision making by the Corporate Director of Finance and Resources.

2.0 Recommendation(s)

That Cabinet

2.1 Approve the acquisition of the property (as detailed in the exempt appendix) in Wembley HA9 with vacant possession to meet the needs of young people as outlined in the Brent Residential Home Business Case approved in the May 2023 Cabinet report.

2.2 Delegate authority to the Corporate Director of Finance and Resources, in consultation with the Corporate Director of Children and Young People, to agree the terms of the purchase and acquire the property subject to financial and legal due diligence, subject to vacant possession and subject to contract.

2.3 To note that the completion of the property needs to take place by the end of January 2024 in order to allow sufficient time to renovate the property within the timescales permitted in the grant agreement with the Department for Education (DfE).

3.0 Detail

3.1 Cabinet Member Foreword

3.1.1 The development of a Children's Residential home in Brent aligns with two Borough Plan outcomes, firstly Prosperity and Stability in Brent, and secondly The Best Start in Life. Enabling more children and young people to stay in the borough means they will have greater opportunities to participate in and contribute to the Brent community. They will receive local services to enable them to be fully equipped to succeed in adulthood.

3.1.2 In line with the Brent Children's Residential Home Business Case approved by Cabinet in May 2023, this report seeks approval for the acquisition of the aforementioned property for renovation to deliver a four bedded children's care home for young people by March 2025. The property will provide four placements, three permanent and one emergency for the Council to deliver and operate a children's residential home.

3.2 Background

3.2.1 Cabinet approved the Brent Children's Residential Home Business Case in May 2023. The report detailed the needs and objectives for delivering a Children's residential home within the borough.

3.2.2 In summary the project will deliver a four-bed residential step-down home within Brent for looked after adolescents with social, emotional and behavioural needs. It will provide three bedrooms for a step-down provision to prepare young people who are in residential settings away from the borough for a move into a local fostering placement, supported accommodation (if 16+) or to return home. The remaining one bedroom will be allocated for emergency placements to enable a short-term response for young people in crisis.

3.2.3 The Council has sourced a six bedroom residential property within the borough which will be re-modelled. Four of these bedrooms will be for young people and the remaining two bedrooms will provide a staff bedroom(s) and office facilities.

3.2.4 Officers considered several properties across the borough and this property is considered to be the best fit in delivering the objectives agreed within the business plan.

4.0 Stakeholder and ward member consultation and engagement

4.1 The Cabinet Member for Children, Young People and Schools has been kept informed of developments in relation to the sourcing and proposed purchase of the property.

4.2 Officers are in the process of finalising a communications strategy for the purchase, development and opening of the residential home. This will include actions to inform ward members, local residents and other relevant, interested parties as to the development of the children's residential home.

5.0 Financial Considerations

5.1 The purchase cost (shown in Appendix 1 which has been classified as exempt from publication) will be funded by a combination of DfE grant funding and borrowing.

5.2 The project budget is £2.2m, £1.1m funding from the DfE and £1.1m from the Council, and the Council will fund its 50% contribution from borrowing. The borrowing costs for this have been included in the running costs for the children's home as detailed in the business case approved by Cabinet in May 2023.

5.3 The Council has identified and negotiated the acquisition of the property subject to this approval. The property sale price is identified to be at the appropriate market value for a property of its type and location. Officers have negotiated to achieve the best price possible, and in doing so have ensured the agreed purchase price represents value for money.

5.4 The acquisition of the property will help reduce the cost of out of borough placements as outlined in the aforementioned business case.

5.5 Acquisition of land and building by non-profit and profit registered providers is exempt from Stamp Duty Land Tax (SDLT) where the purchase is funded with the assistance of a public subsidy. On that basis, it is to be further explored whether this transaction qualifies for SDLT relief.

5.6 The capital cost to deliver the children's residential home includes the property purchase, renovation and furnishing etc. as detailed within Table 1 of Appendix 1. These costs will be contained within the available budget envelope as detailed in paragraph 5.2 above.

6.0 Legal Considerations

6.1 A children's residential care home run by Brent Council directly supports the LA in delivering a range of statutory duties as laid down the Children Act 1989, the Children Act 2004, the Children Leaving Care Act 2000 and the Children and Social Work Act 2017.

6.2 Section 120 of the Local Government Act 1972 provides that for the purposes of (a) any of the Council's functions under this or any other enactment or (b) the benefit, improvement or the development of the Council's area, the Council may acquire any land whether situated inside or outside its area.

6.3 Legal Services will be required to undertake the necessary legal due diligence including examining search results and the title for the property. Enquiries before contract will be raised and the purchase will be subject to satisfactory results of the searches, a good and marketable title and a satisfactory survey and valuation result.

6.4 The restrictions placed upon such acquisitions or disposals are set out in paragraphs 11.2, 11.3 of the constitution. The Corporate Director, Finance and Resources or the Director of Property and Assets shall refer all other acquisitions and disposals including matters where the disposal or acquisition value or the length of lease are over and above the restrictions set out in paragraphs 11.2, or 11.3 of the constitution but below the amounts set out in section 13 to the Cabinet Member with delegated authority or to the Cabinet.

6.5. In accordance with paragraph 11.2 of the Constitution, The Corporate Director, Finance and Resources may dispose of or acquire freehold land or buildings up to a value, in his or her view, of £1m. The Corporate Director, Finance and Resources may acquire or dispose of leases, licences, and easements in respect of land or buildings except where:

i. the annual rental value (excluding other outgoings) exceeds £250k

ii. if acquired or disposed of at a premium the value would, in his or her view, exceed £1m in value or
iii. where the leasehold term exceeds 125 years.

6.6. In accordance with paragraph 11.3 of the Constitution, where any disposal or acquisition of an interest in land or buildings is, in the view of the Corporate Director, Finance and Resources, of a value over £250k and below £1m, where any leasehold interest has an annual value over £100k or below £250k, or where the lease length is between 50 and 125 years, he or she shall consult with the Lead Member.

6.7. In accordance with paragraph 11.9 of the Constitution, in acquiring, selling or disposing of any land or buildings or granting any lease, licence or easement in respect thereof regard shall be had to any relevant Corporate Standards on property acquisitions, management and disposals.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 The Council must, in the exercise of its functions, have due regard to the need to:

a) eliminate discrimination, harassment and victimisation
b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

7.2 Under the Public Sector Equality Duty, having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

7.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.4 There is no prescribed way the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. The proposals set out in this report aim to ensure that there are sufficient and suitable residential care home placements for all Brent children and that their diverse and special educational needs are met.

8.0 Climate Change and Environmental Considerations

8.1 Should the Council need to undertake remedial works to the property once purchased then carbon reducing technologies and materials will be used. These could be enhancements to the property's insulation levels, energy efficient electrical fittings and low carbon heating systems.

8.2 Young people will also be encouraged to use green sources of travel, i.e., walk, cycle, scooter etc. Bicycle and scooter storage will be provided as part of the external landscape.

9.0 Human Resources/Property Considerations

9.1 The property is purchased on the open market. The Council will be the freeholder of the property.

9.2 Brent Council will run the residential home directly under the Children's Homes (England) Regulations, as is the case for the Ade Adepitan Short Break Centre.

9.3. New posts will be created to manage and run the children's residential home directly. This includes a Registered Manager, Deputy Manager and Residential Child Care Officers. These are all new posts and will not impact any existing postholders within CYP and therefore the inclusion of these posts will not be subject to any restructure requirements.

10.0 Communication Considerations

10.1 Focus groups with young people are planned in early 2024 to establish how they would like to engage with this project. From this activity, further sessions and events will be planned and run to ensure the voice of young people is heard in the development of the residential home. Topics will include but not be limited to what they did and did not like about residential homes they have lived in, facilities/furnishing/colour schemes and the type of support they want the home to provide to young people.

<u>Related document(s) for reference</u>

Brent Childrens Care Home Business Case - Cabinet Report (22 May 2023)

https://democracy.brent.gov.uk/mgIssueHistoryHome.aspx?IId=69546

<u>Report sign off:</u>

Minesh Patel
Corporate Director Finance & Resources

Nigel Chapman
Corporate Director Children & Young People

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Brent	**Cabinet** 15 January 2024
	Report from the Corporate Director of Resident Services
	Lead Member - Cabinet Member for Environment, Infrastructure and Climate Action (Councillor Krupa Sheth)

Northwick Park Public Mortuary Expansion Project Business Case

Wards Affected:	Northwick Park
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Jon Gardner, Head of Mortuary and Bereavement Operations 020 8937 6603 jon.gardner@brent.gov.uk Neil Martin, Head of Capital Programmes 020 8937 4203 neil.martin@brent.gov.uk Thomas Cattermole. Director of Customer Access 020 8937 5446 thomas.cattermole@brent.gov.uk

1.0 Executive Summary

1.1. Brent Council operates Brent Mortuary, situated on the site of Northwick Park Hospital, which provides licensed storage, post-mortem facilities and technical staff, covering three of the five boroughs within the Jurisdiction of HM Coroner for North London, LB Brent, LB Harrow and LB Barnet.

1.2 Due to multiple external factors, predominantly, year on year increases in the number of deaths being investigated by HM Coroner and increases in theaverage length of stay of each deceased, the Human Tissue Authority (HTA) reported in their 2021 audit, that the mortuary facility no longer meets the HTA requirement for sufficient storage.

1.3 A feasibility study was completed in 2022 to which options were explored to expand the mortuary at its existing site at Northwick Park.

1.4 This project business case sets out the proposed project to expand the mortuary by 80 storage spaces for a budget of £2.63m. Brent's contribution towards this cost would be £900,621.

2.0 Recommendation(s)

That Cabinet:

2.1 Note the need for additional mortuary capacity to meet the standards laid out in the Human Tissue Act 2004.

2.2 Support the proposals contained in Option 2 of the options appraisal at paragraph 3.4 of the report as the means of best meeting the requirement for additional mortuary capacity.

2.3 Subject to Barnet Council's and Harrow Council's capital contribution confirmation, approve the business case to carry out capital works to expand the public mortuary capacity for a cost of £2.63m.

2.4 Subject to Barnet Council's and Harrow Council's capital contribution confirmation, note Brent Council's contribution towards the total project budget is £900,621.

2.5 Subject to Barnet Council's and Harrow Council's capital contribution confirmation, approve the use of Strategic Community Infrastructure Levy to fund Brent Council's contribution as detailed in recommendation 2.4 above.

2.6 Approves the delegation of authority to the Corporate Director, Resident Services, in consultation with the Corporate Director, Finance and Resources to amend the project business case should either Barnet Council and/or Harrow Council not receive their respective approvals to contribute towards the cost of the project as set out in this report.

2.7 Approves the delegation of authority to enter into the new lease with the NHS to the Corporate Director, Finance and Resources, in consultation with the Corporate Director, Resident Services and Lead Member for Environment, Infrastructure and Climate Action should the new lease exceed the Corporate Director's current approval levels as set out in Part 3 of the Council's Constitution, paragraph 11.

3.0 Detail

3.1 Cabinet Member Foreword

3.1.1 Brent provides, through an inter-authority agreement with LB Harrow and LB Barnet, a licensed shared mortuary and post-mortem facility, covering threefifths of His Majesty's Coroners Jurisdiction for North London. As a licensed facility (under the Human Tissue Authority) the council and partners have a responsibility and commitment to ensure that the premises, facility and equipment continue to meet the standards laid out in the Human Tissue Act (2004).

3.1.2 By recognising and meeting these standards, the council demonstrates it has a commitment to ensuring the continued security and dignity in the ongoing care of the deceased through the Coronial process, as part of the wider death management process. The proposed expansion will ensure that the mortuary remains legally able to continue to deliver its services to residents and support the Coroners Service and Metropolitan Police.

3.1.3 This expansion supports our residents in tackling health inequality, the proposed mortuary storage expansion will ensure that there are sufficient localised services to match the local need and that this sensitive service can continue to be delivered in a cost-effective manner under the dedicated and highly regarded Brent team.

3.2 Background

3.2.1 Under section 198, Public Health Act (1936) Brent Council operates Brent Mortuary, situated on the site of Northwick Park Hospital, which provides licensed storage, post-mortem facilities and technical staff, covering three of the five boroughs within the Jurisdiction of HM Coroner for North London, LB Brent, LB Harrow and LB Barnet. By law, the facility is required to provide suitable amounts, and types, of storage for both community and hospital deaths that have occurred anywhere within the three boroughs of the Jurisdiction and/or that HM Coroner is investigating, under the Coroners and Justice Act (2009).

3.2.2 The current facility, opened in 1984, merged the individual Mortuary facilities and staff serving LB Brent and LB Harrow respectively. Through the initial merger agreement, LB Brent retained ownership, operational control and responsibility of the facility and staff, with LB Harrow recharged annually on a per capita basis for usage. In 2014, Brent and Harrow were approached by LB Barnet to form a tri-borough shared mortuary service. In 2015, the authorities entered in a ten year Inter Authority Agreement (IAA).

3.2.3 The Human Tissue Act (2004) was passed into law and its statutory functions began in April 2006. Around 2010, the Human Tissue Authority "HTA" (an executive non-departmental public body, sponsored by the Department of Health and Social Care) began notifying Local Authority and NHS Mortuaries, that they would commence site inspections and audits to ensure facilities and processes were in compliance with the Human Tissue Act (2004)

3.2.4 In 2021, the HTA undertook an audit of the public mortuary at Northwick Park. The audit noted that due to multiple external factors, predominantly, year on year increases in the number of deaths being investigated by HM Coroner and increases in the average length of stay of each deceased, that the mortuary facility no longer meets the HTA requirement for sufficient storage (PFE/2).

3.2.5 The HTA Code states that, in a HTA licensed facility, there must be adequate deceased refrigerated/frozen storage, (in both number and type) to allow for predicated peaks of usage, such as yearly seasonal pressures and, that the use of contingency storage on a regular basis outside of these times indicates an ongoing capacity issue, which must be addressed. The use of different types of refrigeration, dependent on length of stay, is outlined in the HTA guidance.

3.2.6 Additionally, and throughout the lifetime of the current IAA, our boroughs are steadily growing in population and generally getting older. Easy regular access to GP services is becoming more difficult (this is one of the causes for referral to HM Coroner) and through the cost-of-living crisis, access to sufficient funds to pay for a funeral has become harder. The service is also seeing a steady increase in the number of obese and bariatric deaths which can often require additional storage space.

3.2.7 To ensure the facility and functions remain fit for purpose and compliant with license conditions, an agreed temporary contingency plan is in place. However, this has limited scope for further expansion and cannot be considered a long-term solution.

3.2.8 In 2021-22, officers commissioned technical consultants to undertake a feasibility study into the options to expand the mortuary at Northwick Park. It was determined that the best option was to expand the mortuary by 80 places using an un-used under-croft immediately next to the existing mortuary as well as renovate the existing mortuary to ensure it meets current guidelines and requirements. This option was supported by the hospital by expanding provision as well as making use of an un-used area.

3.3 Options Appraisal

3.3.1 The feasibility report looked at the following potential options for this project:

3.3.1.1 Option1: Do Nothing

This is not an option as the mortuary is currently at capacity and would not deal with the current issues as well as the expected service demand in the future. The three local authorities would also be at risk of not meeting the requirements of the HTA audit and could be liable to financial penalties and fines for not doing so.

3.3.1.2 Option 2: Provide capital funding to expand the existing public mortuary by building in the under-croft and remodelling the existing space (recommended option)

This is the **recommended option** as it provides the required capacity as indicated within the HTA report. It also deals with ensuring the existing space is appropriate for a modern mortuary use and to provide the appropriate zoning of facilities to operate the public mortuary.

3.3.1.3 *Option 3: Provide capital funding to expand the existing public mortuary by building in the under-croft only (no remodelling of the existing space)*

This option has been discounted as it does not deal with the existing mortuary and will retain the inefficient use of this space. The existing space requires rationalisation of space to allow a more efficient operation of the service. By doing this at a latter point will cost more and incur greater inconvenience to the service and its stakeholders.

3.3.1.4 *Option 4: Buy into other local authority public mortuary provision.*

This option has been discounted as there is currently no other local authority provision capable of providing their existing service and the needs for Brent.

3.3.1.5 *Option 5: Close the public mortuary provision within Brent.*

This option has been discounted as it is a statutory service and as with option 4 above, it cannot be provided by other authorities.

3.3.1.6 *Option 6: Refurb an existing vacant Council building and provide the expanded mortuary there.*

As a HTA licensed facility carrying out licensable activities, any associated mortuary function, including the storage of deceased persons under the jurisdiction of HM Coroner, must be undertaken in a suitable facility, that meets all requirements. This option has been discounted as the premises must meet stringent standards, in both its construction, maintenance, security, management and running. The significant additional ongoing resources (in terms of logistics, body movements, staff, security, licensing and general running costs) required to legally operate a satellite site, preclude this from being a financially viable option.

3.3.2 In the unlikely event of the withdrawal of one or both of the IAA partners from the agreement, given that there are no suitable alternative facilities available for partners to use, the existing mortuary storage and facility would likely remain requiring upgrading and expanding, due to the insufficient type and number of storage spaces to match intake.

3.3.3 Option 2 is the recommended option as it is the most cost-effective approach to expanding the mortuary to meet the requirements of the HTA report and refurbish and remodel the existing space. It will allow the existing arrangements with Harrow and Barnet and the NHS to continue and make use of a wasted space on the hospital site.

3.3.4 Colleagues in Barnet and Harrow Councils are working on their respective approvals, and officers are requesting Cabinet approval subject to receiving the same from Barnet and Harrow Councils in due course.

3.4 Objectives and Benefits

3.4.1 The project's objective is to meet the HTA audit requirements by delivering an expanded Mortuary Service to meet the increasing needs for the three boroughs as well as remodel the existing space to provide a more efficient and effective operation of this space.

3.4.2 The expanded facility would increase the overall mortuary capacity by a minimum of 80 spaces and will include various types and sizes of storage in sufficient numbers to meet the HTA license requirements and allow for continued and predicted annual growth over a number of years.

3.5 Indicative Capital Programme

3.5.1 The table below sets out the timescale to obtain necessary capital approvals for the three boroughs as well as the anticipated timings for the key milestones for the capital project delivery.

Milestone	Start	Finish
Cabinet Approval	November 23	January 24
Appointment of Consultants	February 24	April 24
Design Work	May 24	January 25
Planning application & approval	October 24	January 25
Contractor Procurement & Award	February 25	April 25
Works on site	May 25	June 26
Handover	June 26	June 26

3.5.2 A detailed GANTT chart will be created and will be reviewed and updated as the project progresses and will be monitored through the Council's capital project governance processes to ensure the project meets required benefits and allocated budget.

3.6 Procurement

3.6.1 The Council will appoint a Multidisciplinary Technical Advisory Organisation. They will provide project management services, design services, cost consultancy and Principal Designer services. This organisation will be procured and will deliver stages RIBA 1-7.

3.6.2 It is likely that further one-off appointments will be made throughout the project for specialist services such as surveys to ensure full details of any renovation works are completed sufficiently to obtain fixed prices from contractors.

3.6.3 The Contractor is proposed to be appointed using a Framework or a tender process. The contractor will be appointed using a JCT Contract and will commence works/services from RIBA 5 onwards.

3.6.4 Before invitations to tenders are sought from the contractors on the framework, an initial period of time is provided to the contractors to confirm their interest and whether the project can be delivered in the proposed timeline and budget. This gives both parties the opportunity to review in order to ensure expectations are measured before committing to tendering.

3.6.5 The above will consist of very low value, low value and medium value contracts. Proposals for tender opportunities will be issued via separate reports requiring approval.

3.7 Risks

3.7.1 A detailed risk register will be created for the project. The main risks for the project are included below:

1. Inability to secure approval to progress the project. The project relies on gaining internal Council approvals.
2. Not all Boroughs obtain approval to contribute to the project meaning a change to the project's benefits, costs and progamme.
3. Site identified for other Council/NHS requirements, causing the project to stop or be revised after development work has begun.
4. The NHS do not support the use of the under-croft to expand the public mortuary.
5. Lack of interested contractors during procurement.
6. Increased demand within the construction industry meaning price increases above inflation leading to unaffordable projects and calls on additional financial contributions.
7. Statutory approvals (Planning, Building Control) not being granted.
8. Site surveys identify constraints (e.g. underground utilities, contaminants) that cause delays and cost increases to address.

3.8 Assumptions

3.8.1 The following assumptions apply to this project:

1. The feasibility report produced that form the works in the project is an accurate reflection of the requirements
2. Costs associated with the identified works are an accurate reflection of the costs required to complete the works
3. The budget request is sufficient to cover the costs of the project throughout its life to complete the works
4. Access to consultants and contractors to complete works is provided promptly
5. Market place interest from technical consultants and contractors to complete the works in the required timeframe
6. The other Councils obtain approval for capital investment.

4.0 Stakeholder and ward member consultation and engagement

4.1 The Cabinet member for Environment, Infrastructure and Climate Action has been informed of these proposals.

4.2 The Ward Members will be kept up to date on project milestones such as planning applications, works starting on site and practical completion.

4.3 The NHS have been consulted on and advised of these proposals and are in support. They have intimated they would be interested in making use of the increased capacity when the hospital mortuary is at capacity. They will be kept up to date with project progress.

4.4 A working group has been set up with Barnet Council and Harrow Council. They are in support of the proposal to increase the capacity of the service and officers expect their capital contribution confirmations in due course. Through the working group, the partners will be kept up to date with project progress.

5.0 Financial Considerations

Capital Implications

5.1 The budget for the capital works for the preferred option (option 2) is outlined in the table below:

Spend	£
Construction	1,535,000
Fees	200,000
Surveys	30,000
Statutory	10,000
FFE & ICT	350,000
Sub-total	*2,125,000*
Contingency	500,000
Overall Total	**2,625,000**

5.2 Owning to the early design stage of the design proposals, a contingency figure of 20 per cent has been proposed for this scheme. This should be sufficient to cover any further inflationary pressures as well as provide contingency as the design develops and further details are identified.

5.3 It is proposed that the three boroughs contribute their own capital contributions to the project costs listed above, using the population share proportions set out in the agreement between the three authorities. This would represent the following contributions:

5.3.1 Barnet: £1,031,818 (39.31%)
5.3.2 Brent: £900,621 (34.31%)
5.3.3 Harrow: £692,561 (26.38%)

5.4 For Brent's share, there is currently no available capital funding for the Council to use. Officers are proposing the use of Strategic Community Infrastructure Levy (SCIL).

5.5 The Infrastructure Officers Working Group (IOWG) has endorsed the request to utilise SCIL for this project. With the 46,000 new homes in Brent expected to be delivered in the Local Plan period of 2019 to 2041 (notwithstanding the proposed increases for Barnet and Harrow), this project will assist in providing the required body storage infrastructure needed to meet the proposed increase in the number of deaths that will occur due to this increase in the number of residents. The Public Mortuary is situated at Northwick Park Hospital which is part of the Northwick Park Growth Area. Further, this expanded capacity will serve all of Brent so covering all growth areas listed in the local plan.

Revenue Implications

5.6 Total annual costs for the running of the mortuary service are recharged to IAA partner authorities based on population usage.

5.7 As per the terms of the current IAA, the budget contributions from LB Barnet and LB Harrow are set in Q4 of the previous year, with an initial invoice sent out in Q1 and a final invoice sent out in Q4.

5.8 An expansion project of this cost and size is not covered by the existing terms of the current IAA (which expires in Q3 2025). However, the parties to the IAA are currently negotiating the terms of a new IAA that is proposed will be in place which reflects the newly expanded service and the boroughs will be charged in line with the existing arrangement proportions.

6.0 Legal Considerations

6.1 Brent Council provide mortuary and post-mortem facilities under section 198 of the Public Health Act (1936). The mortuary has gained an excellent reputation with all stakeholders and employs a team of dedicated professionals who ensure all expected standards are met. Failure to meet license standards can result in reputational loss, fines and potentially imprisonment for serious breaches.

6.2 The NHS own the hospital that the Public Mortuary is situated. The Council has an existing lease for the current demise at a peppercorn rent. Officers would look to surrender the existing lease and enter into a new lease with the NHS for the existing mortuary and the additional under croft space required to expand the mortuary service. The commercial terms of any new lease are yet to be agreed but they are expected to remain the same as the current lease. As detailed in recommendation 2.6 Cabinet is asked to delegate authority to enter into the new lease to the Corporate Director, Finance and Resources, in consultation with the Corporate Director, Resident Services and Lead Member for Environment, Infrastructure and Climate Action should the new lease exceed the Corporate Director's current approval levels as set out in Part 3 of the Council's Constitution, paragraph 11.

6.3 The Council is in a contract with Harrow and Barnet Councils so they can provide a mortuary service for their residents. These authorities pay into an agreement on a population share. It is expected the Council will not seek to vary this agreement to reflect the increased size of the provision but for Harrow and Barnet to contribute via their own CIL or capital funding contributions.

6.4 Should recommendation 2.3 be approved, the project will require the procurement of Low Value Contracts and a Medium Value Contracts. All procurement will be conducted in accordance with Contract Standing Orders.

6.5 Approval to procure and subsequently award the contracts will be sought from the relevant Corporate Director or Director in line with their delegated powers as set out under Part 3 paragraphs 9.5 and 9.7 of the Constitution.

6.6 CIL is a charge which can be levied by local authorities on new development in their area. It helps them deliver the infrastructure needed to support development. It can be used to fund a broad range of facilities including transport facilities, play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare, schools, district heating schemes and other community facilities.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 The Council must, in the exercise of its functions, have due regard to the need to:

a. eliminate discrimination, harassment and victimisation
b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

7.2 Under the Public Sector Equality Duty, having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

7.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.4 There is no prescribed manner in which the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications. Indeed, the proposals set out in this report aim to ensure that there is a suitable mortuary provision for all Brent residents and that their diverse needs are met.

8.0 Climate Change and Environmental Considerations

8.1 The proposed project will consider use of energy efficient materials and equipment to reduce the impact on the environment this expansion will create. Some of the structure of the building is already in place (e.g. under croft will act as ceiling/roof) and so the project will also seek to reuse existing structures and materials in place to reduce the need for new and reduce materials going to landfill.

8.2 Any alternative options proposing the use of offsite storage will incur additional carbon emissions compared to the preferred option as the deceased will need to be examined at the mortuary before being stored elsewhere. This leads to unnecessary travel journeys and excessive carbon emissions.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no expectations that staffing levels would increase due to this project. External providers will be procured and appointed to carry out the consultancy service (design, contract management) as well as the works.

9.2 The Council would need to surrender the existing lease and enter into a new lease with the NHS to occupy the revised mortuary service space at the hospital site as well as the IAA agreement with Barnet and Harrow.

9.3 The venue for our current temporary mortuary contingency operation, within Brent Funerals Services at the Marsh Road depot (put in place as part of our HTA corrective action plan), is due to be handed over to Veolia, as a waste contract commitment in 2025. Given the likely gap between this exit and the proposed mortuary expansion, Brent Funeral Service and the temporary contingency operation must relocate to a new (and not yet secured) alternative base of operations as a short term and interim measure.

9.4 Brent has an obligation under both the Human Tissue Act (2004) and Inter Authority Agreement, to ensure we continue to provide a mortuary service (including contingency storage operations) whilst expansion plans and build phases are ongoing. Work is ongoing to seek and secure suitable premises for contingency storage operations. It is likely the cost can be met within existing revenue budgets and so not be an additional burden. ‘Business as usual’ mortuary operations are scheduled to continue onsite throughout the planning and build phase.

10.0 Communication Considerations

10.1 Officers will need to communicate with the project stakeholders, including the mortuary service partners and the NHS to ensure regular updates and communication materials are shared with them.

10.2 Owing to the sensitive nature of the site location, careful communications and consideration will be given to bereaved families who may need access to the public mortuary during the project's lifespan.

<u>Report sign off:</u>

Peter Gadsdon
Corporate Director of Resident Services