

## **NON-SERVICE AREA BUDGETS - CENTRAL ITEMS**

### **1. SUMMARY**

- 1.1 This Appendix provides details of all other General Fund budgets that are not included within service area budgets. These come under the headings of Central Items in the summary budget at Appendix B. It should be read in conjunction with Section 5.

### **2. DETAIL**

- 2.1 The Table to this Appendix summarises the budgetary costs to the council for 2010/11 and the potential requirement for the next three financial years. The following sections of this Appendix take each of the items in turn.

### **3. AGENCY/THIRD PARTY BUDGETS**

- 3.1 Agency and third party budgets are set out below. These are generally payments over which the Council has limited control in the short term.

#### **3.2 CORONERS COMMITTEE**

- 3.2.1 Brent is one of five boroughs forming the London Northern District Coroners Courts Committee, namely Haringey (the lead borough), Brent, Barnet, Enfield and Harrow. Haringey deals with the administration, and charges the other boroughs on a population basis. Brent's final outturn for 2008/09 was £206k, against a forecast of £198k. The estimated figure for 2009/10 is £216k, against a budget of £208k. The increase is due to an increase in legal challenges to decisions of the Coroner.

- 3.2.2 The 2010/11 budget is not yet available and is not expected before the Brent budget is set. It would normally rise roughly in line with inflation. However, the Coroners Court moved to new offices in 2009, and some of the costs were capitalised (i.e. paid for over a period of years, in this instance five) rather than all the costs falling in 2009/10. The capital repayment costs begin in 2010/11, and Brent's share will be £12k per annum. Allowing for this and a small element of inflation, gives an estimated contribution for Brent in 2010/11 of £235k.

#### **3.3 LOCAL AUTHORITY ASSOCIATIONS**

- 3.3.1 The council is a member of the Local Government Association (LGA) and London Councils. The objectives of both organisations are to protect and promote the interests of member authorities, including discussions with central government on legislative issues, and to provide research and statistical information. London Councils concentrate on issues affecting London boroughs.

- 3.3.2 Brent's 2010/11 subscription paid to The Local Government Association has been reduced ,compared to 2009/10, by 3% to 61k.
- 3.3.3 The London Councils' subscription covers a number of cross London bodies. Overall costs have been frozen but Brent's contribution has reduced marginally as a result of changes to population estimates. The 2010/11 subscription will be levied as follows:

	<b>2010/11</b>
	<b>£'000</b>
London Councils :	
- Core	219
	<hr/>
Total Main Subscription	219
London Councils Grants Scheme	
- Admin. Grant	51
- Grants to Organisations	885
Transport and Environment Committee (TEC)	2
	<hr/>
<b>Total</b>	<b>1,157</b>

The core contribution (which includes the London 2012 Olympics element) for 2010/11 has fallen from £221k in 2009/10 to £219k. The Central budget for the subscription is £231k (inclusive of £10k for London Connects which is recharged to the Systems and Developments Fund and the TEC charge). The budget for London Council's subscription is £221k for 2010/11.

- 3.3.4 The subscription to the London Councils for the London 2012 Olympics (included in the core element) commenced as a new subscription in 2006/07, and will finish in 2011/12.

### **3.4 LOCAL GOVERNMENT INFORMATION UNIT**

- 3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. In 2009/10 Brent was classed as a 'Premium' authority and paid the highest level of fee which was £26k. The subscription to the unit included £20k for its core subscription, £4k for Children's Services and £2k for the Democratic Health Network, which covers Adults and Social Care.
- 3.4.2 In 2010/11 Brent will be paying the same level of subscription as 2009/10. For 2010/11, £20k of funding will be met from Central Items. £4k will be met by Children and Families and £2k from Adult and Social Care.

### **3.5 WEST LONDON ALLIANCE**

- 3.5.1 The West London Alliance is a cross-party partnership between the six west London local authorities (Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription for 2010/11 will be the same as the 2009/10 which is £30k. .

### **3.6 PARK ROYAL PARTNERSHIP**

- 3.6.1 The Park Royal Partnership was established in the early 1990's and has been successful in securing grant funding from the Single Regeneration Budget to promote the regeneration of the Estate. Park Royal together with adjacent Wembley has been designated a priority regeneration area for the London Development Agency. Brent provides an annual contribution of £25k.

### **3.7 COPYRIGHT LICENSING**

- 3.7.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2009/10 was £17k and we expect the charge for the 2010/11 subscription to be £19k.

### **3.8 EXTERNAL AUDIT**

- 3.8.1 This budget relates to the work undertaken by the Audit Commission in relation to the statutory audit of the accounts and work on the Use of Resources judgement. It is net of charges for inspections and grant claim audits which are charged out to service areast (Policy and Regeneration Unit for inspection activity and service areas for grant claims). The estimated budget of £490k, compared to 2009/10, represents a 6% increase for the extra work as a result of the implementation of International Financial Reporting Standards (IFRS) with the rest used to cover one off audit work. For 2011/12 the Audit Commission has agreed that increases should be no more than the government's inflation target, adjusted to reflect ongoing internal efficiencies.

### **3.9 CORPORATE INSURANCE POLICIES**

- 3.9.1 This budget encompasses the policies for public liability, fidelity guarantees, employer's liability, officials' indemnity, personal accident, engineering and terrorist insurance not linked directly to specific properties. It also includes claims handling. Overall insurance cover costed £750k in 2009/10. We anticipate there will be a slight increase in 2010/11. Premiums for premises, contents and vehicles policies are charged to units and service areas. The central contribution to the cost of council-wide policies will be £320k for 2010/11.

## 4 CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS

- 4.1 These budgets are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes to these during the last year and should also reference the Treasury Management Strategy included in Section 11 of the main report. They also reflect the overall level of the capital programme (see Section 10). The two budgets reviewed in this section are:
- (a) Interest receipts which the council estimates it will receive from positive cash flow and holding reserves during 2010/11.
  - (b) Capital Financing Charges are the principal repayments and interest on the council's borrowing.
- 4.2 The amount of debt attributable to the HRA is a crucial factor in the charge falling on the General Fund. This is governed by a complex set of regulations based around Housing Subsidy. To minimise the net cost to Brent the council seeks to ensure that the optimum allowable under the rules falls on the HRA as this receives 100% subsidy.
- 4.3 In the recent past the council has tended to underspend on this budget. This reflected successful debt restructuring exercises, new borrowing at lower than anticipated interest rates, higher than estimated interest receipts and improved cash flow. However, current economic factors, particularly the prevailing rates of interest obtainable on deposits and the reduction in low risk counter parties to lend to in the market, mean there continues to be a significant increase in the budget in 2010/11 and beyond.
- 4.4 The council is estimated to have £670m of long-term debt outstanding at 31<sup>st</sup> March 2010. This has been taken out over a number of decades for periods of up to 60 years. The average interest rate on existing loans, following debt restructuring, is around 5%. Opportunities for debt restructuring remain limited as the current Public Works Loan Board arrangements mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia. However this will be reviewed on a regular basis. Investments are estimated to average £100m during 2010/11, with an estimated average return of 1.5%, reflecting good rates on existing investments balanced by very low rates on new deposits. Interest on investments is shared between the General Fund and other interest bearing accounts. The budget assumes long term borrowing will be at 5% although some borrowing may be taken at lower variable rates.
- 4.5 The net budget for 2010/11 for interest receipts and capital financing charges is £22.989m (2009/10 £20.748m). This significant variation is primarily due to the impact of changes in interest rates and the use of the capital financing reserve in 2009/10. It is forecast that interest earned on deposits in 2009/10 will amount to £3.3m and the estimate in 2010/11 is £1.6m. Interest rates are expected to remain at current levels into 2011/12 but rise in future years. The position in future years will be considered as part of the Medium Term Financial Strategy.

## 5. LEVYING BODIES

5.1 Levying bodies are defined by statute. They have an absolute right to demand payment from the council and that payment must be met from the General Fund.

5.2 Levies estimated to be paid in 2010/11 are shown below.

	<b>2009/10 Actual £'000</b>	<b>2010/11 Actual £'000</b>
Lee Valley Regional Park	293	294
London Pension Fund Authority	386	368
Environment Agency	191	192
West London Waste Authority	8,410	9,410
	<b>9,280</b>	<b>10,264</b>

5.3 A council tax base for 2010/11 of 96,457 was agreed by General Purposes Committee on 26<sup>th</sup> January 2010 (an increase from 95,279 agreed for 2009/10). All the levies, apart from the West London Waste Authority levy which is a mixture of usage and the tax base, are calculated on each authority's relative tax base. This means that changes in levies paid by Brent may not be exactly the same as increases or decreases in the budgets of the levying bodies.

### 5.4 Lee Valley Regional Park Authority (LVRPA)

LVRPA is funded by a levy on all London Boroughs, Essex and Hertfordshire County Councils and Thurrock Unitary Authority. Its purpose is to *“regenerate, develop and manage some 10,000 acres of Lee Valley which had become largely derelict and transform it into a unique leisure and nature conservation resource for the benefit of the whole community.”* The LVRPA have decided not to increase the total levy raised in 2010/11. However Brent's actual levy payment has risen slightly because of the increase in the council tax base. There are concerns in future years that the levy may rise to meet increasing costs linked to the Olympics.

### 5.5 London Pensions Fund Authority (LPFA)

The LPFA levy is to meet expenditure on premature retirement compensation relating to former employees of the Greater London Council (GLC). It is split between all London Boroughs but Inner London Boroughs bear significantly higher charges.

The main LPFA levy was reduced by 5% in 2010/11 compared to this year. This follows a 3.1% decrease in 2009/10 and a 42% increase in 2008/09 from £281k to £399k. The increase in 2008/09 was due to a high incidence of

settled and anticipated asbestos claims attaching to residual liabilities of the former GLC.

- 5.6 However, the LPFA have notified the boroughs that there needs to be a further increase to meet an anticipated deficit on the LPFA Pension Fund, due to poor investment performance and rising longevity of pensioners. LPFA planned to phase this extra amount in over a three year period. They originally hoped to start in 2009/10. Its introduction in 2009/10 was opposed by London Councils and the boroughs. The Department of Communities and Local Government (DCLG) are still consulting on the principles and methodology for this charge. A final decision could be made shortly. The extra costs to Brent could be up to £294k per annum of this additional charge is agreed by DCLG. £225k has been included in the 2010/11 budget for this possible extra charge.

#### 5.7 Environment Agency

For 2010/11 most expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As in previous years, a small element remains payable relating to regional schemes, many of them to improve flood defences. The Environment Agency have not increased their total levy requirement for 2010/11. However, Brent's 2010/11 payment has increased slightly from 2009/10 because of the increase in Brent's council tax base.

#### 5.8 West London Waste Authority (WLWA)

WLWA was established by statute in 1986. It is responsible for the waste disposal of six boroughs. These boroughs are Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The boroughs are responsible for the collection of waste in their areas.

- 5.9 Prior to 2006/07 the WLWA levy was calculated according to constituent boroughs' council tax bases (as is still done for the other three levying bodies). In early 2006 Defra announced new arrangements for waste disposal authorities (WDAs) levies. Most of the levy is now based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2008/09 - which is used to set the 2010/11 levy. Other expenditure including civic amenity waste and administration continues to be apportioned to boroughs on their council tax bases.

- 5.10 WLWA set their budget on 27<sup>th</sup> January 2010. A report to the previous WLWA Board meeting on 9<sup>th</sup> December 2009 estimated a levy increase of 15.2%. At this meeting WLWA Members provisionally decided to use £1.4m of balances to reduce the levy increase to around 12%. The January report recommended using £1.1M from balances to support the levy plus creating an earmarked LATS (Landfill Allowance Trading Scheme) trading reserve of £300k. At the meeting WLWA members agreed to use an additional £300k from balances to further reduce the levy increase. The average levy increase will be 11.3%. The exact figure paid by Brent also depends on tonnage figures

from Streetcare discussed in para 5.13. Brent's levy payment to WLWA in 2010/11 will be £1M higher than for 2009/10.

- 5.11 Roughly 75% of WLWA's gross expenditure is on transport and disposal/treatment of waste plus landfill tax. These factors account for most of the increase in WLWA's levy for 2010/11. Increased recycling and the state of the economy has led to reduced waste tonnages being processed by WLWA. However extra costs from the £8 per tonne increase in landfill tax significantly outweighs the reduction in waste tonnages.
- 5.12 The increase in waste disposal costs will also impact on the net Section 52(9) charges (for non-household waste) funded by Streetcare. These are levied for tonnages sent to WLWA above the amount paid for through the levy. In 2009/10 the cost is £80.23 per tonne. For 2010/11 this will be £88.42 per tonne.
- 5.13 Streetcare have estimated that household waste tonnages to be paid for through the levy have increased from 85,917 tonnes in 2009/10 to 87,142 tonnes for 2010/11. This will lead to an increase of roughly £110,000 costs being borne by the levy and a corresponding decrease in Streetcare's budget.
- 5.14 WLWA's costs are expected to rise significantly again in 2010/11 and future years. This will increase levy costs and non-household waste charges for Brent. Landfill tax is expected to increase by a further £8 per tonne in 2011/12 and future years and there is potential it could rise even more. WLWA could also face further increases in contract costs. If waste tonnages continue to reduce there will be some offsetting savings but the levy is still expected to rise sharply. After the decisions at WLWA's January Budget meeting the provisional estimates for levy increases are 14.3% in 2011/12 and 6.7% in 2012/13. This excludes any possible impact of LATS.
- 5.15 WLWA are planning to change how they charge their levy to the 6 constituent boroughs from 2011/12. Depending on what WLWA decide this may require the agreement of all 6 constituent boroughs. In addition, WLWA are deciding how to charge possible LATS penalties to the boroughs in future years if this is necessary. Both of these possible changes could lead to extra costs for Brent from 2011/12. The exact amounts will depend upon which options WLWA decide to implement.

## **6. PREMATURE RETIREMENT COMPENSATION (PRC)**

- 6.1 This is the ongoing revenue cost of pensions caused by premature retirements, that do not fall on the Pension Fund, which took place primarily up to 31<sup>st</sup> March 1994. Normally the amount paid to pensioners is uplifted by the inflation rate applicable in the previous September. The Retail Price Index (RPI) in September 2009 was negative and the amount Government increased the basic state pension was 2.5%. However there will be 0% increase for 2010/11 for the LGPS. An allowance has been included for increases in charges by the London Pension Fund Authority for former Brent

employees covered by previous pension arrangements now managed by the LPFA. It is estimated that a provision of £5.344m will be required in 2010/11.

## **7. MIDDLESEX HOUSE AND LANCELOT ROAD SCHEME**

- 7.1 A new funding agreement for the scheme was agreed in 2000/01 with the then Network Housing Association. It has received consent from the then Secretary of State for Environment, Transport and the Regions. This budget covers the maximum General Fund requirement under the arrangement and amounts to £526k for 2010/11. The contributions for future years, as the properties fall out of the HRA and do not qualify for Housing subsidy, have been reviewed with the aim of equalising these until 2019/20. The Council is currently working in partnership with Network to obtain grant funding from the HCA to refurbish the property and restructure the financial arrangements. If successful this will impact on future years' budget.

## **8. REMUNERATION STRATEGY**

- 8.1 The council faces a range of significant challenges in its approach to remuneration for its staff. These include resolving a range of pay anomalies including London Weighting and a number of supplements and bonus payments, and putting in place adequate arrangements to ensure the recruitment and retention of the required skilled staff.
- 8.2 The budget of £314k includes provision for support to deliver its workforce development plan including one-off pay protection, supplements for hard to fill posts, job evaluation costs and back-dated pay compensation.

## **9. SOUTH KILBURN DEVELOPMENT**

- 9.1 Work on the regeneration of South Kilburn is continuing. Following the financial downturn the Council reviewed the options to deliver the regeneration of South Kilburn. A series of staged stock transfers were considered but were rejected due to funding restraints. The Council was unsuccessful in its bid for round 6 Housing PFI. It has though been possible to take forward sites for vacant land transfer and these are in the final stages of an OJEU process to select a development partner for 280 homes on two sites. A further 75 homes are also being developed on sites not owned by the Council but will be used to decant our tenants. The Council completed the Granville New Homes Development, sold it to Brent Housing Partnership and were able to re-house 85 tenants in South Kilburn. The decanting of tenants will enable the creation of further vacant sites for development. The Council is also considering setting up a Joint Venture Vehicle to deliver further developments and long term management arrangements.

Projected spending in 2009/10 is line with the original budget of £570k. This has been used to fund work on the review of the delivery options as well as legal costs, independent advice for residents and other consultant fees. Provision of £600k has been made in 2010/11 to meet decant costs, negotiations with the preferred development partners, procurement of other



development partners including legal costs, specialist consultant advice and ongoing independent advice for residents.

## **10. INVESTMENT IN INFORMATION TECHNOLOGY**

- 10.1 From its inception in the mid-1990's the Systems Development Fund has been used to fund corporate initiatives including the migration from the mainframe, new IT investment for service areas and expenditure on Year 2000 issues.
- 10.2 Since 2002/03 the emphasis of the fund has shifted to the funding of the authority's E-Government programme and other major IT requirements.
- 10.3 The council has a range of needs for investment in IT to meet new requirements or upgrade existing systems. These range from upgrades to the Customer Relationship Management system and the development of a Client Index to a whole programme of service area projects. These projects have been funded by specific capital budgets, the Systems Development Fund, and ongoing revenue funding. The £820k in the 2010/11 budget is to be used to fund a small amount of new development, to pay the capital financing charges for previously implemented projects, and to meet the ongoing costs of maintenance and support.

## **11. INSURANCE FUND**

- 11.1 The council operates an Insurance Fund in order to self insure its buildings and contents as well as to cover employee and third party legal liabilities and professional indemnity, though it does have insurance policies to limit the council's overall exposure. The authority has an excess of £307k on any particular claim and has a maximum exposure of £3.5m in any financial year. These arrangements are in place to minimise the council's costs as opposed to covering all costs through external insurance. Service areas are charged insurance premiums for buildings, contents and vehicles. The level of the Fund is reviewed against the known and potential level of liabilities for claims. Members have been informed in previous years that the amount in the Fund needed to be reviewed closely and significant on-going contributions would be required to ensure the Fund has resources to meet current and future claims.

- 11.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £100k for the last 4 years.

(ii) Tree Roots

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis and there are no insurance policies limiting the council's exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are

now being fast tracked with the previous average of some three to four years in settling a claim being brought down to 18 months. Insurers have also been seeking 100% of the damages from local authorities. The council has adopted an amended tree maintenance policy and work continues between the Insurance Section, Streetcare and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs. Estimated payments in 2009/10 are £1.1m which is a similar level to 2008/09. The number of claims now being presented is much lower.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. The number of claims was 286 in 2007/08, 316 in 2008/09 and are estimated to be 220 in 2009/10. In 2007/08, the cost of claims settled was £685k. For 2008/09 it rose to £886k and is expected to be at a similar level for 2009/10.

- 11.3 A budget of £1.8m is recommended for 2010/11 which is the same level as 2009/10.

## 12. CIVIC CENTRE/PROPERTY REPAIRS AND MAINTENANCE

- 12.1 The Executive has received a number of major reports on proposals for a new civic centre for Brent. The reports have incrementally developed a case for the construction of a multi-purpose centre. It is based on meeting the future needs of the community, significantly improving service delivery, including considerations of the focus on neighbourhoods, with a strong value for money justification. The “*once in a lifetime*” regeneration opportunities in Wembley provide the stimulus for the whole project.
- 12.2 It is clear that doing nothing is not an option given the accommodation issues facing the current municipal offices. The Town Hall which is the council’s main public face fails to meet the standards of an acceptable modern headquarters building. Other buildings within the portfolio are becoming uneconomic to maintain, unable to cope with changes in technology and fail to provide modern working environments for staff and public alike.
- 12.3 The business case for the Civic Centre has always been based on the fact that it could be delivered without requiring additional resources compared with retaining existing stock at a reasonable standard. In fact the Civic Centre offers the opportunity for further efficiencies as the council moves forward. The 2010/11 provision of £1.868m, included within this budget, provides resources for a number of items of expenditure:
- (i) The cost of professional advisors to support the delivery of the project.
  - (ii) The capital financing costs for those elements of the project that will be charged to the Capital Programme on an Invest to Save basis. This will include the land acquisition, design and construction. (See also Section 10)

- (iii) An allocation, based on the increased revenue maintenance costs and debt charges, associated with keeping the existing building stock at a reasonable standard.
- (iv) Allowance for lease rental increases and dilapidation claims on leasehold building.

12.4 Regular reports will be brought to the Executive as the project develops.

### **13. NEIGHBOURHOOD WORKING**

13.1 The Neighbourhood Working Team of six people works closely with ward councillors to identify and address issues of concern with residents at ward level. The process is based on:

- Listening to residents through councillor walkabouts, attending local meetings, mini surveys etc.
- Identifying key issues for each ward with councillors.
- Identifying proposed actions, responsibilities and time scales with council departments and external partners..
- Reporting back to residents

13.2 To assist with this process, a budget of £850k was allocated in 2009/10. For 2010/11 the budget will remain at £850k. This includes a budget for each ward. In 2010/11 this will be £23k, including £3k for publicity and £20k for initiatives that would not otherwise happen and are not the statutory responsibility of any public body. In order to get most benefit from this money, it will be used for pump priming, pilot projects, match funding and to lever in other funds.

### **14. FREEDOM PASS SCHEME GROWTH**

14.1 The Freedom Pass Scheme provides free off peak travel for all people in London aged 60 or over. People with disabilities are funded for 24-hour travel on almost all tube and bus services and off peak on National Rail and independently operated bus services in Greater London. There were 43,534 users in Brent in August 2009.

14.2 From April 2008, the government introduced free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK. A specific grant was paid to individual boroughs outside London and to London Councils within London to meet the additional cost of free off peak travel for non-residents. In London there was the added complication that pass-holders already enjoyed free travel in London boroughs other than their home borough.

14.3 The overall concessionary fares budget for London in 2009/10 was £257.4m with £56.7m met from government grant and £27.0m met from rebates and the use of reserves leaving £173.6m to be met from London Authorities. The

use of rebates meant that the Authority's contributions fell from £7.863m to £7.000m. The costs of the Freedom Pass are met within the Adult Social Care budget with additional growth required provided within central items. In order to smooth out changes in the contribution, the funding within the Adult Social Care budget was kept at £7.863m in 2009/10, with £863k being put in reserve.

- 14.4 At the same time as the new arrangements for free travel for out-of-borough pass-holders was introduced, a proposal was made to change the basis for allocation of charges to boroughs from number of pass-holders to number of journeys. This change was opposed by a number of boroughs, including Brent, which lost out as a result of the change but, following arbitration, it was agreed that the new arrangements for charging would be introduced on a phased basis from 2009/10, with 40% of the charge based on number of journeys in 2009/10, 70% in 2010/11 and 100% in 2011/12.
- 14.5 In November 2009 the government issued a consultation on a revised formula for allocating the concessionary fares special grant. Under the proposals in the consultation London's grant would fall by £28.6m from £58.3m to £29.7m in 2010/11. The consultation closed on 30<sup>th</sup> December 2009 and government's response to the consultation was to further reduce London's grant funding by £1.6m.
- 14.6 Indicative figures from London Councils in November illustrate that the combined effect of the loss of grant and the phased introduction of the revised charging mechanism has led to an increase in Brent's contribution to £10.208m. The recent government announcement on the consultation means that we will need to increase this contribution to 10.258m to reflect the further loss of grant. The costs of the Freedom Pass are met within the Adult Social and the 2010/11 contribution will be funded by their current budget of £7.863m plus £863k held in reserve from the underspend in Adult Social Care's concessionary fare budget for 2009/10. In addition a further £1.532m of growth has been provided centrally to meet the shortfall in funding.
- 14.7 For 2011/12 the budgeted costs of the scheme will rise sharply due to there being no contribution from reserves and the continued phasing in of the revised charging mechanism. In addition negotiations continue to take place around increased fare charges by TfL and these may well outstrip the assumptions included within London Council's indicative figures. There must also be doubts over future government funding for concessionary fares. In order to provide for these uncertainties the budget includes a further additional £500k per year of additional funding.

## **15. AFFORDABLE HOUSING PFI**

- 15.1 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previously been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI. The budget

increases gradually to 2011/12 as properties are delivered and then by 2.5% thereafter.

- 15.2 Phase 1 of the PFI which involved delivery of 215 units, including 20 learning disability units, reached financial close on 19<sup>th</sup> December 2008. Phase 2 is due to reach financial close later this calendar year and will involve delivery of a further 185 units. The costs of both phases should be containable within the budget provision that has been made although current financial market uncertainty means that there remain risks relating to delivery of Phase 2.
- 15.3 The council will incur costs related to delivery of Phase 2 which are not currently budgeted for. These costs will be met from the existing provision of £1,003k in 2010/11.

## 16. COUNCIL ELECTIONS

- 16.1 This is a budget to cover the costs of the 2010 local elections and £400k has been allowed in 2010/11. It is proposed that for future years, a £100k will be provided for each year and rolled up into a reserve which can be used to pay for the 2014 elections. It will also cover any costs of by-elections up to the time of the next local elections.

## 17. OTHER ITEMS

- 17.1 Details are set out below

### 17.2 The Future of Wembley

- 17.2.1 The council has published an ambitious Vision For Wembley, setting out an agenda for a once-in-a-lifetime regeneration opportunity for Brent. A £350k budget has been established under the control of the Chief Executive specifically to support the delivery of this vision. During 2009/10 the budget has been used to commission feasibility studies for the Copland School and Brent House sites, major transport improvements (eg. the reconnection of North End Road), a land acquisition study, and work associated with maximising the impact of the 2012 Olympics. Funding of £350k has been included in the 2010/11 budget and will continue to be used to commission work that maximises the council's ability to deliver community benefits in Wembley.

### 17.3 Capitalisation Adjustment

- 17.3.1 An additional £600k of capitalisation costs has been included in the budget to fund shortfalls in the Housing general fund and Corporate budgets in respect of recharges to HRA and BHP in connection with the management and maintenance of the HRA dwelling stock. These charges reflect and measure a reasonable charge for activity in relation to the HRA. As the number of properties within the HRA has reduced (15,081 in March 2000 to an estimated 9,220 in March 2010) the level of charges applicable has dropped accordingly.

#### 17.4 Building Schools for the Future (BSF)

17.4.1 The Council received notification in December 2009 that it has been successful in getting accepted onto the Government's Building Schools for the Future national programme. This will result in investment from government of around £85m in the first instance to rebuild or remodel four Brent secondary schools. Future phases, subject to any changes to the programme would potentially deliver a further £200m to rebuild or remodel all remaining secondary schools.

17.4.2 At this stage this Council has been provided with an indicative funding allocation of £85m. This will be firmed up following the submission of the following documents our Strategy for Change, our Outline Business Case and finally our Final Business Case. This process will take between 12 to 18 months to complete from our remit meeting which is scheduled for March 2010.

17.4.3 The funding provided from the government for BSF is only for capital expenditure and would only start flowing to the Council once financial close has been reached with the successful construction consortia which is likely to be around August 2012. There are considerable programme management costs that the Council will incur between now and financial close and the government's expectation is that the Council should expect to spend around 3% of the total construction costs on programme management. The Council has already budgeted for £500k on an annual basis for this but as we are now on programme that is likely to escalate quite rapidly and it is expected that up to £900k will be required for 2010/11 though it is expected that £150k of this can be capitalised bringing the revenue contribution to £750k. The main areas of expenditure relate to staffing costs for the dedicated BSF Team that is currently being established and also for external financial, technical and legal advisers that we are required to appoint.

#### 17.5 Positive Activities for Young People

17.5.1 Positive Activities for Young People has been allocated £369k which is being held centrally. Use of this funding will be decided following the completion of a review of the Youth Services and the priorities in the Borough.

#### 17.6 Learning Skills Council (LSC) Transfer

17.6.1 Under the Apprenticeships, Skills, Children and Learning Bill local authorities will take over from April 2010, funding responsibilities for education and training for all 14-19 year olds from the Learning Skills Council. Local authorities will also take on the responsibility to plan and commission education and training for this age group. The bill also creates two new agencies, the Young People's Learning Agency (YLPA) which will allocate funding to local authorities and the Skills Funding Agency (SFA) will have the responsibility for funding students over 19.

- 17.6.2 Under the new arrangements local authorities, working closely with YLPA, will take full responsibility for strategic planning and commissioning of education for all 14-19 year olds in their area. This will include strategic provision, mapping and delivery, and overall funding responsibilities for 14-19 education in schools, colleges, resident young people in youth offending education and resident young people up to the age of 25 who have learning disabilities or difficulties.
- 17.6.3 Local authorities will also take over responsibility for the strategic planning and delivery of Education Business Links, Key Stage 4 Young Apprenticeships and Key Stage 4 School Engagement Programme.
- 17.6.4 From 2010 local authorities will fund sixth form colleges, school sixth forms and further education colleges.
- 17.6.5 As part of the transfer the DCSF have allocated resources through the area based grants to support the administrative duties associated with the transfer of responsibilities from the Learning Skills Council. For 2010/11 Brent has been allocated £244k of monies.