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 4 on Brent's 2011/12 budget proposals.

2. DETAIL

2.1 The table to this Appendix summarises the budgetary implications for the council for 2011/12 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 2009/10 was £216k. The estimated figure for 2010/11 is £225k, against a budget of £235k. The slight underspend is due to some anticipated one-off costs not arising.

3.2.2 The 2011/12 budget is not yet available and is not expected before the Brent budget is set. We are currently assuming this budget will remain unchanged at £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 2011/12 subscription paid to The Local Government Association has been set at £49k for 2011/12. This is a reduction of £12k from the 2010/11 subscription of £61k.

3.3.3 The London Councils' subscription covers a number of cross London bodies. Overall costs are set to reduce by 25% over the next two years. The 2011/12 subscription will be levied as follows:

	2011/12 £'000
London Councils :	
- Core	175
Total Main Subscription	175
London Government Employers	4
Total	**179**

The core contribution (which includes an element to cover the London 2012 Olympics) for 2011/12. This is a reduction of £44k from the 2010/11 level of £219kThe total Central budget for the subscription is £179k inclusive of £4k for Local Government employers charge. The London Connects element of the contribution will cease as of 2011/12. In addition to the above other service areas receive charges principally the London Councils grants scheme charge of £436k which is met by Housing & Community Care.

3.3.4 The subscription to London Councils for the 2012 Olympics (included in the core element) commenced 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 2010/11 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 For 2011/12 Brent’s subscription will remain unchanged at £26k.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between a number of West London local authorities (the core authorities being Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a collaborative service and a clear single voice by lobbying on behalf of the area’s residents, service providers and business communities. The subscription for 2011/12 will total £30k.

3.6 COPYRIGHT LICENSING

3.6.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2010/11 was £24k and we expect the charge for the 2011/12 subscription to remain at the same level.

3.7 EXTERNAL AUDIT

3.7.1 This budget relates to the work undertaken by the Audit Commission (AC) in relation to the statutory audit of the Council's financial statements. It is net of charges for inspections and grant claim audits which are charged out to service areas (which the AC charge by the hour and have pledged to keep the rates at 2010/11 levels). For 2011/12 the AC has declared a reduction in fees to reflect their new approach to Value for Money audit work and the general decrease in costs associated with the move to IFRS. Across the London Boroughs, this reduction is expected to average 10% on 2010/11 fees. The AC has published the proposed 2011/12 scale fees for Brent as £439k. Although a strong indication, this figure is liable to change to reflect the scope of the audit work carried out. A prudent budget for 2011/12 is £474k as this includes £15k to cover the operational costs of the audit process and a provision of £20k for any additional and necessary audit work carried out.

3.8 CORPORATE INSURANCE POLICIES

3.8.1 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 costs are £320k 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 £340k for 2011/12. This figure excludes the much larger contribution to the self-insurance fund (Paragraph 10 of this section)

4 CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS

4.1 These budgets are a direct result of borrowing to finance capital programme expenditure and are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes in recent years and should also reference the Treasury Management Strategy included in Section 10 of the main report. They also reflect the overall level of the capital programme (see Section 9). 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 2011/12.

(b) Capital Financing Charges , which 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 underspent 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 2011/12 and beyond.

4.4 The council is estimated to have £586m of long-term debt outstanding at 31st March 2011. This has been taken out for periods of up to 60 years with most for the debt maturing after 2050. 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, though the Council were able carry out a £50m debt restructuring in November 2010 . This is reviewed on a regular basis. Investments are estimated to average £10m during 2011/12, with an estimated average return of 0.5%, reflecting 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 2011/12 for interest receipts and capital financing charges is £25.359m inclusive of civic centre costs (2010/11 £22.989m). This significant variation is primarily due to the recent debt restructuring, use of short term loans and the impact of the capital programme. It is forecast that interest earned on deposits in 2010/11 will amount to £930k but that the estimate for 2011/12 is just £50k. Interest rates may rise during 2011 but this is dependent on the state of the national economy in 2011/12. 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 2011/12 are shown below.

	2010/11 Actual £'000	**2011/12 Estimate £'000**
Lee Valley Regional Park	294	288
London Pension Fund Authority	368	332
Environment Agency	192	191
West London Waste Authority – Fixed Cost Element	9,410	1,427
Levy Sub total	**10,264**	**2,238**
West London Waste Authority – Pay As You Throw element		6,968
	10,264	**9,206**

5.3 A council tax base for 2011/12 of 97,252 was agreed by General Purposes Committee on 25th January 2011 (an increase from 96,457 agreed for 2010/11). All the levies, (apart from the new West London Waste Authority Pay As You Throw charges which are calculated according to actual waste tonnages delivered for disposal) 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 are currently expected to decrease the total levy raised in 2011/12 by 2%.

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 for outer London boroughs was reduced by approximately 9% in 2011/12 compared to this year following legal advice received by LPFA. This enabled a reduction in the estimated future cost of claims for compensation arising from exposure to asbestos by former GLC employees.

5.6 Previously the LPFA notified the boroughs that there needed 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. Its introduction was opposed by London Councils and the boroughs. The Department for Communities and Local Government (DCLG) are still discussing this proposal. LPFA have said they will not pursue this issue at the current time.

5.7 Environment Agency

For 2011/12 most flood defence 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 did not increase its total levy requirement for 2011/12. However, Brent's 2011/12 payment changed slightly from 2010/11 because of variations in Brent's council tax base compared to other boroughs..

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 solely according to constituent boroughs' council tax bases. From 2006/07 until this year the levy was based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2008/09 was used to set the 2010/11 levy. Tonnages above those charged for through the levy were invoiced separately. The budget was held in Streetcare. Other expenditure including civic amenity waste and administration continued to be apportioned to boroughs on their council tax bases.

5.10 WLWA are introducing a new levy mechanism from 2011/12. Waste will be charged according to the tonnages delivered to WLWA. This is being called a Pay As You Throw (PAYT) levy. Charges will vary depending on the type of waste sent for disposal with landfill waste costings £85.05 per tonne compared with organic waste which will be charged at £36.15 per tonne. There will be a separate charge for WLWA's fixed costs. These will be apportioned according to each constituent authority's council tax bases before the start of the financial year. The revised levy mechanism was approved by Brent's Executive on 15th November 2010.

5.11 WLWA decided to apply £6M out of balances in 2011/12 which are much higher than they anticipated partly because of decreased economic activity.

WLWA decided that this will be used just to reduce the fixed costs element of the levy whilst PAYT rates remain unchanged..

5.12 PAYT charges will vary according to the tonnages sent to WLWA for disposal. This is similar to the non-household waste tonnages where the budget is currently held by Streetcare except that PAYT charges relate to all tonnages not just tonnages above Brent's allowances as at present.

5.13 The other three levies and the previous WLWA levies do not vary after they have been set. However final PAYT charges will depend on actual tonnages delivered to WLWA in 2011/12. The figure for PAYT charges has been calculated according to tonnages estimated by Streetcare. This includes the operation of the new waste collection system for part of the year. As part of the budget process the budget for PAYT charges has been transferred to Streetcare – the same place as the budget for non-household waste charges in the current year (and previous years). Contingencies totalling £278k are being kept both centrally and within Streetcare in case actual waste tonnages in 2011/12 exceed the current estimate.

5.14 Reductions in waste tonnages have contributed to the decrease in WLWA levy costs for 2011/12 compared to 2010/11. This partly accounts for the unexpectedly high balances held by WLWA estimated at 31st March 2011. WLWA have decided to use balances to reduce the 2011/12 levies as mentioned above. This is likely to be a one-off decrease. Brent's levies to WLWA have increased by at least 10% every year since 2007/08. The WLWA report estimates increases in WLWA's budget of 10.5% in 2012/13 and 2.1% in 2013/14. Landfill tax is expected to continue to increase by £8 per tonne per annum. (Landfill tax will be charged at £56 per tonne in 2011/12).

5.15 It is possible that in future years WLWA may have to pay Landfill Allowance Trading Scheme (LATS) penalties if tonnages sent to landfill exceed WLWA's allowance which reduces each year. These penalties would have to be passed on to WLWA's constituent authorities. This could potentially cause a significant increase in future costs depending on future waste tonnages and methods of waste disposal. The importance of the council's recycling initiatives cannot be understated as a contributor to reducing costs.

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 31st March 1994. The amount paid to pensioners is uplifted by the inflation rate applicable in the previous September in previous years this was the Retail Price Index (RPI) though we expect that the inflation measure to be used for the uplift in 2011/12 will be the Consumer Price Index (CPI) which was running at 3.1% in September 2010. For the last two years this budget has also included a £150k allowance for increases in charges by the London Pension Fund Authority for former Brent employees covered by previous pension arrangements now managed by the LPFA this cost is now expected not to be levied. A reduction in costs is also being made for pensioners who fall out of the pension scheme which is reflected in the current underspending for 2010/11. It is now estimated that a provision of £5.148m will be required in 2011/12.

7. REMUNERATION STRATEGY

7.1 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.

7.2 The budget of £229k 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.

8. SOUTH KILBURN DEVELOPMENT

8.1 Work on the regeneration of South Kilburn is continuing. The Council have entered into development agreements with two Housing Associations for three sites. Four development sites are now underway with a further five sites undergoing the design development process. One site will reach practical completion in September 2011 and 26 tenants will be decanted there. Following the Executive agreements reached in June and November 2010 to decant up to 8 housing blocks – the Council has now sought the Secretary of State's consent to formally decant tenants of those blocks and will be required to find suitable alternative accommodation to those tenants who will be displaced. Spending on these sites for decant will now happen at a much more rapid pace (50 in 2011/12 and 220 in 2012/13) which will take into account the majority of the spend against the budget.

8.2 A European compliant Developer Framework is currently being procured, and discussions are advanced with the Homes & Communities Agency with regard to ongoing development funding arrangements. It is anticipated that over the coming year there will be a number of mini competitions in order to select partners from the framework to take forward the delivery of the residential sites. As receipts are secured the intention is re-invest these into taking further sites through the planning process.

8.3 Projected spending in 2010/11 will be in the region of £400k. This has been used to fund work on the decanting of residents, legal costs, independent advice for residents and other consultant fees. Provision of £900k has been made in 2011/12 to meet decant costs, negotiations with the preferred development partners, legal costs, specialist consultant advice and ongoing independent advice for residents.

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9. INVESTMENT IN INFORMATION TECHNOLOGY

9.1 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. £820k in the 2010/11 budget has been 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. For 2011/12 this budget has been reduced to £520k and has now been transferred to the Finance & Corporate Services budget.

10. INSURANCE FUND

10.1 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 has insurance policies to limit the council's overall exposure to large scale catastrophic events. The authority has an excess of £309k 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.

10.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £120k 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. The number of claims now being presented remains at comparative levels to preceding years.

(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 has dropped over the past three years but prudence states we cannot assume they will drop further.

10.3 The number of claims still remains relatively high. There is also an increase in the average cost of a claim for both tree roots and third party claims which means there is still significant pressures on the fund. A budget of £1.8m is recommended for 2011/12 and future years unchanged from the 2010/11 level.

11. CIVIC CENTRE

11.1 The Civic Centre is currently under construction and the costs of this budget have been incorporated into the Authority's capital financing charges.

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12. WARD WORKING

12.1 The Ward 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

12.2 To assist with this process, a budget of £850k was allocated in 2010/11. For 2011/12 the budget will remain at £850k. This includes a budget for each ward. In 2011/12 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. For 2011/12 responsibility for the budget will transfer to Customer and Community Engagement.

13. FREEDOM PASS SCHEME GROWTH

13.1 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.

13.2 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.

13.3 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.

13.4 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.

13.5 In 2010/11 the government issued a revised formula for allocating the concessionary fares special grant which saw London's grant would fall by £30.2m from £58.3m to £28.1m. The combined effect of the loss of grant and the phased introduction of the revised charging mechanism led to an increase in Brent's contribution to £10.035m. The costs of the Freedom Pass are met within the Adult Social and the 2010/11 contribution was funded by their existing budget of £7.863m plus £863k held in reserve from the underspend in Adult Social Care's concessionary fare budget for 2009/10 and the contribution of £1.309m held centrally.

13.6 As part of 2011/12 and 2012/13 settlement government made two changes to the way concessionary fares are funded. The first was a transfer of responsibility for administering concessionary fares from shire districts to shire counties and the second was the rolling up of the specific grant into formula grant In order to reflect these changes in the formula grant there was a transfer out of monies from shire districts (lower tier authorities) and a transfer in to shire counties (upper tier authorities). London has both upper and lower tier responsibilities so its authorities saw changes to the way it received funding as part of the funding formula. As a consequence London boroughs saw a proportion of the £28.1m of specific grant transfer into their formula funding. In Brent's case the increase was £1.594m.

13.7 For 2011/12 the cost of concessionary fares has increased to £13.767m from £10.035m an increase of £3.732m of which £1.594m relates to the change in funding arrangements. The rest of the increase of £2.138m relates partly to the completion of the phasing in of the revised charging mechanism based on usage and mainly to the costs of travel in London. TfL and the London Boroughs (through London Councils) entered into a multi-year agreement in 2004 on the amount TfL received for the Freedom Pass, and from April 2008, agreed an additional payment for National Concessionary Permit use. This agreement covered the period to 2009/10. Discussions took place in early 2009 with the London Boroughs on the principle of adopting a new five year deal which was agreed at officer level and endorsed by the Mayor in February 2009 as the first year of a new five year deal running to 2015. This agreement was based on the assumption of annual fare increases of RPI plus 1% from January 2010. The actual fare increase was above this on average, bus fares rose by 12.7% and tube fares by 3.9% and the settlement was some £12m less than TfL might have claimed had the actual fare package been used. At the end of last year the Mayor withdrew from this agreement and London boroughs are now faced with the full costs of meeting the increases. For future years the assumption is that fares will increase by 4% and that there will be 1.5% increase in the volume of journeys as more people qualify for concessionary fares. In addition due the volatility of transport costs an additional contingency of £500k has been built into the forecast for 2012/13.

14. AFFORDABLE HOUSING PFI

14.1 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 previous 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.

14.2 Phase 1 of the PFI which involved delivery of 215 units, including 20 learning disability units, reached financial close on 19th December 2008. Phase 2 reached financial close on 6th July 2010 and secured the delivery of a further 169 units. The costs of both phases should be containable within the budget provision. The PFI contractor has completed construction of 87 properties and one residential care scheme comprising 15 bed spaces. Steady progress is being made to construct the remaining properties 277 properties and a further residential scheme comprising 5 bed spaces by the end of August.

14.3 However, there is a significant risk to the council's ability to support the modelled rents to be applied for the properties as result of the housing benefit subsidy controls that to be introduced in April 2011. Representations have been made to the Department of Work and Pensions to apply an exemption to the application of the housing benefit controls and a decision is pending. The

Council is working with the Contractor to review the application of modelled rents during the contract in the event the exemption cannot be applied.

14.4 The council will incur costs related to delivery of Phase 2 and this will be met from the provision of £1,159k in 2011/12.

15. COUNCIL ELECTIONS

15.1 This is a budget to cover the costs of the 2014 local elections, a budget of £100k will be provided for each year and rolled up into a reserve which can be used to pay for the elections. It will also cover any costs of by-elections up to the time of the next local elections.

16. CARBON TAX

16.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a new mandatory UK-wide scheme that is designed to incentivise large public and private sector organisations to take up cost-effective energy efficiency opportunities through the application of reputational and financial drivers. Organisations will be required to purchase credits to cover CO_2 emissions for any given year. Monies are to be retained by the government to support public finances and environmental initiatives. The estimated cost to Brent at this time is £432k for 2011/12 although this will not be payable until 2012/13.

17. NEW HOMES BONUS

17.1 The government is introducing a new grant from 2011/12 called the New Homes Bonus Grant. The objective is to provide an incentive to local authorities to increase housing supply in their area by providing a financial reward equal to the national average for the council tax band for each new additional property, payable for six years as a non ringfenced grant. Therefore councils would receive a double benefit from each new home, with the additional council tax due plus the reward grant. There will also be payments for long term empty properties brought back in to use, and an additional payment for each new affordable home (£350 per home - to be confirmed).

17.2 However this new grant will largely be funded by taking money out of the formula grant settlement. In effect this means that authorities with a below average number of new homes will lose out, and those with above average will gain. The government has indicated though that there will be additional money from the abolition of the Housing and Planning Delivery Grant, which will fund the cost in the first year (2011/12) and a falling proportion up to 2014/15.

17.3 The 2011/12 grant will be based largely in changes in property numbers between September 2009 and September 2010. During this period the increase in properties in Brent was slightly above the national average, so in a normal year the net increase in grant after taking account of reduction in formula grant would not be large. However if the grant is fully funded in the first year, Brent would gain approximately £1.25m. Final allocations will not be known until February 2011.

17.4 The grant will be paid for six years and will be cumulative. Therefore if the growth in properties in Brent were to be replicated for each of the next 5 years, by year 6 the grant for Brent would be £1.25m multiplied by six (i.e. £7.5m). However the formula grant payment would be reduced, so there would only be a net benefit if the rate of growth was above the national average. From the seventh year, properties built in the first year one would drop out from the calculation, and be replaced by those built in the seventh year.

17.5 With the developments in Wembley in particular there is a reasonable likelihood that Brent's increase will exceed the national average during this period, particularly for the earlier years. There was an increase of 718 properties between October 2009 and October 2010. Between September 13 2010 (the date used for the 2010 figures) and January 17 2011 there has been a further increase of 306, so for this short period at least the growth in numbers has accelerated.

18. REGENERATION

18.1 As part of Brent's regeneration strategy the Authority is striving to exploit opportunities to address social, economic and environmental need in the Borough through reducing unemployment levels, increasing income levels, and promoting measures to retain this wealth within the local economy. It is focusing on reducing the gaps between Brent's most deprived communities and the rest of London and in particular on the neighbourhoods of South Kilburn, St Raphaels / Brentfield, Roundwood, Church End, Stonebridge, Harlesden and taking positive action to prevent other areas falling into decline. It is also trying to ensure that there is substantial benefit from the regeneration of the Wembley area. It is therefore taking advantage of the additional monies from the New Homes Bonus and investing £1.25m in this budget, in line with a key priority in the Borough Plan.

19. REDUNDANCY COSTS

19.1 As part of the Authority's One Council Programme a number initiatives are in train to rationalise and improve the Council's services and meet savings required by central government. From the end of 2009/10 and over 2010/11 the Council has been reviewing staffing and structures with a view to reducing the number of management posts, increasing managerial spans of control and improving the ratios of front line to support staff. Over 2010/11 this has seen the loss of 300 posts. This has been achieved through the deletion of vacant posts, reductions in the number of agency staff, a voluntary redundancy scheme and some compulsory redundancies. This process will continue into 2011/12 and the Council needs to make provision for any redundancy and severance costs in the year as well as providing for the additional costs to the pension fund of any staff in 2010/11 who have been made redundant and taken early retirement, these costs are usually spread over three years. For 2011/12 the Council has provided £6.354m to cover these costs. This includes using £2.585m of Council Tax grant to be received by the authority if it does not increase its council tax in 2011/12.

20. PROCUREMENT INCOME

20.1 From July 2010 Brent entered into a new contract with Commensura as the main provider of agency staff replacing Matrix. A proportion of the agency staff savings accruing from this contract are held centrally. In addition there are also a number of rebates received for other procurement arrangements. In total the level of income in 2011/12 is forecast to be £480k.

21. SCHOOLS REFURBISHMENT

21.1 The Council received notification in December 2009 that it had been successful in getting accepted onto the Government's Building Schools for the Future (BSF) national programme with potential investment from government of around £85m in the first instance to rebuild or remodel four Brent secondary schools. In the current medium term financial plan the Council had set aside £1.5m in 2011/12 for programme management costs that the Council would incur to set up an in house team and provide for external financial, technical and legal advisers as required. However, following the General Election the government re-evaluated BSF and withdrew its commitment to Brent in July.

21.2 At present we have no indication from Central Government of a replacement programme for BSF. However, resources are still required to manage the current schools capital programme including its asset management plan, feasibility and development costs as well programme management costs and so £1.5m budget has been set aside for this purpose.