

	<p align="center"><b>Cabinet</b> 15 July 2019</p>
	<p align="center"><b>Report from the Director of Finance</b></p>
<p><b>July Finance Review</b></p>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	KEY
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	OPEN
<b>No. of Appendices:</b>	1
<b>Background Papers:</b>	N/A
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## 1.0 Purpose of the Report

- 1.1. This report sets out the overall financial position facing the Council and highlights the significant risks, issues and uncertainties. It also sets out the proposed budget setting strategy for 2020/21 and beyond in order to maximise the period of consultation with residents, businesses and other key stakeholders.
- 1.2. The budget for 2019/20 was set in February 2019, and on another report on this agenda the first forecasts against that budget are reported. In February 2019 Council also agreed the business plans for 2020/21. In February 2020 it

would be open to Council, subject to all the usual planning uncertainties and caveats, simply to re-confirm the proposals set out a year earlier, which would result in a balanced budget for the 2020/21 financial year. For the avoidance of doubt, achieving this would mean continuing with the previously planned 3.99% increase to council tax for 2020/21.

- 1.3. Brent therefore, by design, has time to work out how it should approach its budgeting for the 2021/22 year and beyond. This will need to take into account the ongoing need to find efficiencies and cost savings in service delivery that any well managed organisation would want to deliver year on year. This report does not set out the detailed process or timetable for this; rather it introduces the considerations that will need to be taken into account in that process, in order to ensure that there is some space to take views into account before starting to identify detailed new proposals.
- 1.4. Based on what is currently known, or can reasonably be assumed, about future funding settlements further substantial reductions in expenditure will be required. The Council will need to take difficult decisions about which services to prioritise and protect and which to reduce in order to continue to deliver affordable and sustainable budgets.
- 1.5. However, this report goes beyond the simple estimation of the pressures that would need to be managed in that process. It sets out the changes to the local authority finance regime in its various components – the spending review, fair funding review, business rates retention, and so on – and, where known, the strategic consequences of these for Brent. It must be stressed at this stage that there is a relatively high degree of political uncertainty following the Conservative leadership election and Brexit negotiations that are currently occupying parliamentary time, and so forecasting the timing of funding and policy decisions that will affect local government is difficult; and forecasting their impact much more so.
- 1.6. This report is structured as follows:
  - Recommendations for cabinet to approve;
  - Strategic overview of Local Government finance;
  - Future budget assumptions;
  - Proposed budget setting process for 2020/21;
  - Overall summary and conclusion.

## **2.0 Recommendation(s)**

- 2.1 That Cabinet agrees the budget setting process for 2020/21, including the approach to consultation and scrutiny, as set out in section seven of this report.
- 2.2 That Cabinet confirm their intention, as previously announced and subject to consultation and any other material changes to circumstances, to increase council tax by 3.99% in 2020/21, on the basis that this means that no new savings proposals need to be developed.
- 2.3 That Cabinet note the Capital budgets and agree the proposed 2018/19 capital budget carry forwards and capital virements set out in section six of this report.
- 2.4 That Cabinet note that on current funding assumptions savings of at least £20m will be required in order to agree balanced budgets for 2021/22 and 2022/23.

## **3.0 Strategic Overview**

- 3.1 Local government funding is at a crossroads, with three major reforms to the finance system (the Fair Funding Review, 75% Business Rates Retention and a reset of the business rates baseline) due to be implemented in April 2020, and the overall amount of funding in the system from 2020 onwards to be determined at the Spending Review in the autumn.
- 3.2 At the date of dispatch of this report this cliff edge is less than ten months away and no detailed information has been made available for Council's to conduct any meaningful financial planning and analysis. This places Council's in a precarious financial situation following a decade of austerity in which a wider range of services has had to be delivered to more people while overall resources have fallen.
- 3.3 Each of the three reform strands will require a significant volume of technical developments, formal consultations and detailed modelling. Each of the reforms could individually have a potentially significant financial implication for a local authority which could include:
  - An increase or decrease in the size of baseline need set for an authority;
  - A change in the current percentage share of local business rates income after 2020/21 compared to the current share;
  - A change in the levels of financial reward or loss arising from shares of business rates, including those arising from the impact of appeals and the potential and design for any future business rates pooling; and
  - An increase or decrease in the size of the business rates baseline which would affect the levels of gain or loss at 75% retention.
- 3.4 What transitional arrangements are put in place and whether these arrangements relate to just one or more of the reforms will also have a significant impact upon the rate of financial impact for an authority and the size of any cliff edge that may arise.

- 3.5 MHCLG have indicated that they intend to publish a further consultation on the proposed reforms in advance of the 2019 Provisional Settlement (expected in December 2019); and that in addition there could be further technical consultations including on the potential working of a simplified system of business rates retention. However, they have also indicated that their plans will be affected by uncertainties over the timing (and length) of the Spending Review.
- 3.6 At the national level the debate over Brexit is likely to dominate political proceedings. Whilst there is much informed, and ill-informed, speculation about what sort of deal might be negotiated and what its national and local consequences might be the reality is that it is too soon to be able to make any sort of reliable estimate of the consequences for local government. What is reasonably certain is that the Brexit negotiations will surely take up a significant proportion of government resources, such that other legislative programmes (such as the three major Local Government reforms) may be subject to delay or other lack of certainty. This is particularly true of the much anticipated social care green paper which has been delayed five times since the beginning of 2018.
- 3.7 In addition to this, no steer from Government has been received regarding how it plans to take its fair funding ambitions forward following the consultations that ran last year. When these do emerge they are likely to be quite late in the medium term budget planning process. One possible outcome could be a delay in implementing the fair funding review in order to iron out any unintended consequences and allow authorities time to prepare and manage this significant transition.
- 3.8 It is clear that the way in which previous assessments of funding need have happened between government departments have not taken a holistic view of the needs of local government. The failure to adequately fund adult social care over the current Spending Review period is clear evidence that the process of assessing needs has not been sufficiently robust. This was further recognised in the 2018 National Audit Office report into the financial sustainability of local authorities, which concluded that the Government does not have a long-term funding plan for local authorities, and that the current funding landscape has been characterised by one-off and short-term funding initiatives<sup>1</sup>.
- 3.9 The scale of the funding crises in Adult Social Care in recent years has required a number of major policy interventions in the last three years. Had the Government provided an appropriate level of funding to begin with, the emergency measures may not have been required, and councils could have spent the funding in a much more strategic and effective way. The key features of the funding settlement should therefore be to prioritise the sector-wide

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<sup>1</sup> National Audit Office, “Financial sustainability of local authorities 2018”, 8 MARCH 2018, paragraph 20, pg10.

funding pressures in children’s services, adult social care and the costs of homelessness so as to avoid having to repeat the emergency funding interventions that were required over the last four years.

3.10 Since 2010 the Council has delivered against a series of challenging financial targets, through a combination of effective financial management and cost control and more innovative approaches to investment and demand management. This approach has been very effective where Brent has managed its finances well by adopting a forward-looking financial strategy based on taking difficult decisions early, allowing time for implementation, and has led to total savings of £164 million being delivered since 2010 and a further £20.9 million planned between 2019/20 and 2020/21.

#### 4.0 The Council’s current year revenue budget and forecasts

4.1 At this point in time, the Council is expecting to overspend against the overall revenue budget by £2.7m, with a £0.3m overspend against the main general fund budget, a £0.4m overspend against the Housing Revenue Account (HRA) and a £2m overspend against the Dedicated Schools Grant (DSG). This is set out in the table below and further details are set out in the Q1 Financial Forecast Report on the same agenda.

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Forecast Overspend/ (Underspend) £m</b>
Children and Young People	43.4	43.4	0.0
Community and Well-Being	133.5	133.8	0.3
Performance, Policy & Partnerships	9.8	9.8	0.0
Regeneration & Environment	32.9	32.9	0.0
Resources	38.8	38.8	0.0
<b>Subtotal Service Area Budgets</b>	<b>258.4</b>	<b>258.7</b>	<b>0.3</b>
Other Expenditure	6.5	6.5	0.0
Business Rates, Council Tax and Specific Grants	(264.9)	(264.9)	0.0
<b>Total General Fund</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>
DSG Funded Activity	0.0	2.0	2.0
Housing Revenue Account (HRA)	0.0	0.4	0.4

<b>Overall Position</b>	<b>0.0</b>	<b>2.7</b>	<b>2.7</b>
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## **5.0 Future Revenue Funding Position**

- 5.1 As reported to Council in February 2019, officers' best estimate of the budget gap was £40m over the next four years and Council agreed a package of savings of £20.9m between 2019/20 and 2020/21 in order to set a balanced budget over this period. Nonetheless, the exact gap is inherently uncertain, simply because of the number of variables to be estimated and the difficulty of doing so over longer periods of time. This is further compounded by the significant changes to local government funding proposed from April 2020. The actual figure required will not be known until the local government finance reforms are further forward and further updates will be brought to Cabinet once the financial position becomes clearer.

### **Council Tax**

- 5.2 With regards to Council Tax, an increase of 4% per annum has been assumed, which is in line with recent government policy, and is made up of 2% for general council funding and 2% for Adult Social Care. Council Tax in 2019/20 increased by 5%, as in 2018/19, but the policy from 2020/21 is currently unknown. The adult social care precept does not exist after 2019/20, but it is expected that the legislation will be extended, and it is also unknown if a referendum limit will be imposed. Should the Council decide to increase Council Tax by a further 1% in 2020/21, a further £1.2m of recurring income could be generated and therefore, based on current funding assumptions and referendum limit being the same as the previous year, reduce the amount of savings required in that year.
- 5.3 The calculation of the tax base is one of the technical stages in the process of setting the council tax. The Local Government Finance Act requires Local Authorities formally to calculate the Council Tax Base for 2020/21 and pass this information to the Greater London Authority by 31 January 2020. Brent, like all Local Authorities, has to work out how much next year's band D council tax should be so that the total tax that will be collected equals the budget required to pay for its services. In effect, the tax base represents the aggregate taxable value of all residential property in Brent. Recent analysis of the tax base suggests that the rate of housebuilding growth in the borough is slowing down. However, the data from the council's planning department shows a large number of consented schemes likely to complete in 2019/20, and this general trend is also supported by new council tax registrations that are currently awaiting banding by the Valuation Office Agency. This will be reviewed during 2019/20 and if the new properties have at that time come on stream at a slower rate than expected then it may be prudent to adopt a lower rate of growth for 2020/21 to keep the collection fund in balance. Should the tax base for budget setting purposes be less than the prevailing tax base in the borough a deficit on the collection fund will have to be declared resulting in the need to either increase the level of Council Tax in subsequent years or reduce the tax base for budget setting purposes which would have the effect of increasing the overall budget gap.

## **Business Rates**

- 5.4 Brent is again part of the pan London Business Rates pilot pool in 2019/20, operating on the basis of 75% rates retention as opposed to 100% in 2018/19. In 2018/19 the pool is expected to generate a direct one-off benefit for Brent of c£6m. The exact figure will only be known once the final figures are confirmed for the year, expected in summer 2019. At 75% retention the pool will be less beneficial. Nonetheless, assuming that business rates grow in 2019/20 at the same rate that they did in 2018/19 and taking into account preliminary modelling of the 2019/20 pilot would indicate a direct one-off benefit of around £3.4m, expected to be confirmed in summer 2020. As the additional income is one-off, it has not been built into the Council's long term financial planning assumptions and the national position on how business rates will impact Local Government funding is expected to be clarified as part of the Fair Funding Review. It is also important to note that while business rates growth will be retained by the local authorities in the pool, the cost of a fall in total business rates will also be borne by those authorities.

## **Improved Better Care Fund**

- 5.5 The Council is due to receive £11.6m in 2019/20 through the Improved Better Care Fund (IBCF) grant. This funding has conditions attached with regards to ensuring it is spent on adult social care needs, supporting the local care market and that it relieves pressure on the NHS, particularly with respect to delayed transfers of care. A further condition is that spending plans must be agreed with local Clinical Commissioning Groups.
- 5.6 This grant represents a significant investment in social care in the short term, but when it was announced the government explicitly did not build them into the long term funding baseline. Therefore, in theory, Brent's allocation in 2020/21 is nil, like all other local authorities. This outcome has been reported as being highly unlikely given the substantial investment since 2017 and the current pressures being experienced within the NHS. As part of the 2017/18 budget £1.8m was built in to the Council's future budget assumptions in respect of the IBCF grant and a further £6.0m was assumed as part of the budget agreed in February 2019 to continue to help address spending pressures arising from the increased demands and costs of providing adult social care.

## **Overall Summary of Funding Assumptions**

- 5.7 The table below summarises the income projections set out above as well as other assumptions within the budget agreed by Council in February 2019.

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Revenue Support Grant	24.5	21.2	18.4	16.0
Specific Grants (e.g. Public Health)	34.0	32.5	31.7	30.9
<b>Total Central Government Funding</b>	<b>58.5</b>	<b>53.7</b>	<b>50.1</b>	<b>46.9</b>
Council Tax	122.0	130.0	138.6	147.7
Retained Business Rates	95.5	97.5	99.6	101.7
<b>Total Funding from residents and businesses</b>	<b>217.5</b>	<b>227.5</b>	<b>238.1</b>	<b>249.4</b>
<b>Total Funding</b>	<b>276.0</b>	<b>281.3</b>	<b>288.3</b>	<b>296.3</b>

### Growth assumptions

- 5.8 Critical to understanding the overall budget gap are the annual growth assumptions that are built in to the budget modelling process. These are set out in the table below for 2020/21 and the amounts can be regarded as reliable.

Assumption	Extra cost per annum (£m)	Description
Demography	3.5	Adult Social Care (£2m), Housing (£0.5m), Children's Social Care (£0.5m), Public Realm (£0.3m), Other (£0.2m)
Payroll	2.1	Based on 2% pay award and new pay spines
London Living Wage	1.0	Assumed average annual cost of making more contracts LLW compliant
Contracts	5.9	Primarily based on 2% inflation or known contractual commitments
Transport	1.3	Freedom passes and transporting children with Special Educational Needs
Technical	0.9	Pensions, levies (e.g. WLWA) and other technical items



Allowance for uncertainty	1.0	Need to have some insurance against non-delivery of savings
Capital financing	1.0	Interest and debt repayment costs for capital programme
<b>Total Growth</b>	<b>16.7</b>	

- 5.9 The overall budget, agreed by Council in February 2019, is set out in the table below. That said, until the Spending Review is published and until the direction of the Fair Funding review is clearer the estimate of the overall funding gap in future years will be subject to considerable change or at least uncertainty. Further work will be done over the summer, where possible, to examine each of the budget assumptions, with a view to bringing an updated report to Cabinet in October.

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
<b>Expenditure</b>				
Assumed budget b/f before in year growth and savings	267.9	276.0	281.3	288.3
Demographic Growth	3.5	3.5	3.5	3.5
Other Growth	14.4	13.2	13.5	14.5
Technical budget adjustments	(0.3)	0	0	0
<b>Total Expenditure</b>	<b>285.5</b>	<b>292.7</b>	<b>298.3</b>	<b>306.3</b>
<b>Income</b>				
Revenue Support Grant	24.5	21.3	18.4	16.0
Specific Grants	34.0	32.5	31.7	30.9
<b>Total Central Government Funding</b>	<b>58.5</b>	<b>53.8</b>	<b>50.1</b>	<b>46.9</b>
Council Tax	122.0	130.0	138.6	147.7
Business Rates	95.5	97.5	99.6	101.7
<b>Total funding from residents and businesses</b>	<b>217.5</b>	<b>227.5</b>	<b>238.2</b>	<b>249.4</b>
<b>Total Income</b>	<b>276.0</b>	<b>281.3</b>	<b>288.3</b>	<b>296.3</b>

<b>Savings agreed in February 2019</b>	<b>9.5</b>	<b>11.4</b>	<b>0</b>	<b>0</b>
<b>Savings required</b>	<b>0</b>	<b>0</b>	<b>10.0</b>	<b>10.0</b>

- 5.10 The budget agreed by Council in February 2019, set a balanced budget for both 2019/20 and 2020/21. This included agreeing that the budget should be constructed on the basis of a council tax increase of 4.99% in 2019/20 and 3.99% in 2020/21. In addition, a range of savings proposals were agreed of £9.5m in 2019/20 and £11.4m in 2020/21 meaning that, subject to consultation and any other material changes to circumstances, no new savings proposals need to be developed to achieve a balanced budget in 2020/21. For the avoidance of doubt, all of the proposals were set out for Council in February 2019, together with the results of the statutory consultation, scrutiny and equalities processes carried out leading up to that.

## 6.0 The Council's current year capital budget

- 6.1 In 2018/19 the capital programme achieved a total spend of £151.2m (2017/18 £181.2m). This position represents 92% of planned delivery and is a continuation of the progress made in 2017/18. This trend is expected to continue in 2019/20 and beyond as existing schemes are completed and the capital pipeline proposals are developed into firm schemes.

**Table 1**  
**2018/19 Outturn Position**

<b>Portfolio/Programme</b>	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Corporate Landlord	6.5	5.7	0.8
Regeneration	9.8	8.0	1.8
Housing Care Investment	82.3	85.9	(3.6)
Schools	24.3	22.7	1.6
South Kilburn	18.9	10.2	8.7
Public Realm	21.5	18.5	3.0
<b>Total</b>	<b>163.3</b>	<b>151.1</b>	<b>12.2</b>

## 2019/20 Capital Budget Position

- 6.2 The capital programme currently has a revised budget of £296.7m for 2019/20. The original Budget of £257.6m was approved at full Council in February (See Table 2). The largest budget is Housing which includes allocations for property acquisitions and private rented sector initiatives as well as several NAIL schemes.
- 6.3 The 2019/20 net forecast outturn position is currently to budget, however it is worth noting that at the end of 2018/19 c£12m of the capital budget was

required to be brought forward (mostly relating to programme slippage and underspends). It is therefore proposed that this sum is re-profiled into 2019/20 and later in some cases, except for those schemes that reached final completion in 2018/19.

6.4 The position is summarised table 2 below and further details on the 2019/20 forecast position is contained within the Financial Forecast report also on the agenda. Table 2 shows the impact of the proposed 2018/19 carry forwards and other adjustments, however the main adjustments include:

- £0.5m Civic Centre works
- £4.1m North End Road and Two Way Working
- £11.5m New Affordable Housing funded by RTB
- £6.8m i4B PRS acquisitions
- £0.8m Schools capital funding (special provision grant)
- (£2.6m) South Kilburn re-profiled schemes
- £5m Footways capital investment

**Table 2**

Portfolio/ Programme	Budget £m	B/Fwd £m	Virement £m	Other £m	Revised Budget £m	Outturn £m	Variance £m
Corporate Landlord	52.2	0.8	0.0	0.9	<b>53.9</b>	53.1	(0.8)
Regeneration	2.6	1.9	(0.1)	3.7	<b>8.0</b>	7.4	(0.6)
Housing Care Investment	157.9	(5.0)	0.0	12.0	<b>164.9</b>	163.5	(1.4)
I4B	21.6	1.4	0.0	6.8	<b>29.7</b>	31.1	1.4
Schools	7.2	1.6	0.0	0.8	<b>9.6</b>	11.8	2.2
South Kilburn	3.9	8.6	(2.6)	0.0	<b>9.9</b>	10.4	0.5
Public Realm	12.3	3.0	5.0	0.4	<b>20.6</b>	18.6	(2.0)
<b>Total</b>	<b>257.6</b>	<b>12.3</b>	<b>2.3</b>	<b>24.5</b>	<b>296.7</b>	<b>295.9</b>	<b>(0.8)</b>

### Pipeline

6.5 The programme agreed by Council in February included £925m for pipeline schemes. In evaluating the investment pipeline proposals several factors were considered. These included statutory requirements, demonstrable linkages to corporate priorities, the ability for proposals to generate revenue savings and, to a slightly lesser extent, their potential to generate future capital receipts or other financial returns.

6.6 In total, schemes amounting to £392m were promoted from the pipeline and added to the main programme 2019/20 – 2023/24.

6.7 When the opportunity presents itself the residual schemes will be brought forward, once they have been further refined and subject to detailed business cases and Cabinet approval where necessary.

## **7.0 Proposed budget setting process 2020/21**

7.1 The council's minimum legal duty in February 2020 will be to set a budget and council tax for 2020/21. As set out in this report, provided the decision on increasing Council Tax is endorsed by members, the service budget for 2020/21 can be set on the basis of savings proposals which have already been consulted on extensively, subject to the results of the local government settlement and any other material changes in the financial position.

7.2 For clarity, these are the proposals set out in Appendix A. These were agreed in February 2019, following consultation at each Brent Connects meeting, four pop up events and a well-publicised campaign on the council's website which attracted a record number of responses.

7.3 Clearly, as part of the consultation process, it will be open for respondents to raise issues about these proposals if they so choose. However, on the basis that they have already been consulted on extensively, and agreed to go forward when other budget proposals were explicitly rejected through that process, the reasonable working assumption is that these proposals will proceed unchanged.

7.4 Therefore, the proposed budget setting process following this Cabinet meeting is as follows:

- Cabinet 14 October 2019. This report will update the position on the core estimates that drive the council's budget position, to enable Members to assess the approach to the business planning and budgeting cycle;
- The proposals, together with any changes made by Cabinet, will form the basis of consultation between November 2019 and January 2020 with local residents, businesses and other key stakeholders;
- The Scrutiny Committees will review the budget proposals and report accordingly;
- The General Purposes Committee will review the calculation of the Council Tax base in December 2019.
- After consultation, a budget paper will be presented for Cabinet to recommend a final budget and council tax to the February 2020 Council meeting. In February 2020 it would be open to Council, subject to all the usual planning uncertainties and caveats, simply to re-confirm the proposals set out a year earlier, which would result in a balanced budget for the 2020/21 financial year.

## 8.0 Overall summary and conclusion

- 8.1 Local government continues to face an extremely challenging financial outlook following a prolonged period of austerity as well as disproportionate growth in demand for services. There is a growing level of uncertainty as the cliff edge of 2020 approaches – marking the end of the current Spending Review period and start of the new 75% business rates retention scheme.
- 8.2 Since 2010 the council has agreed expenditure reductions of £185m. This has been delivered through a combination of effective financial management, cost control and more innovative approaches to investment and demand management.
- 8.3 Officers' expectation is that savings of £40m will be needed over the lifetime of this Administration. The profile of these is broadly balanced, and so a further £20m of savings will be required between 2021/22 and 2022/23, on top of the £20.9m savings already agreed between 2019/20 and 2020/21, in order to deliver a balanced budget. However, it is important to note that, on the current funding estimates, significant further savings will need to be agreed at the Council meeting of February 2021. As a result, the current working assumption is that anything not agreed as part of the 2019/20 and 2020/21 budget setting round may need to be considered again at the point in time, and further options identified.
- 8.4 The core estimates that drive the Council's budget position will be revised and updated over the summer to take account of, where possible, the national policy direction on local government finance and other local specific factors with a view to reporting back to Cabinet on the longer term financial position in October.
- 8.5 Critical to the review of key financial assumptions will be the factors set out below.
- **Demography.** The extent to which changing demographic trends will vary from those previously assumed, and so increase or decrease the assumed cost of providing services.
  - **Macro-economic conditions.** The effect of changes to forecast rates on inflation, interest rates and economic growth, as a longitudinal proxy measure of earnings and employment and hence a determinant of deprivation and need for services.
  - **Local (and local government) specific factors.** The cost of providing pensions will feature significantly, which in turn will be affected by discount rates, investment performance and longer-term actuarial assumptions. This will become clearer after the summer following the outcome of the 2019 Triennial valuation of the Pension Fund.

- **National policy.** The key issues and developments in national policy (so far as the impact on local government finance can be discussed with any reasonable certainty) have been set out in this report. On the face of it additional funding for adult social care and homelessness prevention has been allocated, but the lack of longer-term commitments to this by government make planning at the local level difficult, and it is as yet too early to forecast accurately how service interventions and innovations funded from these will impact on the council's cost base.
- **Local policy.** Local choices to prioritise some services or policies over others is at the core of local government democracy and accountability, and the impact of possible policy initiatives will need to be factored into the planning process

## **9.0 Financial Implications**

9.1 The financial implications are set out throughout the report.

## **10.0 Legal Implications**

10.1 Standing Order 24 sets out the process that applies within the council for developing budget and capital proposals for 2019/20. There is a duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans before each annual budget under Section 65 of the Local Government Finance Act 1992. The council also has a general duty to consult representatives of council tax payers, service users and others under Section 3 (2) Local Government Act 1999.

## **11.0 Equality Implications**

11.1 Under the Public Sector Equality Duty (PSED) in the Equality Act 2010, Brent Council is required to pay due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different protected groups when making decisions. The groups protected by law, also known as protected characteristics, are age, disability, gender, race, religion or belief, pregnancy and maternity, marriage and civil partnership, sexual orientation and gender reassignment. Although socio-economic status (people on low income, young and adult carers, people living in deprived areas, groups suffering multiple disadvantage, etc.) is not a characteristic protected by the Equality Act 2010, Brent Council is committed to considering the impact on socio-economic groups.

11.2 The PSED does not prevent decision makers from making difficult decisions in the context of the requirement to achieve a significant level of savings across all operations. It supports the Council to make robust decisions in a fair, transparent and accountable way that considers the diverse needs of all our local communities and workforce. Consideration of the duty should precede and inform decision making. It is important that decision makers have regard to the statutory grounds in the light of all available material, including relevant equality analyses and consultation findings. If there are significant negative equality

impacts arising from a specific proposal, then decision makers may decide to amend, defer for further consideration or reject a proposal after balancing all of the information available to them.

## **12.0 Consultation with Ward Members and Stakeholders**

12.1 The detailed approach to the statutory consultation process will be set out as part of the budget report to be presented to Cabinet in October 2019.

## **13.0 Human Resources**

13.1 Not applicable.

**Report sign off:**

***Minesh Patel***  
Director of Finance