

Brighton & Hove City Council

For general release

Meeting: Policy & Resources Committee

Date: 17 September 2003

Report of: Chief Finance Officer

Subject: Month 4 Budget Forecast

Wards affected: All

The special circumstance for non-compliance with Council Procedure Rule 19, Access to Information Rule 5 and Section 100B(4) of the 1972 Local Government Act as amended (items not to be considered unless the agenda is open to inspection at least five days in advance of the meeting) is that the financial information was not available at the time of the despatch of the agenda..

1. Purpose of the report

1.1 This report informs Policy and Resources Committee of the forecast for the General Fund and Housing Revenue Account Budgets at Month 4.

2. Recommendations

2.1 Policy & Resources Committee note that:

- There is a forecast overspend on the General Fund of £3.099m after adjusting for contingencies.
- There is a forecast underspend in the Housing Revenue Account of - £0.254m.

2.2 Policy & Resources Committee note that all Directorates are preparing detailed action plans to reduce the projected forecast with the target of achieving a breakeven position by the year end.

3. Information/background

3.1 Table 1 shows the forecast outturn for the General Fund at Month 4.

Table 1

Department	Budget	Forecast	Variance	Variance
		Current	M4	M4
	£'000	£'000	£'000	%
Housing & City Support	39,359	40,448	1,089	2.8%
Children, Families & Schools	116,860	119,758	2,898	2.5%
Corporate Services	21,269	21,259	- 10	0.0%
Environment	31,714	32,666	952	3.0%
Comms & Dem	8,407	8,407	0	0.0%
Subtotal	217,609	222,538	4,929	2.3%
Centrally Managed Budgets	32,953	31,123	- 1,830	-5.6%
TOTAL	250,562	253,661	3,099	1.2%

3.2 There is £1.830m available in contingencies to offset the Departmental pressures pressures. However these are budgets of last resort and Directorates are challenged with reducing the forecast above to breakeven without recourse to the contingencies. If these are taken into account then the net General Fund forecast is an overspend of £3.099m.

3.3 In addition to the budget in Table 1 the Council's contribution to the Section 31 Partnership arrangements with health for a range of adult services is £21.586m. Current expenditure by the partnership indicates an overspend of £1.564m, after the preparation of a detailed action plan to bring the budget into balance. The partners have agreed that in accordance with the terms of the partnership agreement any overspend at the end of the financial year will be carried forward as a first call against partnership resources in the subsequent year.

3.4 Table 2 shows the forecast outturn for the Housing Revenue Account at Month 3.

HRA	Budget	Forecast	Variance	Variance
		Current	M4	M4
	£'000	£'000	£'000	%
Expenditure	55,581	55,486	- 95	0.0%
Income	- 55,729	- 402	- 159	0.0%
Net	- 148	- 402	- 254	171.6%

3.5 Details of the projected forecasts are given in Appendix 1. Analysis of the forecasts shows the following key issues for the General Fund:

- continuing pressure on the critical budgets for NHS/Community Care spend, Homelessness and Foster Care and Child Agency Placements;
- significant overspending on employee budgets in Children Families & Schools;
- shortfalls on a number of key income budgets;
- unachieved savings for City Clean;

4. Comments of the Chief Finance Officer and Recommended Actions

4.1 The level of projected General Fund Departmental overspends is high for this stage of the financial year, especially in view of the additional funding included in the current year's budget for a number of key service areas. Previous experience suggests that actions can be taken to reduce this and Directorates have been tasked with developing detailed and robust action plans with a target of achieving a breakeven position by the year end. Progress against those action plans will be monitored weekly by Departmental Management Teams (DMTs) and monthly by The Management Team (TMT) and reported to Policy & Resources Committee as part of the quarterly forecast.

4.2 If this level of overspend cannot be reduced it will have a serious impact on the Council's overall working balance and on the budget strategy for 2004/5.

5. Consultation

5.1 No specific consultation has been undertaken in preparing this report. All forecasts and their analysis in Appendix 1 have been agreed by the respective Directors and Assistant Directors.

Contact Officer:

Catherine Vaughan, Assistant Director, Project & Financial Services, x3104

COMMITTEE REPORT APPENDIX



Meeting/Date	Policy & Resources Committee 17 September
Report of	Chief Finance Officer
Subject	Quarterly Forecast
Wards affected	All indirectly

<p>Financial implications Included within the body of the report <i>Finance Officer consulted: Catherine Vaughan, 1 September 2003</i></p>
<p>Legal implications When considering the proposals to address the budget position the impact of the Human Rights Act 1998 on the provision of council services is a relevant consideration.</p>

<p>Corporate/Citywide implications The Council's financial position impacts on levels of council tax and therefore has citywide implications</p>	<p>Risk assessment An assessment of risk is taken into account in preparing the individual budget forecasts</p>
<p>Sustainability implications There are no direct environmental implications arising from this report. However, it is believed that the reputation of the Council's financial framework and its ability to demonstrate sound budgetary control, could have an impact on the willingness of other funding partners to invest in and with the Council. This could invariably affect the level of inward investment in respect of environmental projects.</p>	<p>Equalities implications There are no direct equalities implications arising from this report although reductions in expenditure may reduce opportunities in employment from disadvantaged groups. As previously stated if the reputation of the Council's financial framework is good, then more opportunities for partnership working, particularly targeting specific areas may be created.</p>
<p>Implications for the prevention of crime and disorder Not applicable.</p>	

<p>Background papers 1. Detailed working papers are held by Financial Services</p>
<p>Contact Officer Catherine Vaughan Assistant Director, Project & Financial Services x 3104</p>

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