

Brighton & Hove City Council

Meeting: Policy & Resources Committee

Date: 10 December 2003

Report of: Chief Finance Officer

Subject: Month 7 Budget Forecast

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

1. Purpose of the report

1.1 This report informs Policy & Resources Committee of the Quarterly Forecast for the General Fund and Housing Revenue Account Budgets adjusted for Month 7 data.

2. Recommendations

2.1 That the position of the adjusted forecast outturn for the General Fund and Housing Revenue Account for Month 7 be noted.

2.2 That Directors take action in accordance with the comments from the Chief Finance Officer set out in section 5.

2.3 That additional funding of £400,000 be provided for the 2003/04 financial year to the Section 31 Partnership from unallocated reserves. This funding would be conditional on agreed commissioning strategies for all partnership services being in place by 31 March 2004.

3. Information/background

3.1 Table 1 shows the forecast outturn for the General Fund at Month 7.

Department	Budget	Forecast	Variance	Variance	Variance
	M7	Current	M4	M7	M7
	£'000	£'000	£'000	£'000	%
Housing & City Support	37,200	37,572	1,138	372	1.0%
Children, Families & Schools	117,707	119,948	2,898	2,241	1.9%
Corporate Services	21,585	21,454	- 10	- 131	-0.6%
Environment	34,380	35,042	903	662	1.9%
Comms & Dem	8,655	8,630	0	- 25	-0.3%
Subtotal	219,527	222,646	4,929	3,119	2.2%
Centrally Managed Budgets	29,225	27,931	- 1,830	- 1,294	-6.3%
TOTAL	248,752	250,577	3,099	1,825	1.2%

- 3.2 The Month 4 forecast has been adjusted for the creation of the new Public Safety Division to ensure effective comparison with the Month 7 position. This has affected the forecast for Housing & City Support and for Environment. Since Month 4 contingencies totalling £1.025m have been released to Children, Families & Schools and £0.500m to Housing & City Support. These contingencies had been included in the 2003/04 budget strategy for anticipated service pressures in these areas.
- 3.3 Details of the projected forecasts are given in Appendix 1. Analysis of the forecasts shows that the pressures on the critical budgets for NHS/Community Care spend, Homelessness and Foster Care and Child Agency Placements remain the key financial risk for the Council.
- 3.4 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 £21.639m. Current expenditure by the partnership indicates an overspend of £1.543m. The recommendation at paragraph 2.3 would reduce this forecast by £0.400m, this proposal is explained in more detail at section 4.
- 3.5 Table 2 shows the forecast outturn for the Housing Revenue Account at Month 7. The detailed forecast is shown in Appendix 1.

HRA	Budget	Forecast	Variance	Variance	Variance
		Current	M4	M7	M7
	£'000	£'000	£'000	£'000	%
Expenditure	55,581	55,484	- 95	- 97	-0.2%
Income	- 55,729	- 257	- 159	- 12	0.0%
Net	- 148	- 257	- 254	- 109	73.6%

4. Section 31 partnership

- 4.1 As noted in paragraph 3.4 there is an overspend of £1.543m on the Section 31 partnership. In the partnership the Primary Care Trust and South Downs NHS Trust, as lead commissioners and lead providers respectively, manage pooled budgets for Learning Disability, Older People Mental Health, Working Age Mental Health, Intermediate Care, AIDS/HIV and Substance Misuse services. The overspend is after taking into account a savings package that the Joint Commissioning Board have agreed in-year to a value of £1.197m.
- 4.2 It is proposed that an additional £400,000 funding for 2003/04 from unallocated reserves be agreed to demonstrate the Council's commitment to the partnership and its recognition that the pressures have arisen on what were formerly social care budgets. This additional funding is conditional on agreed commissioning strategies being in place for all partnership services by 31 March 2004.
- 4.3 The remaining overspend would be carried forward by the partnership into 2004/05 in accordance with the terms of the partnership agreement. In order to ensure that the partnership can set a balanced budget the council is likely to have to plan in its budget strategy for this overspend to be repaid over a period greater than one year. This will have implications for the level of council tax in 2004/05.

5. Comments of the Chief Finance Officer

- 5.1 The improvement in the forecast since Month 4 is primarily as a result of one-off items which do not address underlying financial pressures. The City Council's General Fund position remains serious and any overspending at the end of the financial year impacts heavily on the budget setting process for 2004/05. It is therefore imperative that further action is taken to ensure that a balanced budget position can be reached by the end of the financial year.

5.2 Directors are required to:

- explore all opportunities to bring forward the 2% efficiency savings identified as part of the 2004/05 budget setting process in order to effect expenditure reductions in the 2003/04 financial year
- amend authorisation limits so that no expenditure can be incurred over £500 without Assistant Director approval and that no expenditure can be incurred over £5000 without Director approval to ensure that non-essential expenditure is not incurred between now and the end of the financial year
- ensure authorisation for recruitment to vacant posts is obtained from DMTs and that any opportunities to generate short term savings from vacant posts without severe impact on service performance are taken

5.3 The recommendations in paragraph 4 in relation to the Section 31 partnership have been carefully considered and are agreed to be the most appropriate financial course of action for the Council to take.

6. Consultation

6.1 No specific consultation has been undertaken in relation to this report.

Contact Officer:

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COMMITTEE REPORT APPENDIX



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

Financial implications

Included within the body of the report

Finance Officer consulted: Catherine Vaughan, 1 September 2003

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.

<h3>Corporate/Citywide implications</h3> <p>The Council's financial position impacts on levels of council tax and therefore has citywide implications</p>	<h3>Risk assessment</h3> <p>An assessment of risk is taken into account in preparing the individual budget forecasts</p>
<h3>Sustainability implications</h3> <p>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>	<h3>Equalities implications</h3> <p>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>
<h3>Implications for the prevention of crime and disorder</h3> <p>Not applicable.</p>	

Background papers

1. Detailed working papers are held by Financial Services

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