

Agenda Item 69

Brighton & Hove City Council

**Meeting: Policy & Resources Committee
Overview and Scrutiny Organisation Committee**

**Date: 11 February 2004
23 February 2004**

Report of: Chief Finance Officer

Subject: Month 9 Budget Forecast

By reason of the following circumstance, the Chair of the Committee is of the opinion that the following item be considered as a matter of urgency as the budget information contained within the report has implications for the 2004/05 Revenue Budget.

1. Purpose of the report

1.1 This report informs Policy & Resources Committee and the Overview and Scrutiny Organisation Committee of the Quarterly Forecast for the General Fund and Housing Revenue Account Budgets adjusted for Month 9 data.

2. Recommendations

2.1 To note the position of the adjusted forecast outturn for the General Fund and Housing Revenue Account for Month 9.

2.2 To note the significant improvement in the forecast between Months 7 and 9 as a result of the action agreed at Policy & Resources Committee in December.

3. Information/background

3.1 Table 1 shows the forecast outturn for the General Fund at Month 9.

Department	Budget	Forecast	Variance	Variance	Variance
	M9	Current	M7	M9	M9
	£'000	£'000	£'000	£'000	%
Housing & City Support	37,294	37,351	372	57	0.2%
Children, Families & Schools	117,667	120,035	2,241	2,368	2.0%
Corporate Services	21,585	21,454	- 131	- 504	-0.6%
Environment	34,384	34,830	662	446	1.3%
Comms & Dem	8,656	8,546	- 25	- 110	-1.3%
Subtotal	219,586	222,216	3,119	2,257	1.0%
Centrally Managed Budgets	29,423	28,065	- 1,294	- 1,358	-4.6%
TOTAL	249,009	250,281	1,825	899	0.4%

3.2 The overspend on the Section 31 Partnership is £1.468m at Month 9. This is an improvement of £0.075m since Month 7. The overspend will be reduced by a further £0.400m as a result of the additional budget allocation agreed by this committee in December conditional on agreed commissioning strategies being in place for all partnership services by 31 March 2004.

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 and Foster Care and Child Agency Placements remain the key financial risk for the Council. There has been an improvement in the position on the homelessness critical budget as a result of a agreement reached by Housing & City Support with the Audit Commission and Department for Work and Pensions about the treatment of block booked bed and breakfast accommodation for housing benefit purposes.

3.4 Table 2 shows the forecast outturn for the Housing Revenue Account at Month 9. The detailed forecast is shown in Appendix 1.

HRA	Budget	Forecast	Variance	Variance
	M9	Current	M7	M9
	£'000	£'000	£'000	£'000
Expenditure	55,616	56,801	- 97	1,185
Income	- 55,764	- 308	- 12	- 1,345
Net	- 148	- 308	- 109	- 160

4. Comments of the Chief Finance Officer

4.1 The improvement in the forecast since Month 7 reflects the requirements put on Directors 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
- 4.2 Substantial underlying pressures remain on social care budgets and these are taken into account in the Budget Strategy for 2004/05. Those budgets in particular require tight monitoring and robust management action in order for the council's financial position to be stabilised.
- 4.3 It is imperative that Directors maintain this determined control on expenditure for the remainder of the financial year. It is critical that the city council ends the year as close to break-even as possible or, better still, under budget, in order to minimise the impact on next year of this year's spending.

5. Consultation

- 5.1 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 11 February 2004
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.

Corporate/Citywide implications

The Council's financial position impacts on levels of council tax and therefore has citywide implications

Risk assessment

An assessment of risk is taken into account in preparing the individual budget forecasts

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.

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.

Implications for the prevention of crime and disorder

Not applicable.

Background papers

1. Detailed working papers are held by Financial Services

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