



**Brighton & Hove
City Council**

AUDIT & STANDARDS COMMITTEE ADDENDUM

4.00PM, TUESDAY, 12 JANUARY 2016

THE RONUK HALL, PORTSLADE TOWN HALL

ADDENDUM

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Subject: Targeted Budget Management 2015/16 (Month 7)
Date of Meeting: 12 January 2016
Report of: Acting Director of Finance & Resources
Contact Officer: Name: James Hengeveld Tel: 29-1242
E-mail: James.Hengeveld@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that explanations of movements between month 6 and 7 needed further clarification in order to complete the report.

1 SUMMARY AND POLICY CONTEXT:

- 1.1 Targeted Budget Management (TBM) reports are reported to the Policy & Resources Committee and referred to the Audit & Standards Committee and the Cross Party Budget Review Group (monthly) to ensure effective member oversight and consideration of the in-year capital and revenue financial performance and associated risks. The Audit & Standards Committee's primary role in respect of TBM reports is to consider whether or not risks have been appropriately identified and treated to assure the ongoing financial resilience of the authority.
- 1.2 This report highlights the position as at Month 7 (October) as reported to the 3 December meeting of the Policy & Resources Committee.

2 RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the update on the council's in-year financial position and the continuing actions taken to address forecast overspend risks.

3 CONTEXT/BACKGROUND INFORMATION:

- 3.1 The council's financial performance is monitored monthly through the Targeted Budget Management (TBM) process. TBM reports are reported to Policy & Resources Committee and more frequently (monthly) to the cross-party member Budget Review Group. They are also reviewed monthly by Directorate Management Teams and the Executive Leadership Team.
- 3.2 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. Individual services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within each budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or

overspending together with more regular monitoring of high risk 'corporate critical' areas.

3.3 In summary, as at Month 7 the forecast overspend risk on the council's General Fund was £1.111m as shown below:

Forecast Variance Month 6 £'000	Directorate	2015/16 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
2,722	Children's Services	55,327	57,681	2,354	4.3%
3,903	Adult Services	66,919	69,728	2,809	4.2%
290	Environment, Development & Housing	30,717	30,652	(65)	-0.2%
(147)	Assistant Chief Executive	15,379	14,890	(489)	-3.2%
(106)	Public Health (incl. Community Safety & Public Protection)	5,114	4,790	(324)	-6.3%
(1,237)	Finance, Resources & Law	29,512	27,510	(2,002)	-6.8%
5,425	Sub Total	202,968	205,251	2,283	1.1%
(1,166)	Corporate Budgets	6,653	5,481	(1,172)	17.6%
4,259	Total Council Controlled Budgets	209,621	210,732	1,111	0.5%

3.4 In addition, the council's share of the forecast risk on NHS managed Section 75 partnership arrangements was £0.542m as follows:

Forecast Variance Month 6 £'000	S75 Partnership	2015/16 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
438	Sussex Partnership Foundation NHS Trust (SPFT)	11,001	11,488	487	4.4%
55	Sussex Community NHS Trust (SCT)	554	609	55	9.9%
493	Total Revenue - S75	11,555	12,097	542	4.7%

3.5 Month 6 (September) indicated a substantial forecast risk of £4.751m after taking into account corrective action and the impact of increased recruitment and financial controls introduced in late August. The report to the Special Policy & Resources meeting on 4 November outlined 'improvement targets' across all directorates to bring the position back into balance. These measures included:

- Further savings from vacancies;
- Further controls on agency/sessional work usage;
- Further one-off funding from other sources where this can be appropriately deployed e.g. Dedicated Schools Grant;

- The release of one-off Care Act funding and funding discussions with health partners;
- Further restrictions on supplies & services and training budgets;
- Temporary suspensions of planned and reactive property maintenance;
- Deferral of the ICT desktop replacement programme.

3.6 The forecast risk for Month 7 (October) shows further improvement of just over £3m bringing the forecast overspend risk down to £1.653m. The TBM Month 7 report to Policy & Resources on 3 December 2015 describes the main underlying reasons for the overspend forecast which concerns pressures across Children's and Adults social care services and homelessness (temporary accommodation). The main reasons for the improvement from Month 6 are summarised in the table below.

Directorate	Movement £'000	Main Explanation for movement from Month 6 to Month 7
Children's Services	(368)	Reduced cost of social work staffing following permanent appointment of staff (£0.093m) Review of staffing at Drove Road and Tudor House (£0.073m) Review of Early Years utilising Dedicated Schools Grant funding (£0.070m)
Adult Services	(1,094)	Further allocation of one-off Care Act funding (£0.947m)
Environment, Development & Housing	(355)	Parking income improvement (£0.120m) Review of all options including vacancy control and supplies & services has reduced costs by (£0.203m)
Assistant Chief Executive	(342)	Discretionary Grants budget – release of uncommitted funding (£0.100m) Further efficiencies and vacancy management (£0.093m) Deferral of Sports Facilities projects (£0.090m)
Public Health (incl. Community Safety & Public Protection)	(218)	Further deferment of agreed contracts (£0.180m)
Finance, Resources & Law	(765)	Temporary suspension of planned and reactive maintenance (£0.335m) One-off New Burdens funding for Land Charges (£0.180m) Savings on Workforce Development training budgets (£0.066m) ICT – deferral of the desktop replacement programme (£0.054m) Vacancy control in Financial Services and Revenues & Benefits (£0.047m)
Corporate Budgets	(6)	Minor improvement
Total Council Controlled Budgets	(3,148)	Total improvement from Month 6 to 7

- 3.7 The report concludes that the improved position puts the authority within sight of achieving financial balance over the remaining 5 months of the year. However, there are still underlying pressures and significant risk areas within the forecast and therefore strict recruitment and financial controls must remain in place to maintain a strong grip on financial performance. This will also maintain the focus on containing costs and demands to avoid putting the revenue budget under immediate pressure at the start of the next financial year. The committee should note that the corporate risk provision of £1.620m will continue to be held centrally at present to mitigate against any shortfall in achievement of improvement targets, recovery actions or savings programmes in 2015/16.
- 3.8 With regard to the 2015/16 savings programme, this continues to be largely on track with £1.024m (4.9%) of the £21.089m savings target currently regarded as at risk. This risk is reflected in the overall TBM forecast each month and explanations of at risk areas are provided at Appendix 1 of the TBM report.

4 EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 4.1 Any overspend remaining at the year-end, after taking account of risk provisions, would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below the recommended level of £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2016/17.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 None directly in relation to this update report.

6 CONCLUSION

- 6.1 The TBM Month 7 report to Policy & Resources Committee on 3 December highlighted the forecast overspend risk at Month 7 and reiterated the need to maintain financial and recruitment controls in order to bring the position back into balance by year-end.

7 FINANCIAL & OTHER IMPLICATIONS:

- 7.1 Included in the body of the report.

Finance Officer Consulted: Jeff Coates

Date: 5 January 2016

Legal Implications:

- 7.2 None directly in relation to this report. Implications relating to TBM Month 7 are detailed in the report to the 3 December Policy & Resources Committee meeting.

Equalities Implications:

- 7.3 Note directly in relation to this report. Implications relating to TBM Month 7 are detailed in the report to the 3 December Policy & Resources Committee meeting.

Sustainability Implications:

- 7.4 None directly in relation to this report. Implications relating to TBM Month 7 are detailed in the report to the 3 December Policy & Resources Committee meeting.

SUPPORTING DOCUMENTATION

Appendices: None

Documents in Members' Rooms: None

Background Documents: None