Committee(s): Policy, Resources & Economic Development Committee	**Date:** 14 September 2022
Subject: Budget Monitoring Update Report	**Wards Affected:** All
Report of: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)	**Public**
Report Author/s: Name: Phoebe Barnes, Corporate Manager (Finance) Telephone: 01277 312839 E-mail: phoebe.barnes@brentwood.gov.uk	**For Information**

Summary

The purpose of this report is to set out the forecast revenue and capital budget positions as at period 4 for 2022/23 and to give an overall financial update for the Council.

The commentary of the report does not attempt to cover all budgetary changes but draws attention to the key factors affecting net expenditure differences.

The General Fund is forecasting a deficit of £323k, this is where there is more expenditure than income. However, by the utilisation of reserves the overall impact to the Council’s working balance will be zero as the deficit is forecast to be funded from earmarked reserves.

The Housing Revenue Account (HRA) is currently forecasting a surplus position of £119k. In year pressures associated with the housing development programme regarding costs that cannot be capitalised have impacted this negative position.

The Capital Programme including slippage totalled £17.532m. Majority of projects are forecast to complete with an expected delay in some projects resulting in a budgetary impact of £34.825m below the budget. This underspend will be considered as slippage into next year's programme.

The current financial backdrop poses further financial risks to the Council’s budget. It should be noted that the Local Government Association has issued a warning that ‘soaring inflation, energy prices and National Living Wage pressures are putting council services at risk’. For Brentwood, there is further financial risks to pay inflation forecasts as well as cost pressures from the current high rates of inflation that cannot be quantified at this stage. The high inflation rates, increasing bank rates and national living wage pressure will have further impact onto the ongoing budgets.

Whilst the Council is not anticipating the need to reduce any services the financial position will have to be monitored over the year and will make the MTFS for 2023/24 even more of a challenge.

Main Report

Introduction and Background

1. The report provides a financial update for the General Fund, Housing Revenue (HRA) and Capital Budgets for 2021/22, based on operational and financial impacts for the period April to July 2022. As a result of current operational and transitional arrangements, the financial impact of COVID-19 is included in the report.

2. On 23rd February 2022 Ordinary Council set a budget for the General Fund that forecast a £122k deficit, with this deficit to be funded from earmark reserves. To date as at Period 4 monitoring, it is expected the deficit will increase further to £324k for 2022/23.

3. At the same meeting, the HRA budget was agreed at a net surplus of £34k. Currently the projection is that the HRA will generate a surplus of £119k.

4. A total capital commitment of £41.420m was approved at the same meeting, plus an additional £17.532m of slippage. Further in year S106 funds have been committed totalling £56k. Taking the total capital commitment for 2022/23 to £59.008m. The updated forecasts shows that it is expected £24.183m will be committed this financial year.

Issue, Options and Analysis of Options

General Fund

5. Based on the activity to the end of July 2022, the General Fund revenue forecast is a deficit position attributable to the ongoing pressures from high utility prices and soaring inflation. Appendix A provides a detailed analysis of the activity making up the variance compared to the surplus set originally.

6. The General Fund working Balance is forecast to continue to remain at £2.874m as of 31st March 2023

General Fund Forecast

	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Variance £'000
Total General Fund Net Expenditure	5,562	5,927	365
Net Non Service	4,206	4,043	(164)
Total Funding	(9,646)	(9,646)	0
General Fund (Surplus)/Deficit	**122**	**324**	**202**
Working Balance B/fwd	2,874	2,874	2,874
Surplus/(Deficit) in year	122	324	202
Earmark Reserve Drawdown	(122)	(324)	(202)
Working Balance C/fwd	**2,874**	**2,874**	**2,874**

General Fund Variances

7. To analyse the variances a subjective analysis per cost centre under each corporate strategy heading has been produced and can be found within Appendix A

8. In summary the £202k variance caused within the General fund was associated to the following:

Growing Our Economy

9. The £97k overspend is due to the extra resource within planning enforcement for the enforcement officers supplied by agency.

Protecting Our Environment

10. The net £107k underspend is associated with vacancies being held within Asset Management, building Control, Depot management and Admin, Environmental Health Team. Vacancies are being held due to difficulty in recruiting as well as holding vacancies whilst services review their establishment and the structures, they need to deliver the service they want. These underspends offset pressures within Parking, Vehicle Fleet Management and Waste Management.

11. Parking's overspend is attributable to an increase in electricity costs at the MSCP as well as agency costs for civil enforcement officers. Vehicle Repairs are expected to overspend due to the delay in delivery of new vehicles, existing ageing fleet are being repaired to keep vehicles on the road pending delivery.

12. Agency costs are significantly increasing due to the cost-of-living crisis. With neighbouring authorities willing to pay more per hour for waste staff, Brentwood has had to match the same rate to maintain existing staff and make Brentwood an attractive place to be placed.

<u>Developing Our Communities</u>

13. As the Council is responsible for the utilities for the Brentwood Centre, community halls and other buildings within the borough, the forecast overspends for Communities, Health & Leisure and Open spaces is predominantly attributable to the electricity and gas increases the Council are facing.

14. Golf Course income is expected to exceed the budget of £327k by £36k due to a dry spring and summer bringing the opportunity for higher usage.

<u>Delivering and Efficient and Effective Council</u>

15. Commercial Activity is a forecast budget regarding income projections from the Joint Venture. This income target will not be met as the JV construction on site is not expected to start until the following financial year.

16. Underspends within Corporate Finance, Corporate Support, Customer & Performance. Democratic Services. Design & Print and Electoral Services attributable to vacancies held within the establishments and recruitment lag.

17. Corporate management overspend is linked to increase in bank charges from the processing fees of taking payments through the services that the Council offers for cashless payments.

18. Digital Services & Transformation, underspends within the establishment are currently offsetting the increased costs for licences and managed services the Council is now subscribed to such as Microsoft Azure.

19. Council Tax & NNDR pressure is due to forecasting a reduction from ECC for repayment of additional income under the Council Tax sharing agreement, which is based on collection of in year rates.

20. Housing Benefit and Council Tax support is a forecast of grant reduction from DWP.

21. The Executive Board saving is based on the new Tier 1-3 restructure with Rochford district Council and assumptions on cost sharing of these roles are still yet to be internally agreed. However, the current basis is that the roles will be split 50/50. On this basis including the recruitment lag for the new roles, this creates a saving in year for Brentwood, excluding the costs associated with redundancies and retirement.

Improving Housing

22. Smalls saving associated with not requiring project management support for housing enabling and support and the ending of the community alarms scheme.

Net Non-Service Expenditure

23. Realigning pension fund payments based on last years actual and adjusting the forecast for the minimum revenue provision based on the capital outturn for 2021/22.

Funding

24. No changes to report all funding is still forecast as budget.

Cost of Living Crisis

25. The financial backdrop the UK economy is facing is volatile It is believed that the latest leap in wholesale gas prices mean the CPI (Consumer Price Index) Inflation will rise from 10.1% in July to a peak of 14.5% by January. The next Prime Minister is expected to try and offset the impact of oaring inflation on household income, because of this, the bank of England Forecasts rates will rise from 1.75% to 3%.

26. There are three key reasons for further inflationary pressures. Further reductions in the supply of gas from Russia to Europe has triggered a surge in wholesale gas prices. Therefore, further increases in gas and electricity are expected in October and January with the Ofgem utility price gap increasing from £1,971 to £3,550 and £5,000 in January.

27. Inflation is expected to fall in 2023 however forecasts expect this to be at 8.6% which CPI inflation not likely to fall back to the 2% target until 2024 the earliest.

28. National Living Wage negotiations are underway with the National Joint Committee (NJC) and unions. Some public sectors have seen a 5% pay award offered with private sector awarding 6-% as well as looking to offer a mid-year increase alongside their annual uplift.

29. This Council can set it’s pay locally and therefore does not have to follow the NJC. However, the Council bases any pay award offered against NJC’s proposals. In addition to this, as Brentwood has now partnered with Rochford

who do follow the NJC pay awards and therefore there must be careful consideration regarding how both authorities awards any pay award.

30. The current proposal tabled by the NJC back to the Joint Trade Unions (Unison, GMB and UNITE) is offering an increase of £1,925 on basic salary. The Current budget only assumes a 2% pay award.

31. The current forecast on the General Fund and HRA only quantifies in utility price increases and forecast fuel pressures. This is due to the Council locking in a contract price annually with it's suppliers that is renewed around July/August. The impact of the pay award and any further inflationary pressures will cause the projected deficit to increase further. Likely impact of this pressure is tabled below:

General Fund

Cost of Living Pressure	£'000
Fuel	80
Electricity	323
Gas	97
Current Forecast Deficit	**324**
Pay Award above budgeted 2%	547
Revised Forecast Deficit	**871**

32. It is expected that any additional pressure will be funded from the remaining £X in the Financing and Mitigation Reserve and well as utilising the Funding Volatility reserve if required. Working balances will continue to remain at £2.874m and will be reviewed regularly.

HRA

Cost of Living Pressure	£'000
Electricity	117
Gas	90
Current Forecast Deficit	**(119)**
Pay Award above budgeted 2%	76
Revised Forecast Deficit	**(43)**

33. The current proposed pay award will have a further budget impact on the Council's future budgets of £660k for General Fund and £94k for the HRA. At next committee meeting all cost-of-living impacts will be built into the MTFS assumptions and updated forecasts provided.

34. It is not just the Council that is facing financial pressures from the current economic climate. Many residents will have their own struggles to. The

monitoring of arrears of resident's accounts for Council Tax, Businesses for Business Rates and for Housing tenants have begun. Currently for Business Rates and Council Tax accounts arrears have not increased and collection rates have not been affected. However, the revenue and benefits department have reported an uptick in calls from both residents and businesses with concerns around paying future instalments when energy bills could be on of their highest bills. Housing Rents have seen an increase of 12% on last July's arrears position. Financially the impact for the Council is that is it likely it's bad debt provision for 2022/23 will increase as the debt rises. Departments will continue working collectively to support residents and business and mitigate the financial impact to the Council as much as possible.

Savings & Initiatives

35. The Savings initiatives built within the MTFS are set out in the table below. They are RAG rated, Red being unachieved, and green being achieved at the time of reporting and based on current periods forecasts. These initiatives are monitored through the Council's budget monitoring process and reviewed regularly.

Proposed Saving Targets

Proposed Saving Targets	2022/23 £'000	2023/24 £'000	2024/25 £'000
Corporate Vacancy Factor/Organisation Review	(459)	(470)	(479)
Capitalisation Staff Costs	(50)	(50)	(50)
Digital Efficiencies	(30)	(30)	(30)
Vehicle Fleet Maintenance	(135)	(135)	(135)
Total Efficiency Targets	**(674)**	**(685)**	**(694)**
Leisure Strategy Income	(175)	(175)	(175)
Waste Service Income	(365)	(365)	(365)
Service Income Generation	(130)	(135)	(136)
Total Income Generation Targets	**(670)**	**(675)**	**(676)**
Total Saving Targets	**(1,344)**	**(1,360)**	**(1,370)**

36. The savings marked amber are yet to be achieved for the following reasons:
- Inflationary increases preventing any saving
- Delay in service delivery generating efficiencies
- Decrease in income targets due to cost of living crisis

One Team Strategic Partnership

37. A #OneTeam Strategic Partnership was agreed at an Extraordinary Council on 25 January 2022 and led to a Joint Chief Executive/Head of Paid Service being appointed across Rochford District Council and Brentwood Borough Council with effect from 1 February 2022. A joint savings ambition for the Partnership has been estimated at £595,000- £853,000 by 2025/26, however the apportionment of these savings between the councils will need to be agreed following further review of the respective current structures and so have not yet been included within the Council's Medium-Term Financial Strategy.

38. The first activity for the #OneTeam Transformation Programme has been the review of the senior leadership structure at Tier 2 (Strategic Director) and Tier 3 (Assistant Director/Corporate Director) levels. Appointments for new Tier 3 Director roles were made by the Chief Officer Appointments Committee on 16 June, with vacancies arising for five of the nine new roles effective from 1 August 2022. The vacant roles are being recruited to in the autumn of 2022 and interim arrangements will be put in place to ensure that the Council continues to deliver services effectively during this transition period.

39. The financial position reflects the current known impact of these changes. With all post assumed to be split 50:50 and the vacant posts recruited from 1st January 2023. However, the cost impacts of Tier 2 and Tier 3 are still subject to change and internal agreement between the two authorities. Any changes will be reflected in future updates.

Collection Fund

40. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Council Tax

41. For 2022/23 the Council's precept upon the collection fund is £6.589m, representing 10.4% of the total Council Tax precepts upon the Collection Fund of £63.434m.

42. The collection rate is currently running at 97.2%. This will be monitored closely during the year for any reduction resulting from the ongoing increases in the cost of living. A significant drop in the collection rate could result in a deficit on the Collection Fund, which would be a cost to the General Fund in 2023/24.

NNDR

43. The funding regime from NNDR income has become increasing complex in recent years. This is partly due to the granting of a range of business rates reliefs by central government, which are reimbursed to the Council via S31 grant. The reliefs include support for local businesses to help them recover from the impact of the COVID-19 pandemic.

44. In addition, the Council has seen a significant decline in its NNDR tax base in recent years, due to the closure of the Ford site and the trend of office space being converted to flats.

45. The Council's forecast share of NNDR income for 2022/23, including S31 grants, is £1.090m. This will be supplemented by a "safety net" payment, forecast at £0.521m, from the Essex Business Rates Pool.

46. The NNDR collection rate will be monitored closely during the year. Any reduction in collection rates would result in a deficit on the Collection Fund, but the impact of this upon the General Fund would be offset by additional safety net payments.

Earmarked Reserves

47. The detailed earmarked reserve balances enclosed in Appendix B. A summary is provided in the table below

Earmark Reserve Forecast

	2022/23 Opening Balance £'000	2022/23 Forecast Balance £'000	2021/22 Movement £'000
Mitigation Reserves	4,271	493	4,764
Service Reserves	2,362	(314)	2,048
Specific Reserves	617	(16)	601
COVID-19 Reserves	5,196	(4,214)	982
Total Reserves	**12,446**	**(4,051)**	**8,395**

48. Drawdowns from reserves overall are to match against service expenditure. The drawdown from the NDR Collection Deficit and Tax Income Guarantee Scheme reserve are drawdowns associated with accounting within the Collection Fund, to mitigate the impact of reliefs given during the pandemic on the Council's finances.

Housing Revenue Account – HRA

49. The Council approved a HRA budget and net surplus of £34k for 2022/23, and an HRA working Balance of £1.514m as of 31st March 2023. Since the 2021/22 Outturn has been produced the HRA working balance has increased to £1.922m.

50. The HRA in year variances for 2022/23, and resulting working balance forecast is summarised below, with further variance detail reported in Appendix A

HRA Forecast

	Budget £'000	Forecast £'000	Variance £'000
Total Expenditure	11,406	10,916	(490)
Total Income	(13,663)	(13,663)	0
Non-Service Costs	2,223	2,378	155
Appropriations	0	250	250
(Surplus)/Deficit on HRA	**(34)**	**(119)**	**(85)**
Working Balance B/fwd	1,922	1,922	0
Surplus/(Deficit) in year	(34)	(119)	(85)
Working Balance Cfwd	**1,956**	**2,041**	**85**

51. The main variances contributing to the revised forecast of £119k surplus are:

52. There is an expectation that recharges from the General Fund will decrease to the HRA as the General Fund achieves savings from the Transformation Programme under the One Team partnership.

53. Rent Collection and recovery is expected to underspend. This is attributable to officers representing the Council themselves at court decreasing the cost of legal fees.

54. As Arrears do begin to increase especially as tenants face the squeeze around the cost of living the bad debt provision has been revised and is expected to increase by £100k.

55. Pension Fund deficit has been realigned and this is expected to increase by £55k.

56. Gas and Electric for the HRA is expected to increase by £217k compared to the original budget set.

57. Vacancy Factor is forecast to overachieve by £67k. A rate of 8%.

Capital Programme

58. The current capital budget totals £59.008m including £17.532m of slippage from 2021/22. The detail capital program is disclosed in Appendix C

59. Currently there is £34.825m of identified slippage within the current programme.

60. E-financial Upgrade supplier resource issues for consultancy support meaning upgrade is delayed into the new financial year for the financial system. There is no detriment effect to the finance system not being upgraded to the latest version.

61. Asset Development at this moment in time no committed spend specifically for new asset development. Current team is prioritising all compliance work and ensuring the Brentwood centre building is maintained to a set standard.

62. Strategic Property acquisition budget is a budget allowing officers to purchase any small assets within the borough for regeneration, community value or economic development. At this moment in time there is no opportunity arising.

63. Regeneration Fund, talks continue to agree Heads of Terms regarding the site on the Ingrave Road. Once heads of terms are agreed it will be around 9 months until construction begins therefore most of the loan will be required in the new financial year.

64. Vehicle Replacement programme underspend is associated with delays to the delivery of new vehicles due to global shortages. Planned vehicles to be replaced will take longer and delivery will likely fall into the new financial year.

65. Car Park Improvements are there to support the Car Park Strategy recommendations. Work will begin in the new year, but majority will fall into the new financial year.

66. The Football Hub project continues, and conversations continue with the football foundation regarding options available to the Council. A Full appraisal on any scheme is required before further commitment is made.

67. Strategic Housing Development Programme has stalled due to a remaining owner at courage court which legal are now advising on. Once this is progressed the procurement for construction will commence. Forecast build start date is January 2023 the earliest. All other schemes continue to progress through planning and the project timeline.

Treasury Management Update

68. The following paragraphs provide a treasury management update for the period April to July 2022.

Economic update

69. The period April to July 2022 saw:

- further rises in Consumer Price Index (CPI) inflation to a new 40-year high of 9.1% in May 2022
- successive rises in Bank rate, reaching 1.25%, the highest level since the Global Financial Crisis in 2008, with a further rise to 1.75% in August
- a 0.3% contraction in GDP
- a 54% hike in the Ofgem energy price cap in April

70. CPI inflation is expected to rise to just over 14% in Q4 of 2022 and to remain high throughout most of 2023 before returning to the 2% target in 2024. The UK economy is now expected to fall into recession from Q4 2022.

71. The potential 40%+ further increase in the energy price cap from October combined with growing commodity and food inflation will hit households' finances hard, with lower income families expected to be hit disproportionately hard.

Interest rate forecasts

These forecasts have been supplied by Link Asset Services, the Council's treasury management advisers

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Bank Rate	1.75%	2.25%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%
PWLB Rates										
- 5 years	3.20%	3.30%	3.30%	3.30%	3.30%	3.20%	3.10%	3.00%	3.00%	3.00%
- 10 years	3.40%	3.50%	3.50%	3.50%	3.50%	3.40%	3.30%	3.20%	3.20%	3.20%
- 25 years	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.60%	3.50%	3.50%	3.40%
- 50 years	3.40%	3.40%	3.50%	3.50%	3.40%	3.40%	3.30%	3.20%	3.20%	3.10%

72. Bank Rate is forecasts to increase steadily, peaking at 2.75% during 2023 before tailing off during 2024.These forecasts assume that the Bank of England MPC will continue to deliver increases in Bank Rate into 2023 as an anti-inflation measure.

73. These forecasts are subject, however, not only by economic data releases and clarifications from the MPC over its monetary policies, but the on-going conflict between Russia and Ukraine, including the manner in which the West and NATO respond through sanctions and/or military intervention.

74. PWLB rates have risen considerably in recent months and are currently in the range of 2.75% to 3.75%. It is considered that PWLB rates already include the likely future increases in Bank Rate, and they are therefore expected to remain at their current levels up to December 2023 before reducing modestly during 2024.

Review of the Treasury Management Strategy (TMSS)

75. This strategy was approved by Council on 23rd February 2022 as part of the Capital & Investment Strategy for 2022/23.

76. The first column in the table below shows the prudential indicators for 2022/23 that were included within the TMSS. Since then, the approved capital expenditure for 2022/23 has increased to £58.582m due to an additional slippage (approved by Policy, Resources & Economic Development Committee on 13th July 2022).

77. It is therefore necessary to increase:

- the Capital Expenditure indicator to the new approved amount
- the Capital Financing Requirement and Gross External Borrowing indicators to show the additional borrowing required

78. No increases are considered necessary to:

- the Operational Boundary indicator (the level above which external borrowing is not normally expected to rise)
- the Authorised Limit indicator (the statutory limit to the overall level of borrowing that the Council may hold)

The revised indicators are set out in column 2 below.

<u>Revised Prudential Indicators</u>

Prudential Indicator 2022/23	2022/23 TMSS £000	2022/23 Revised £000	Change £000
Capital Expenditure	54,965	58,952	3,987
Capital Financing Requirement	295,648	299,069	3,421
Gross External Borrowing	279,835	283,256	3,421
Operational Boundary	300,000	300,000	0
Authorised Limit	330,000	330,000	0

79. No prudential indicator limits were breached in the period April to July 2022.

<u>External borrowing activity</u>

80. The following table summarises the external borrowing activity during April to July 2022.

<u>External Borrowings April – July 2022</u>

	Short - Term	Long - Term	Transferred Debt	Total

	£000	£000	£000	£000
Borrowing at 1 April 2022	36,000	192,019	177	228,196
Maturing borrowings repaid	(13,000)	0	0	(13,000)
New borrowings	10,000	0	0	10,000
Borrowing at 31 July 2022	**33,000**	**192,019**	**177**	**225,196**
Average interest rate	**0.34%**	**2.38%**	**8.62%**	
Proportion of total borrowing	**14.7%**	**85.3%**	**0.1%**	

81. Short-term borrowings are defined as having a duration of less than one year. All short-term borrowing is with other local authorities. All long-term borrowing is with the Public Works Loans Board (PWLB).

82. Borrowing activity during the period has been limited to taking out new short-term borrowings to replace some of the maturing borrowings. There have been no new PWLB borrowings during the period and no such borrowings are planned for the remainder of the year. It is envisaged that all maturing borrowings will be replaced with short-term borrowings. This approach will maintain a prudent balance within the portfolio between long-term and short-term borrowings.

83. The following table shows the maturity profile of the Council's borrowings, i.e. the years when the borrowings will mature. This demonstrates that the Council is not exposed to any years when there is a high amount of maturing borrowing requiring refinancing.

<u>Maturity Profile of Borrowings</u>

Period	Amount £000	Proportion of total borrowing	Maximum upper limit
> 1 year	33,000	15%	50%
2 to 5 years	10,000	4%	50%
6 to 10 years	32,400	14%	50%
10 to 20 years	42,019	19%	
20 to 30 years	17,000	8%	100%
Over 30 years	90,777	40%	
Total	**225,196**	**100%**	

Investment activity

84. The Council held £14m of investments as at 31 July 2022 an increase of £3m on the £11m balance at 31st March 2022. The £14m represents short term investments (o.e. with a duration of less than one year) and is broken down as follows:

- £3m with the Debt Management Account Deposit Facility provided by the UK Govt Debt Management Office
- £9m with banks
- £2m within the local authority sector

85. Interest earnings for the period were £0.049m, representing an annual rate of return of 1.07%.

86. All investments during the period were within the parameters set out in the TMSS. The security of funds continues to be the priority when making investments.

87. The Council's cashflow forecasts continue to show a cash liquid position. Delays to the capital programme means less borrowing is required than originally assumed. The reprofiling of the capital programme is a key focus to update the assumptions of the cashflows. A high-level summary of the cashflow forecast is tabled below

	£'000											
	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Opening bank balance	**-3,320**	**-520**	**-2,229**	**-1,786**	**-786**	**-4,057**	**-10,629**	**-13,967**	**-13,859**	**-8,333**	**-18,438**	**-10,851**
Total Operating Income	-12,121	-12,289	-12,276	-11,046	-11,262	-13,109	-11,191	-11,374	-12,720	-10,996	-7,635	-9,962
Total Operating Expenditure	6,921	13,580	11,719	12,046	10,991	12,537	17,853	8,482	13,246	12,891	13,223	20,532
Total Investments & Borrowings	8,000	-3,000	1,000	0	-3,000	-6,000	-10,000	3,000	5,000	-12,000	2,000	-3,000
Total -Income/Expenditure in month	2,800	-1,709	443	1,000	-3,271	-6,572	-3,338	108	5,526	-10,105	7,587	7,570
Closing bank balance	**-520**	**-2,229**	**-1,786**	**-786**	**-4,057**	**-10,629**	**-13,967**	**-13,859**	**-8,333**	**-18,438**	**-10,851**	**-3,281**

Consultation

88. Regarding setting the budget for 2023/24 the Council is currently consulting with residents and local business in an online consultation. This consultation ends 2 October 2022 and results of this consultation will be presented to the next PRED committee.

References to Corporate Plan

89. Financial monitoring of the MTFS, HRA, Capital programme and Treasury Activity, underpins achieving all aspirations of the Corporate Plan

Implications

Financial Implications
Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and S151 Officer
Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

90. The financial implications are contained within this report.

Legal Implications
Name & Title: Steve Summers, Strategic Director and Monitoring Officer
Tel & Email: 01277 312500/steve.summers@brentwood.rochford.gov.uk

91. The Council has a variety of statutory duties which it must fulfil by law. Including setting a balanced budget for each fiscal year and must take steps to monitor income and expenditure against the budget set. It cannot lawfully not to carry out those duties. Financial monitoring of the budget throughout the year complies with the duties under the Local Government Act 2003, the Housing Act 1985, the Local Government and Housing Act 1989 and the Local Government Finance Act 1992 and subsequent legislation. For other activities, the Council provides services in pursuance of a statutory power rather than a duty, and though not bound to carry out those activities, decisions about them must be taken in accordance with the decision-making requirements of administrative law.

Economic Implications
Name/Title: Phil Drane, Director of Place
Tel/Email: 01277 312500/philip.drane@brentwood.rochford.gov.uk

92. There are no direct economic implications, although it is important that the Council maintain a robust budget to inform how the Council interacts with residents, businesses, partners and customers through the provision of certain services.

Other Implications

Risk Management

93. The Council already faced a challenging situation to balance the budget from 2022/23 onwards. So, the impact of Covid-19 on future years budgets will be considered carefully as part of the Council's MTFS process.

94. Within the General Fund Forecasts are major increase in costs for the LDP, professional legal fees to support workstreams such as planning enforcement, Brentwood centre and affordable housing development. These are sustainable for the short term only. Prioritization of workstreams need to be reviewed to align future budgets.

Background Papers

None

Appendices to this report

- Appendix A: General Fund and HRA Variances
- Appendix B: Earmark Reserves
- Appendix C: Capital Programme