

2 November 2015

Policy, Finance and Resources Committee

Half Year Budget Review 2015/16

Report of: *Chris Leslie, Finance Director*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This report provides Policy, Finance and Resources Committee with an update of the Council's revenue and capital outturn position as at the end of September 2015.
- 1.2 The estimated outturn on General Fund expenditure is projected at £10.180m against the current budget of £9.875m, a projected over spend of around £305k. This figure includes a projected shortfall of £80k on the savings target of £650k agreed for 2015/16.
- 1.3 The Housing Revenue Account (HRA) is projecting an in-year surplus of £97k, which is a decrease of £137k when compared with the current budget of an estimated surplus of £234k. The HRA is a ring-fenced account and cannot make or receive contributions to/from the General Fund.
- 1.4 The projected spend on capital stands at £7.587m for 2015/16 against the current programme of £14.591m. Capital budgets cannot contribute to the General Fund revenue position although officers ensure that all appropriate capitalisations occur.

2. Recommendations

Policy, Finance and Resources Committee is recommended to:

- 2.1 Note the projected outturn position for 2015/16 of the Council's General Fund revenue budget as at 30 September 2015, as detailed in paragraph 4 of the report;**
- 2.2 Note the progress being made on achieving the savings target of £650k in 2015/16 as detailed in paragraph 5 of the report;**

- 2.3 Note the projected outturn position for 2015/16 of the Council's HRA at 30 September 2015, as detailed in paragraph 6 of the report; and**
- 2.4 Note the current projected position for 2015/16 of the Council's capital budget as at 30 September 2015, as detailed in paragraph 7 of the report.**

3. Introduction and Background

- 3.1 At the Council meeting on the 4 March 2015, Council approved the budgets for 2015/16 for the General Fund, HRA and Capital. The budget for the General Fund and Capital was amended at the Council meeting on 10 June 2015 and is reflected in the figures.

4 General Fund

- 4.1 The 2015/16 General Fund budget was set as a break even position. The following table summarises the current projected General Fund spending position.

Council Priority	Net Budget £'000	Full year forecast at 30/09/15 £'000	Variance £'000
Street Scene & Environment	3,178	3,178	0
A Prosperous Borough	925	1,010	85
Localism	1,227	1,227	0
A Safe Borough	1,549	1,616	67
Housing Health & Wellbeing	568	610	42
A Modern Council	2,586	2,881	295
Central Expenses	400	400	0
Reserves	(558)	(742)	(184)
Total	9,875	10,180	305

- 4.2 An analysis of the key variances by service with explanations is provided in **Appendix A** to this report.
- 4.3 The current forecast over spend is £305k. If alternative savings are not found this will reduce the General Fund balances by £305k.
- 4.4 The table below shows the breakdown of the £742k of reserves that are projected to be used during 2015/16. This does not include costs associated with the senior management restructure.

Reserve	£'000	
Brentwood Community Fund	24	As agreed by Council in March 2015
Community Alarms	42	To cover the pressure for Homelessness
Duchess of Kent (Nightingale Centre)	10	As agreed by Council in March 2015
Economic Development	8	To cover one off cost of internship in Planning Policy
Funding Volatility	478	As agreed by Council in March 2015
Organisational Transformation	84	To fund one off expenditure such as severance payments.
Planning Delivery Grant	50	As agreed by Council in March 2015
Single Status	30	As agreed by Council in March 2015
William Hunter Way Development	16	As agreed by Council in March 2015
Total	742	

4.5 There are no projected overspends on the changes that were brought forward and agreed as part of the revised budget at Full Council in June 2015.

4.6 Officers are reviewing spending with the intention to reduce the forecast over spend by the end of the financial year.

5 Savings Tracker

5.1 Savings of £650k have been agreed in 2015/16. At present it is projected that £80k of the savings will not be achieved and officers are looking into finding alternative savings to bridge this gap. The following table outlines the current position.

Service	Target £'000	Estimate £'000	Variance £'000	Comments
Street Scene	100	100	0	On target
Health, Safety and Localism	30	0	30	Shared service option no longer viable
Planning	50	50	0	On target
Projects and IT	30	30	0	On target
Asset Management	75	75	0	On target
Democratic / Legal Services	50	0	50	Delayed due to legal service review.
Senior Management Restructure	205	205	0	Dependant on implementation of revised structure
Customer Services Transformation	100	100	0	On Target
Lease review	10	10	0	On target
Total	650	570	80	

6 Housing Revenue Account

6.6 The HRA is currently forecasting to have a surplus of £97k in 2015/16. The budget was originally set with a projected surplus of £234k. This implies that there is projected reduction in the surplus of £137k.

6.7 The position is summarised in the table below.

Area	Net Budget £'000	Full year forecast at 30/09/2015 £'000	Over/(under) spend Forecast £'000
Total Service Expenditure	7,863	8,024	161
Total Service Income	(13,642)	(13,666)	(24)
Corporate Costs	411	411	-
Non-Service Costs	4,634	4,634	-
Appropriations	500	500	-
(Surplus)/Deficit for HRA	(234)	(97)	137

6.8 An analysis of the key variances by service with explanations is provided in **Appendix B** to this report.

7 Capital Programme

7.6 The current projection for the capital programme is that it will spend £7.437m against the budget of £14.441m.

7.7 An analysis of the capital programme with explanations for variances is provided in **Appendix C** to this report.

8 References to Corporate Plan

8.1 Good financial management underpins all priorities within the Corporate Plan. Regular budget monitoring is a key part of good financial management.

9 Implications

Financial Implications

Name & Title: Ramesh Prashar – Financial Services Manager

Tel & Email: 01277 312513 / Ramesh.prashar@brentwood.gov.uk

9.1 Financial implications are considered throughout this report.

Legal Implications

Name & Title: Chris Potter, Monitoring Officer

Tel & Email 01277 312712 / christopher.potter@brentwood.gov.uk

9.2 There are no direct legal implications arising from this report.

10 Background Papers none at present

11 Appendices to this report

- Appendix A – General Fund Variations
- Appendix B – HRA Variations
- Appendix C – Capital Programme Variations