

25 January 2016

Audit and Scrutiny Committee

Budget Scrutiny Feedback

Report of: Chris Leslie, Finance Director

Wards Affected: None

This report is: Public

1. Executive Summary

- 1.1 Effective scrutiny can add considerable value to how the Council makes decisions on the allocation of resources. This has become increasingly important as the Council continues to set budgets against a background of tough economic conditions and severe funding cuts from Central Government. The medium term financial planning process will need to address these continued financial challenges and develop a strategic approach to address funding gaps.

2. Recommendations

- 2.1 That the Policy, Finance and Resources Committee are requested to consider the feedback on the Preliminary Medium Term Financial Plan outlined in paragraphs 4.3 to 4.8.**

3. Introduction and Background

- 3.1 At the meeting on 29 June 2015 the Committee agreed its work plan, which included the creation of a Task and Finish Group to scrutinise the budget.
- 3.2 On 8 January 2016 the group met to consider the initial assumptions in the Preliminary Medium Term Financial Plan agreed by the Policy, Finance and Resources Committee. This report provides feedback from the meeting.
- 3.3 The Policy, Finance and Resource Committee will then finalise its proposals for submission by way of recommendation to the Council taking into account the comments from the Audit and Scrutiny Committee.

4. Issue, Options and Analysis of Options

4.1 The Task and Finish Group is formed of the following Members:

- Cllr Gareth Barrett
- Cllr Graeme Clark
- Cllr Paul Faragher (from 8 Jan 2016)
- Cllr John Kerlake
- Cllr Sheila Murphy

4.2 The group met in September and November 2015 to review in detail the current base budget that had been set by Council. Following the agreement of the Preliminary Medium Term Financial Plan by the Policy, Finance and Resources Committee in December the group met again on 8 January 2016 to consider the proposed adjustments to the base budget outlined in the report and the significant budget gap reported.

4.3 Revenue Budget Changes – A summary of the comments made by the group on the proposed changes to the general fund revenue budget are provided in Appendix A.

4.4 Capital Budget Changes – A summary of the comments made by the group on the proposed changes to the capital budget are provided in Appendix B.

4.5 Minimum Level of Reserves – The minimum level of reserves of £2.2m was discussed by the group. Consideration was given as to the consequences of going below this level and advised that a plan to replenish the reserves would need to be adopted should this occur.

4.6 Local Government Finance Settlement – Following the agreement of the preliminary medium term financial plan the provisional local government finance settlement was announced on 17 December 2015. This significantly reduced the anticipated level of funding available and the group considered the impact of this.

4.7 Council Tax Setting – The group were presented with financial modelling regarding the changes to income that various increases or decreases to the Council Tax level would provide.

4.8 Other Comments

- A review of fuel costs in light of the current low prices should be carried out;
- Income generation initiatives should be developed and built into the medium term financial plan.

5. Reasons for Recommendation

- 5.1 Effective financial management underpins all of the priorities for the Council.

6. Implications

Financial Implications

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- 6.1 The financial implications are considered in the report.

Legal Implications

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- 6.2 There are no direct legal implications arising from this report.

7. Appendices to this report

Appendix A – Comments on the Proposed Changes to the General Fund Revenue Budget

Appendix B – Comments on the Proposed Additions to the Capital Programme

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