

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

Name & Title: Chris Leslie, Finance Director

Tel & Email 01277 312542 /christopher.leslie@brentwood.gov.uk

- 6.1 The financial implications are considered in the report.

Legal Implications

Name & Title: Saleem Chughtai, Legal Services Manager

Tel & Email 01277 312500 / saleem.chughtai@brentwood.gov.uk

- 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

Report Author Contact Details:

Name: Chris Leslie

Telephone: 01277 312542

E-mail: christopher.leslie@brentwood.gov.uk

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

Description	2016/17 £000	2017/18 £000	2018/19 £000	Comments
Historic Recurring Pressures				
Legal Services Costs	150	150	150	Future saving around this budget should be explored.
IT Costs	70	70	70	Ensure any additional costs resulting from the transformation programme are fully considered.
Bank Charges	20	20	20	Agreed.
Temporary Accommodation	15	15	15	Agreed.
Increase in HB Bad Debts	50	50	50	Agreed.
New Pressures				
Re-cycling Contract	300	300	300	Agreed.
Investment in the Capital Programme	0	0	100	Agreed.
Insurance Premium Tax	40	40	40	Agreed.
HRA decrease in recharges	35	35	35	Agreed.
Changes in the NI Contributions	212	214	216	Agreed.
Pay Inflation	125	125	226	Consider potential for new appointments that are on a lower scale than their predecessor.
Funding Changes				
Re-cycling Grant no longer available	280	280	280	Agreed.
Loss of Benefit Subsidy Grant	75	75	75	Agreed.
Increase in Council Tax Base	(80)	(104)	(128)	Agreed.
Assumed Collection Fund Surplus	(200)	0	0	Agreed.

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

Description	Expenditure				Comments
	2016/17 £000	2017/18 £000	2018/19 £000	Total £000	
Resurface Car Park at King Georges Playing Field	200	0	0	200	This cost should be reviewed in regards to the area of the car park being resurfaced.
Cemetery Headstones	20	20	20	60	Check how long continued investment is required for.
Parking Bays at Woodman Road Cemetery	25	0	0	25	Agreed.
Vehicle & Plant Replacement Programme	900	1,070	175	2,145	Assess if the replacement of vehicles can be delayed.
Structural & Safety Works at the Multi Storey Car Park	72	0	0	72	An options appraisal should be undertaken.
Leisure Strategy	250	250	0	500	This will need to reviewed as the leisure strategy is developed.
TOTAL	1,467	1,340	195	3,002	