

**AUDIT & STANDARDS
COMMITTEE**

Agenda Item 34

Brighton & Hove City Council

Subject: Targeted Budget Management (TBM) 2014/15 Month 2
Date of Meeting: 23 September 2014
Report of: Head of Law
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Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Audit & Standards Committee:

To receive the item referred from the Policy & Resources Committee for information:

Recommendation:

That the report be noted.

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

2.00pm 11 JULY 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillor J Kitcat (Chair) Councillors Sykes (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Davey, Hamilton, A Norman, Peltzer Dunn, Randall and Robins

PART ONE

30 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 2

30.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targeted Budget Management (TBM) 2014/15 (Month 2). TBM was a key component of the Council's overall performance monitoring and control framework; the

report set out the forecast outturn position (Month 2) on the Council's revenue and capital budget for the financial year 2013/14. The position indicated significant pressures across social care budgets; however, it was noted that there were many months remaining in which to take mitigating actions or develop other recovery measures to improve the position and reduce potential risks.

- 30.2 Councillor Sykes thanked Officers for the report, and recognised the significant pressures outlined in it. It was noted that the Council would be expected to make savings in the region of £25m as part of the 2015/16 budget, and it was hoped the forecast position in relation to Adult Services and Children's Services would improve and reduce the pressure on the 2015/16 budget.
- 30.3 Councillor A. Norman thanked Officers for their continued commitment to the organisation, but went on to note her concerns that underspend in the 2013/14 budget had been turned around. Reference was made to the comments in conclusion at paragraph 6.1 of the report, and queried if the decision taken at the last Committee to not progress a Local Authority Trading Company would be revisited. Councillor A. Norman added that the Conservative Group had been unsuccessful in convincing the other political groups look more at market assessments; she noted that other proposed savings in relation to partnership and commissioning had not come started coming forward, and the percentage of uncertain 'value for money' savings was 50%.
- 30.4 In response to queries from Councillor A. Norman the Executive Director for Finance & Resources agreed that in previous in years the organisation had successfully reduced an early forecast overspend; however, the scale of that challenge was substantially greater at this point in time. It was not recommended that the Committee revisit the previously proposed Local Authority Trading Company for Adult Social Care, but alternative proposals needed to be developed and it was important there be a focus on Adult and Children's Services. Some of the solutions, in terms of commissioning, were much more long term and would need more planning; therefore these were not explicit as they would be difficult to implement this financial year.
- 30.5 The Executive Director for Environment, Development & Housing stated, in response to Councillor A. Norman, that Officers were meeting with the Department for Communities & Local Government (DCLG) in relation to potential innovations with private sector housing.
- 30.6 Councillor Morgan noted that, whilst the early forecast overspend was higher than the previous year, the Council had addressed this through the financial year, but he added he was cautious not to down play the risk to the authority. He stated he did not agree with market assessments, but agreed that there were alternative ways to do things that could not be delayed until after the local election in 2015. Councillor Morgan went on to note the reference in the report to the underachievement of some car parks in the city, and asked that if the road works on King's Road were to continue through the summer the area be kept as tidy and presentable as possible due to the prominent seafront location: the Executive Director for Environment, Development & Housing agreed to pick this matter up.
- 30.7 Councillor G. Theobald asked specific question in relation to level of trade union contributions made by the Council; in response the Executive Director for Finance & Resources explained there were options to negotiate a different level. There was

currently a budget pressure in HR in relation to trade unions, but these were long standing arrangements that would need addressing.

- 30.8 Councillor Davey noted that, despite some underspend, the car parking revenue was doing well; this was combined with increasing numbers of visitors to the city.
- 30.9 Councillor Hamilton noted that finance management in Children's Services had been very good in recent years, and he felt confident that the forecast overspend would be managed by the end of the financial year.
- 30.10 The Chair noted his concerns that the budget pressures in Adult's and Children's services was growing; there was an acknowledgment that social care was one of the most significant budgetary pressures, and the administration was seeking a moderate increase in Council Tax to address this. He expressed concern in relation to overconfidence that the forecast overspend would be adjusted through the financial year.
- 30.11 Councillor A. Norman commended the talent of the Executive Leadership Team, and she appealed to all Members to very carefully consider their advice very carefully.
- 30.12 The Chair then put the recommendation to the vote.
- 30.13 **RESOLVED:**
- 1) That the Committee note the total forecast outturn position for the General Fund, which is an overspend of £6.031m. This consists of an overspend of £5.851m on council controlled budgets and an overspend of £0.180m on the council's share of the NHS managed Section 75 services.
 - 2) To agree the transfer of £0.500m recurrent risk provision to Adult Social Care following the decision not to progress a Local Authority Trading Company, thus reducing the forecast overspend to £5.531m.
 - 3) That the Committee note that there is a further £1.890m of as yet unallocated risk provision that could be used to mitigate against this overspend.
 - 4) That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.029m.
 - 5) That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an overspend of £0.007m.
 - 6) That the Committee note the forecast outturn position on the capital programme.
 - 7) That the Committee approve the following changes to the capital programme.
 - i) The variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4.
 - 8) That the Committee delegate authority to the Executive Director of Finance & Resources in consultation with the Chair of Policy & Resources Committee and the Opposition Leaders to commit a maximum of £50,000 capital expenditure as an

investment in the Municipal Bonds Agency subject to the conditions set out in paragraph 3.15.