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|  Brent | Resources and Public Realm Scrutiny Committee 1 October 2020 |
| | Report from the Director of Finance |
| The Budget | |

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| Wards Affected: | ALL |
| Key or Non-Key Decision: | Non-Key |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | OPEN |
| No. of Appendices: | 1. Medium Term Financial Outlook 2. Quarter 1 Financial Report 2020/21 3. Executive Response to the recommendations of the Resources and Public Realm Scrutiny Committee Budget Scrutiny Report |
| Background Papers: | <ul style="list-style-type: none"> ▪ None |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | Ravinder Jassar, Head of Finance |

1.0 Purpose of the Report

- 1.1 The purpose of this report is demonstrate accountability of the Council's budget performance through scrutiny to review the Brent Council budget outturn performance reports and to review the implementation of the 2020 Budget Scrutiny recommendations (as agreed by the Council/Executive).

2.0 Recommendation(s)

- 2.1 That the Committee note the report.

3.0 Medium Term Financial Outlook

- 3.1 In July 2020, Cabinet considered a report from the Director of Finance on the Council's Medium Term Financial Outlook. This report outlined the overall financial position facing the Council and highlights the significant risks, issues

and uncertainties. It also set out the proposed budget setting strategy for 2021/22 and beyond.

In summary:

- 3.2 A balanced budget for 2020/21 was set in February 2020 predicated on the delivery of £7.4m of savings. Council also agreed the business plans for 2021/22 and 2022/23, which included savings of £4.3m and £1.8m respectively.
- 3.3 Following the COVID-19 outbreak, the financial position has now significantly changed. The impact of the loss of income from fees and charges and the arrival of emergency costs have had an immediate effect on all local authorities, while in the longer term there is likely to be a further squeeze on public spending which could impact future funding settlement allocations. Overall, total estimated pressures of £47.6m are anticipated (including those incurred in 2019/20).
- 3.4 As of September 2020, the total amount of non ringfenced government funding amounted to £21.2m. A new package of support which includes provision for some income losses was also announced however total funding is still insufficient to cover all of the current expected pressures.
- 3.5 The Council is taking a proactive approach to managing the financial impact of COVID-19 and is proposing to implement a drive to identify COVID-19 related underspends and other mitigating actions to compensate, as much as possible, for the impact of the estimated £4.9m of non-deliverable savings in 2020/21.
- 3.6 Officer's initial estimate is that ongoing and recurring pressures in the region of £11m and £29m are expected from 2021/22 across all service areas, as well as council tax and business rates collection. As a result, robust and credible plans will need to be developed, and agreed in February 2021, in order to deliver a legally required balanced budget.
- 3.7 Cabinet will be presented budget proposals to be formally consulted on to set the 2021/22 budget in December 2020. This is a slight delay to the originally envisaged timetable which has been caused by uncertainties around the funding settlement for 2021/22 and the wide range of COVID-19 costs currently forecast for 2021/22. The statutory processes of consultation, scrutiny and equalities will be conducted in between December 2020 and February 2021. Following the conclusion of this process, a draft budget will be presented to Cabinet to recommend a final budget and council tax to the February 2021 Council meeting.
- 3.8 Further detail is set out in the Medium Term Financial Outlook report attached as Appendix 1.

4.0 Quarter 1 Financial Report 2020/21

- 4.1 The Quarter 1 Financial Report 2020/21 was also presented to Cabinet in July 2020 which sets out the forecast of income and expenditure against the revenue budget for 2020/21.
- 4.2 Excluding the impact of COVID-19, the Council was expecting an overspend of £0.9m on the General Fund (GF) which relates to Children and Young People. The HRA and DSG were expected to breakeven before the impact of COVID-19 is taken into account.
- 4.3 COVID-19 is forecast to add an additional £37.4m of additional costs or loss of income to the general fund service areas, principally in Regeneration and Environment and Community Well Being.
- 4.4 Offsetting this is government funding announced to date of £21.2m for COVID-19. Assuming only this additional funding is provided to the council, this takes the overall forecast impact due to COVID-19 this financial year on the general fund to £16.2m.
- 4.5 The table below shows the Councils' budget and forecast under or over spend by department, both, excluding and including the impact of COVID-19.

| | Budget (£m) | Forecast Overspend / (Underspend) excluding COVID-19 (£m) | Additional costs/ loss of income due to COVID-19 and Savings shortfall (£m) |
|--|--------------------|--|--|
| Assistant Chief Executive | 7.5 | 0.0 | 0.6 |
| Chief Executive Department | 16.6 | 0.0 | 0.1 |
| Children and Young People | 46.4 | 0.9 | 2.7 |
| Community and Well-Being | 133.2 | 0.0 | 12.5 |
| Customer & Digital Services | 21.3 | 0.0 | 4.2 |
| Regeneration & Environment | 41.1 | 0.0 | 17.3 |
| Subtotal Service Area Budgets | 266.1 | 0.9 | 37.4 |
| Central items (including Business Rates, Council Tax and Specific Grants, excluding specific COVID-19 grants) | (266.1) | 0.0 | 0.0 |
| Central funding for COVID-19 | 0.0 | 0.0 | (21.2) |
| Total General Fund | 0.0 | 0.9 | 16.2 |
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|-------------------------------|------------|------------|-------------|
| DSG Funded Activity | 0.0 | 0 | 0.1 |
| Housing Revenue Account (HRA) | 0.0 | 0.0 | 2.9 |
| Overall Position | 0.0 | 0.9 | 19.2 |

4.6 Further detail is set out in the Quarter 1 Financial Report 2020/21 report attached as Appendix 2.

5.0 Implementation of the 2020 Budget Scrutiny recommendations

5.1 As part of the budget setting process for 2020/21, the Resources and Public Realm Scrutiny Committee provided recommendations to Cabinet consideration.

5.2 Appendix 3 provides an update, where relevant, on the implementation of the recommendations.

6.0 Financial Implications

6.1 There are no direct financial implications for the purposes of this report.

7.0 Legal Implications

7.1 There are no legal implications for the purposes of this report.

8.0 Equality Implications

8.1 Not applicable.

9.0 Consultation with Ward Members and Stakeholders

9.1 Not applicable.

10.0 Human Resources

10.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance