

REVENUE BUDGET MONITORING REPORT 2019/20

Quarter 1 - June 2019

1 Background

- 1.1 The Authority's 2019/20 revenue budget was approved by Council on 27 February 2019 at a sum of £224.112m incorporating;
- £7.829m of budget reductions
 - £8.818m use of corporate and specific reserves
 - £3.000m of capital receipts to support spending on transformational projects
 - £2.269m surplus from the Collection Fund
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year, as part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 1 together with known commitments, issues and planned management actions.

2 Current Position

- 2.1 The current budget of £224.421m represents a £0.309m increase in the originally approved budget as a result of receiving a small number of additional, relatively low value un-ringfenced grants as shown in the table below. A full funding analysis of net revenue expenditure is shown at Appendix 2.

Table 1 – Changes to Funding

Additional Government Grants	£000
Extended Rights to Free Travel	36
Staying Put Grant	63
Extended Personal Advisor Duty Implementation Grant	21
Verify Pensions Earnings Service	39
Retail Discounts New Burdens	9
Brexit Preparation Funding Grant	105
Capital Grants	37
Total Additional Government Grants	309

- 2.2 The information in the report has been reconfigured to align to the new Corporate Structure that was implemented from 22 May 2019. This makes it difficult to make direct comparisons with 2018/19 at a Portfolio level. A new portfolio; Children's Services has been created, bringing together Children's Social Care and Education and Early Years, in addition the Multi Agency Safeguarding Hub (MASH), Troubled Families, Targeted Youth and Early Help have been transferred to create a third service area; Preventative Services, all of which were previously reported within People and Place. Finance and Commissioning and Procurement have transferred out of Corporate and Commercial Services into a second newly created portfolio; Commissioning.

- 2.3 Reform which was created and then underwent further changes in 2018/19, now includes People Services which had previously been incorporated in Corporate and Commercial Services plus Community Services, District Partnerships and Stronger Communities all of which previously reported into People and Place.
- 2.4 Legal Services now reports directly into the Chief Executive having previously been included within Corporate and Commercial Services. The services remaining in what was Corporate and Commercial Services (Customer Services, ICT, Strategic Relationship Management and Unity ICT) have now transferred to People and Place, henceforth Corporate and Commercial Services ceases to exist.
- 2.5 Health and Adult Social Care Community Services remains unchanged but has been renamed Community Services and Adult Social Care. The budget and forecast outturn are presented in this new format in the table below.

Table 2 - Summary Forecast Revenue Outturn

Portfolio	Budget	Forecast	In Year Use of Reserves	Variance Quarter 1
	£000	£000		£000
People and Place	61,194	64,672	(1,205)	2,273
Community Services and Adult Social Care	58,917	61,501	(781)	1,804
Children's Services	40,724	42,997	(688)	1,585
Reform	32,410	32,758	(384)	(37)
Commissioning	10,769	11,011	(100)	142
Chief Executive	7,144	7,048	(58)	(154)
Capital, Treasury and Corporate Accounting	13,264	11,455	-	(1,809)
NET EXPENDITURE	224,421	231,441	(3,215)	3,805
FINANCED BY:	(224,421)	-	(224,421)	-
NET FORECAST VARIANCE	-	231,441	(227,636)	3,805

- 2.6 The forecast outturn to the end of the year, after a predicted in-year use of reserves totalling £3.215m, is an adverse variance of £3.805m. A detailed list of the approved and planned use of reserves at Quarter 1 can be found at Appendix 1. There are significant variances contained within the projected net overspend as summarised below.
- 2.7 The People and Place Portfolio has a reported pressure of £2.273m. The major areas of concern being Economic Development with a pressure of £1.496m across Catering and Cleaning, Estates and Planning and Infrastructure and a further £0.750m within Strategic Relationship Management for the projected non-achievement of the Traded Services budget reduction. There are smaller adverse variances of £0.096m in Enterprise and Skills and £0.056m in Environmental Services. ICT and Customer services is forecast to have an underspend of £0.125m due to vacant posts.
- 2.8 Community Services and Adult Social Care is reporting an overspend of £1.804m, predominantly linked to the rising cost and demand for Community Care.
- 2.9 There are significant pressures within both the main service areas that constitute Children's Services. Education and Early Years; a £1.114m overspend after the

application of £0.409m of reserves and Children's Social Care; a £0.471m overspend after the application of £0.279m of reserves to give a total forecast deficit of £1.585m .

- 2.10 The newly created Commissioning portfolio is reporting an overall adverse variance of £0.142m. A projected pressure of £0.251m in Commissioning and Procurement is being offset by a favourable variance of £0.109m in Finance
- 2.11 The overspending is offset by favourable variances in Chief Executive (£0.154m), Reform (£0.037m) and most significantly Capital Treasury and Corporate Accounting (£1.809m). A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.12 All the 2019/20 budget options in the sum of £7.829m are currently forecast to be achieved with the exception of the two items highlighted below for which there are no other offsetting options
- The Traded Services option for £750k within People and Place and,
 - £0.061m of a total £0.289m cross cutting budget options within Education, Skills and Early Years (Children's Services)
- 2.13 Clearly, in view of the projected adverse variance at Quarter 1, management action will be initiated across all service areas to review and challenge planned expenditure and to maximise income. It is important to note that the recruitment of staff to vacant posts and significant items of expenditure is already monitored via a corporate process. Such service and corporate action will continue with the aim of bringing expenditure back in line with resources available.
- 2.14 The effectiveness of management action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. It is therefore anticipated that by the year end, the outturn position will be closer to a balanced position. In addition, as outlined in the Budget Report for 2019/20, the Council has prudently set aside a number of specific reserves to support the pressures that might be experienced during the year. These can be applied if required later in the financial year.
- 2.15 As this financial monitoring report reflects the financial position at Quarter 1, it can be regarded as an early warning of the position if no corrective action is taken. It is evident that there is time for the financial position to improve and management action to be effective. This should be demonstrated in the Quarter 2 report which will be presented to Cabinet in December.

2.16 Portfolio Summaries

People and Place

2.16.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate.

Table 3 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development	2,368	4,705	(842)	1,496
Enterprise and Skills	640	737	-	96
Environmental Services	53,654	53,884	(173)	56
Commercial Services	4,532	5,346	(190)	624
Total Forecast Net Expenditure	61,194	64,672	(1,205)	2,273

Summary

2.16.2 Following the re-alignment of services to the new Corporate Structure, the forecast outturn at Quarter 1 for the People and Place portfolio, after the planned use of £1.205m of reserves, is an overspend of £2.273m.

Economic Development

2.16.3 Economic Development is currently forecasting an overall overspend of £1.496m. Within this the Catering and Cleaning services is forecasting a pressure of £0.719m as a result of pressures arising from the introduction of the Oldham Living Wage and current charging levels. The Corporate Landlord/ Investment Estate is projecting a £0.686m overspend due to a combination of increased utility costs, additional cleaning charges and expected underachievement of income targets in the investment estate. This is being offset by anticipated income from investment purchases and cost reductions due to asset disposals. The Planning and Infrastructure service is anticipated to overspend by £0.091m due to a reduction in the expected demand for planning applications.

Enterprise and Skills

2.16.4 The forecast overspend of £0.096m relates to a shortfall of income in relation to the Markets Service.

Environmental Services

2.16.5 The Environmental Services area is forecasting an overall overspend of £0.056m. Pressures arising mainly from cross cutting budget reductions and holiday back pay are creating forecast overspends in the following areas;

- Environmental Management £0.179m

- Public Protection £0.018m
- Waste Management £0.057m
- Fleet Management £0.017m
- Building Control £0.008m

The cumulative overspend is being offset by a net underspend of £0.223m, £0.221m of which relating to over achievement of income in relation to statutory inspection works within Highways.

Commercial Services

- 2.16.6 In total the service area is reporting an overspend of £0.624m. ICT and Customer Services are forecast to have an underspend of £0.126m due to vacant posts. This in part offsets the pressure within Strategic Management of £0.750m for the non-achievement of the Traded Services budget reduction.

Achievement of Budget Reductions

- 2.16.7 The 2019/20 budget reductions for the People and Place Portfolio of £2.582m are forecast to be fully achieved with the exception of the Traded Services option (£0.750m), as referred to above.

Community Services and Adult Social Care

- 2.16.8 The (renamed) portfolio provides social care support to adults and carers across Oldham with a key aim of integrating and aligning the work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient. This covers both the commissioning and the provision of services.

Table 4 –Community Services and Adult Social Care- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care Support	-	-	-	-
Client Support Services	1,771	1,771	-	-
Commissioning	20,780	20,761	-	(20)
Director Adult Social Care	(9,136)	(8,378)	(781)	(22)
Learning Disability and Mental Health	19,378	20,152	-	774
Older People and Safeguarding Services	26,124	27,194	-	1,071
Total Forecast Net Expenditure	58,917	61,501	(781)	1,804

Summary

- 2.16.9 The forecast outturn at Quarter 1 is showing a projected overspend of £1.804m after a forecast £0.781m use of reserves. Sufficient reserves to fully offset the overspend are specifically ring fenced to the Portfolio, although yet to be utilised.

Commissioning

- 2.16.10 Commissioning is forecasting an underspend of £0.020m mainly due to some unexpected income received from the CCG contributing to the Safeguarding Board.

Director of Adult Social Care

- 2.16.11 Director Adult Social Care is forecasting an underspend of £0.022m due to delays in appointing to the Learning Disability and Mental Health/Cluster service manager posts. A planned use of reserves to the value of £0.781m will require a draw-down of £0.300m to the CCG to fund joint services, £0.166m for Mosaic data management support and £0.315m for community provider estate costs.

Learning Disability and Mental Health

- 2.16.12 Learning Disability (LD) and Mental Health (MH) are together forecasting an overspend of £0.774m. This is due to an increase in projected care costs offset by a small amount of staffing vacancies. The increase in care costs, mainly in Learning Disability, has been caused by both an increase in costs and the numbers of clients requiring complex care, including clients who have been returned to the Borough through the Transforming Care initiative. Month 3 has seen an increase of 19 people that require packages of care with a primary support need of either LD or MH. Of these 3 have been placed in long term residential care whilst 16 have received a direct payment. The average number of clients in 2018/19 was 1,183 and at month 3 there are 1,256 clients receiving care, which represents an increase of 6% in client numbers.

Older People and Safeguarding

- 2.16.13 Older People and Safeguarding is projecting to overspend by £1.071m, £146k of this relates to staffing costs at the hospital which includes agency cover, the cost of unsociable hours and cost of additional hours needed to support the outflow of patients. The remainder relates directly to the cost of care, mainly for people with a physical disability but also a sensory need. Whilst client numbers have reduced within this service from 2,077 in 2018/19 to 2,051 at month 3 in 2019/20, the complexity of need combined with an uplift in fees has caused significant pressures within the budget.

- 2.16.14 Holly Bank is a new Learning Disability sheltered housing scheme that is currently being built and is expected to open in October, following which new residents will move in over a period of months. The cost of operating the facility is expected to be offset by the cost of bringing people back into borough and either ceasing or reducing their current care packages. However, the service is concerned the net cost of the provision may potentially exceed the available budget and therefore present a pressure in the latter part of the current financial year and also in future years. Work is on-going to identify potential new residents; the position will continue to be monitored. No provision for an adverse variance has been made in the current forecast, if required a pressure will be introduced when the position is made clearer.

Achievement of Budget Reductions

- 2.16.15 The Budget Reductions for the portfolio in 2019/20 are £0.438m and are forecast to be fully achieved.

Progress against Locality Plans

- 2.16.16 A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the joint vision of Council and Oldham Clinical Commissioning Group (CCG) for the greatest and fastest possible improvement in the health and wellbeing of our residents by 2021. This improvement will be achieved by supporting people to be more in control of their lives by having a health and social care system that is geared towards wellbeing and the prevention of ill health; access to health services at home and in the community; and social care that works with health and voluntary services to support people to look after themselves and each other.
- 2.16.17 The financial performance against the latest version of the 2019/20 Locality Plan, as reported to the GM Health and Social Care Partnership, is shown in the table below:

Table 5 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Community Health and Adult Social Care	57,134	58,938	1,804
Public Health	17,380	17,380	0
Children and Families	41,990	42,461	471
Total	116,504	118,779	2,275

- 2.16.18 Although the headings in the Locality Plan do not completely align with the Council's Directorate reporting arrangements, the reasons for the variances against budget are consistent with those reported within Community Health and Adult Social Care, Public Health and Children's Social Care.

Children's Services

- 2.16.19 The following table shows the forecast position after the approved and planned use of reserves for the Directorate.

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Education, Skills & Early Years	3,241	4,764	(409)	1,114
Children's Social Care	35,657	36,407	(279)	471
Preventative Services	1,864	1,864	-	-
Schools	(39)	(39)	-	(0)
Total Forecast Net Expenditure	40,724	42,997	(688)	1,585

Summary

- 2.16.20 The Directorate has a projected overspend of £1.585m after the planned application of £0.688m of reserves, as shown in the table above. The principal underlying reasons are detailed below.

Education, Skills and Early Years

- 2.16.21 The Directorate is estimating a £1.114m overspend after the planned application of £0.409m reserves for learning and attainment and Special Educational Needs initiatives, the main contributing factors being;
- £0.464m against the Home to School Transport budget due to ongoing increasing demand pressures;
 - £0.230m as a result of underachievement of traded income within the Educational Psychology and QEST services;
 - £0.099m of unachievable income relating to school insurance recharges as a result of schools converting to Academy status;
 - £0.055m relating to unachievable income for Governor Support services;
 - £0.086m relating to additional agency expenditure in the SEN Assessment Service £0.119m relating to holiday pay and incremental drift within the Lifelong learning service
 - £0.061m of cross cutting budget options that are not currently expected to be met.

Children's Social Care

- 2.16.22 This area is projecting a £0.471m overspend after the planned application of £0.279m of reserves to support transformational activity. There is a total projected under spend of £0.583m against placements and allowances, in the main due to a reduction in the number of payments to Independent Fostering Agencies, the closure of Fraser Street Children's Home and an increase in the number of placements part funded by the CCG.
- 2.16.23 The two in-house semi-independence units are projected to overspend by £0.244m. There is a projected overspend of £0.229m relating to services for children with disabilities, a further £0.198m due to reduced contributions from Rochdale Council and a projected overspend of £0.099m due to adoption interagency fees. It is currently anticipated that there will be an overspend of £0.256m on staffing costs due to the number of agency workers and early recruitment to the new workforce model. It is important to note that Children's Social Care has received £1.611m additional funding to deliver a new workforce operating model during 2019/20 and this work is progressing in accordance with expectations

Preventative Services

- 2.16.24 Preventative Services includes Early Help, Targeted Youth, Tackling Troubled Families and the Multi Agency Safeguarding Hub and is predicting an overall balanced position for the year.

Achievement of Budget Reductions

- 2.16.25 The Budget Reductions for Children's Services are solely in relation to the Portfolios share of cross cutting efficiencies, £0.289m in total of which £0.061m is currently forecast not to be delivered.

Reform

2.16.26 The following table shows the forecast position for the re-configured Reform portfolio after the approved and planned use of reserves.

Table 7 – Reform – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Business Intelligence	945	859	-	(86)
Executive Office	562	536	-	(26)
Marketing & Communications	718	786	(63)	5
People	2,388	2,307	-	(80)
Policy	270	445	(89)	86
Programme Management Office	(3)	140	(143)	0
Public Health & HLA	22,545	22,672	(90)	37
Youth, Leisure & Communities	4,985	5,013	-	28
Total Forecast Net Expenditure	32,410	32,758	(384)	(37)

2.16.27 The forecast outturn at Quarter 1 is an underspend of £0.037m, this is after the planned use of £0.384m reserves. The paragraphs below outline the main movements within the portfolio.

2.16.28 There are several relatively low value variances, the majority of which are favourable, as follows;

- Business Intelligence is showing an underspend of £0.086m. In the main this relates to staffing costs, which are offsetting pressures on income and supplies and services.
- Executive Support is showing an underspend of £0.026m relating to staffing pension costs.
- Marketing and Communications is showing a slight overspend of £0.005m
- People Services is showing a favourable variance of £0.080m which relates to underspends on staffing costs.
- Policy is showing an overspend of £0.086m, however work is taking place to realign the budget to reflect new working arrangements following a service review.

2.16.29 Public Health and Heritage, Libraries and Arts (HLA) services are together showing an overspend of £0.037m at Quarter 1. An overspend within the Music service is partially offset by underspends on staffing within the Library and Gallery services and also the PFI Contract.

2.16.30 Youth, Leisure and Communities is showing an overall overspend of £0.028m which in the main relates to Outdoor Education and Sports Development creating a combined pressure of £0.090m. The Service area includes a range of community-based services and includes District Partnerships which is forecasting an underspend of £0.062m primarily related to salary costs and vacant post, the remainder of the services including Early Help, Community Cohesion and Community Safety are reporting a net balanced outturn, with no significant variances either way across the range of services.

Achievement of Budget Reductions

2.16.31 The approved Budget Reductions of £0.971m are expected to be achieved in the financial year, with the £0.250m associated with the Design and Assurance review at the final stages of being delivered, as referred to above

Commissioning

2.16.32 The table below shows the forecast position after the approved and planned use of reserves for the newly created portfolio.

Table 8 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	273	524	-	251
Finance	10,496	10,487	(100)	(109)
Total Forecast Net Expenditure	10,769	11,011	(100)	142

Summary

2.16.33 The forecast outturn position at Quarter 1 is an overspend of £0.142m

Commissioning and Procurement

2.16.34 Commissioning and Procurement is reporting an overspend of £0.251m. The service is experiencing difficulties in recruiting to permanent posts, making it necessary to retain interim/ agency staff to provide service continuity leading to an estimated £0.116m overspend. The service is also reporting an estimated underachievement of income of £0.135m against the budget set for the Early Payment scheme income.

Finance

2.16.35 Finance is showing an underspend of £0.109m in the main due to vacant posts.

Achievement of Budget Reductions

2.16.36 The 2019/20 Budget Reductions for the Commissioning portfolio of £1.375m are forecast to be fully achieved.

Chief Executive

2.16.37 The table below shows the forecast position after the approved and planned use of reserves.

Table 9 – Chief Executive

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,450	2,450	-	-
Chief Executive Management	1,548	1,548	-	-
Legal Services	3,146	3,050	(58)	(154)
Total Forecast Net Expenditure	7,144	7,048	(58)	(154)

Summary

2.16.38 The portfolio is showing an underspend of £0.154m after having applied £0.058m of reserves.

Legal Services

2.16.39 The service is reporting an underspend of £0.154m at quarter 1, this is predominantly due to vacancies within Civic and Political Support and Constitutional Services.

Achievement of Budget Reductions

2.16.40 The Budget Reductions for the Chief Executive Portfolio in 2019/20 are £0.135m and are forecast to be fully achieved.

Capital, Treasury and Corporate Accounting

2.16.41 The following table shows the forecast position, without the use of any reserves.

Table 10 – Capital, Treasury and Corporate Accounting – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	13,264	11,455	-	(1,809)
Total Forecast Net Expenditure	13,264	11,455	-	(1,809)

Summary

2.16.42 The Portfolio includes the budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments. It also includes the revenue budgets associated with technical accounting entries. The projected year-end position shows a favourable variance of £1.809m.

2.16.43 This overall favourable variance is mainly due to additional dividend income being received from external investments. This is partially offset by projected overspend of £0.518m with regard to the Annual Leave Purchase Scheme. This pressure is a continuation of that highlighted within 2018/19.

Achievement of Budget Reductions

2.16.44 The 2019/20 Budget Reductions for Capital, Treasury and Corporate Accounting total £2.038m and are forecast to be fully achieved.

Schools

2. 16.45 The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance (England) Regulations 2017. The Schools' Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget which is divided into a budget share for each maintained school.

2. 16.46 Members will recall the DSG is made up of the following 4 blocks of funding of which further detail is presented at Appendix 3;

- Schools
- High Needs
- Early Years
- Central Schools Services

2.16.47 Members will also recall that there is considerable pressure on the DSG, particularly the High Needs block. The pressure in the High Needs area is due to expenditure exceeding the High Needs budget available each year with key contributors being the:

- Increasing high needs population, such as special school places and resourced provision,
- Increasing number of Education Health Care plans requiring high needs top up funding within mainstream schools
- Cost of providing local Pupil Referral Unit capacity to ensure that the Local Authority fulfils its statutory role.
- High cost of external placements

As a consequence, the Schools Forum agreed a 1% movement; equating to £1.878m between the Schools Block and High Needs Blocks in 2018/19. Subsequently a further £1.594m (0.84%) movement of funds between the Schools Block and High Needs Blocks has been agreed for 2019/20.

2. 16.48 Despite the continued support from the Schools Block, the High Needs Block in Oldham is still expected to have an in-year deficit of £0.297m. This contributes to a deficit forecast of £10.937m as at 31 March 2020. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £5.608m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

Table 11 – DSG- High Needs Block

	£000
Original Budget Allocation	32,839
Contribution from Schools Block (Schools Forum/ Sec. of State approval)	1,593
2019/20 Total Budget Available	34,432
Estimated Expenditure	(34,729)
Projected in Year Deficit	(297)
Deficit Brought Forward 01/04/2019	(10,640)
Cumulative Deficit	(10,937)
Offset by;	
Virement from Schools Block- 2016/17 to 2018/19	4,643
Savings in Schools and Early Years Block- 2015/16 to 2018/19	686
Projected Deficit 31/03/2020	(5,608)

Overall DSG Position and Recovery Plan

2.15.49 The forecast deficit on the DSG is presented in the table below. At the start of 2019/20 it was £2.723m of which £5.995m was attributable to the High Needs block. The year-end forecast position for the DSG for 2019/20 is a cumulative deficit of £3.524m, the increase being mostly attributable to pressures in High Needs. There may be some further requirements for additional schools funding from the DSG in 2019/20. The possible additional pressures that are known and may need to be addressed are £0.038m. If these pressures are realised, then the deficit will increase still further.

Table 12- Overall DSG Position

	2019/20 £000	2020/21 £000	2021/22 £000
Opening Balance- Surplus/ (Deficit)	(2,723)	(3,524)	(2,329)
Savings- Schools Block	-	1,905	1,905
Savings- High Needs Block	803	3,509	4,525
Pressures- High Needs Block	(3,197)	(4,219)	(4,085)
Transfer from Schools Block	1,593	-	-
Closing Balance- Surplus/ (Deficit)	(3,524)	(2,329)	16

2.16.50 There is a requirement that the DSG is brought back into balance and a DSG financial Recovery Plan was submitted to the Department for Education in line with the deadline of 30 June 2019, the financial elements of which are illustrated in the table above. The detailed actions to address the requirements of the Recovery Plan will be subject to consultation with schools and progress on their implementation will be the subject of reports to future meetings of Schools Forum and Council Members.

Housing Revenue Account (HRA)

2.16.51 Table 13 compares the initially approved position to the current estimated outturn. The actual closing balance for 2018/19 at £21.304m was £0.062m less than the estimate of £21.366m. The original HRA forecast was for a planned in-year decrease in balances of £1.889m, mainly to support housing related expenditure in the capital programme. The revised forecast is for a decrease of £1.708m, a favourable movement of £0.181m. The variance is mostly attributable to additional income received from an insurance refund.

Table 13- Housing Revenue Account Forecast Position

HRA Income & Expenditure Account	Original Budget £000	Latest Forecast £000	Variance to Budget £000
HRA Balances Brought forward	(21,366)	(21,304)	62
Deficit on HRA Services	1,889	1,708	(181)
HRA Balances Carried Forward	(19,477)	(19,596)	(119)

Collection Fund

2.16.52 The tables below show the forecast outturn position for the Collection Fund and the forecast position in relation to the share of balances.

Table 14 - Collection Fund Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	(2,883)	(1,264)	(4,147)
Prior Year Surplus Released In Year	2,550	-	2,550
Deficit for the Year	180	300	480
Surplus Balance Carried Forward	(153)	(964)	(1,117)

Table 15 - Collection Fund – Share of Balances; Forecast Position

	Council Tax £000	NDR £000	Total £000
1 Share- Oldham Council	(131)	(954)	(1,085)
6 Share- Greater Manchester Combined Authority (Police and Crime Commissioner)	(16)		(16)
5 3 Share- Greater Manchester Combined Authority (Fire and Rescue Services)	(6)	(10)	(16)
Total (Surplus) / Deficit	(153)	(964)	(1,117)

Council Tax and Business Rates are becoming increasingly important with regards to funding Council services. However, these areas can be volatile and subject to a myriad of external influences, as such the financial position of the Collection Fund is under constant review.

2.16.54 A forecast in-year deficit of £0.480m (excluding the in-year release of the prior year Council Tax surplus of £2.550m, of which the Councils share is £2.289m) means that

the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a surplus of £1.117m of which the share for the Council is £1.085m.

2.16.55 As expected, the Greater Manchester 100% Business Rates Retention Pilot has continued into 2019/20. The additional proceeds from the pilot are currently shared with GMCA who receive a maximum of 50% of the benefit in line with the original pilot agreement.

3 Use of Reserves

3.1 The total planned use of reserves at Quarter 1 is £3.215m, £3.046m being Earmarked Reserves and £0.169m being the use of Revenue Grant Reserves. This is in addition to the utilisation of £8.818m of reserves that were applied in setting the initial 2019/20 budget.

3.2 In line with the Council's reserves policy, the recommended use of reserves to fund spend during the year have been initially approved by the appropriate officers prior to consideration by Cabinet. In a change from previous years, the reserve will be drawn down against the approval at the end of the financial year after all the relevant expenditure has been incurred. Members will be aware that the forecast use of reserves can change throughout the year as decisions are made and that the total reserve usage will continue to change up to the year end.

4 Flexible Use of Capital Receipts

4.1 Members will recall that at the Council meeting of 27 February 2019, it was approved that up to £3.000m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016.

4.1 A number of schemes were identified which met the qualifying expenditure requirements as detailed within the statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG). To date, each scheme is forecast to achieve the required outcomes with costs anticipated to be slightly lower than projected however still within the approved £3.000m.

5 Conclusion

5.1 The current projected position, after adjustment for reserves, is an overall corporate overspend with the forecast over spending within People and Place, Community Services and Adult Social Care and the Children's Services portfolios all being a cause for concern. As outlined at paragraphs 2.13 to 2.15, management action is being taken to control expenditure in all areas, particularly those that are not subject to demand changes, in order to offset expenditure over which the Council has little control. It is anticipated that the Month 6 financial monitoring report will begin to reflect the outcome of such activities and show an improved financial forecast for 2019/20.

5.2 In relation to demand led pressures; work, in the form of mitigations and alternative delivery solutions is on-going, there will, however, be an inevitable lead in time for these benefits to be realised. The implications arising from the 2019/20 in year position will be factored into financial planning estimates for 2020/21 and future years as appropriate.

APPENDIX 1
Planned Use of Reserves 2019/20 - Quarter 1

Reserve Name	Balance as at 01 April 2019 £000	Forecast use 2019/20 £000	Anticipated Closing Balance 31 March 2020 £000	Reason for Use of Reserve
Earmarked Reserves				
Integrated Working Reserve				
Strategic Planning and Information	(40)	16	(24)	Supports delivery of Local plan taking into account the Greater Manchester Spatial Framework, as agreed in January 2017
Transformation Reserve				
Transformation	(2,971)	583	(2,389)	Helps to deliver various Transformation projects across the council
Resident First	(180)	180	0	To provide funding to facilitate the Digital by Design project 2019/20
Public Health	(436)	90	(346)	To offset pressures within the Public Health Service.
Regeneration Reserve				
Town Centre Masterplan	(3,147)	500	(2,647)	Costs associated with progressing the Town Centre Vision
Alexandra Park Depot Site Project	(300)	300	0	Costs associated with the development of a new Depot at Alexandra Park
Council Initiatives Reserve				
Green Dividend Ambassador	(67)	24	(43)	To fund the Green Dividend Ambassador costs in 2019/20
Learning & Attainment Reserve	(737)	250	(487)	Oldham Education Skills Commission Expected Activity in year
Local Welfare Provision	(731)	100	(631)	To fund costs incurred for the Local Welfare Provision scheme 2019/20
Leadership Priorities	(300)	96	(204)	As agreed by at Cabinet at its meeting of 20 August 2018 to fund revenue costs relating to the Street cleaning initiative in 2019/20
Fiscal Mitigation Reserve				
District Partnership Excess	0	(224)	(224)	As agreed at Annual Council on 22 May 2019, £0.224m of uncommitted funds from the District Partnership Reserve to be re-prioritised for priority Council initiatives
Directorate Reserve				
Catering Services IT	(25)	25	0	To fund implementation of new IT system within catering service
Fixed Assets - Land Registry	(65)	43	(22)	To fund the Voluntary Registration team to record Council land with the Land Registry Agency
Highways / Environmental Services	(283)	43	(240)	Annual payment to CAMEO to support the upgrade of cremators with mercury abatement equipment
Adult Social Care Reserve	(781)	781	0	To support pressures within the adults community care budgets and contractual obligations re pay awards within Mincare.
Registrars Reserve	(15)	15	0	To create a storage room for data sensitive registration records in the cellar at Chadderton Town Hall
Balancing Budget Reserve				
Housing 21 Budget Reduction	(250)	250	0	As agreed by Council 27 February 2019, £8.818m of Earmarked Reserves to be used to balance the 2019/20 revenue budget
Corporate Reserve to balance budget	(3,890)	3,890	0	
Waste Smoothing	(157)	157	0	
Business Rates Return on Growth	(1,825)	1,825	0	
Business Rates Retention - National Levy Account 2018/19 Surplus	(978)	978	0	
Business Rates 2018/19 Pilot Scheme Gain	(1,218)	1,218	0	
Business Rates Retention Pilot	(500)	500	0	
District Partnership Reserve				
District Partnership carry forwards	(733)	224	(509)	Reserve to be re-prioritised for priority Council initiatives
Total Planned use of Earmarked Reserves 2019/20	(19,629)	11,864	(7,765)	
Revenue Grant Reserves				
High Needs Strategic Planning	(11)	11	0	to support various SEND Activities throughout 2019/20
SEND Reform / Implementation	(147)	147	0	to support various SEND Activities throughout 2019/20
Pocket Park Funding	(10)	10	0	to fund works at Lees Street in Shaw
Total Planned use of Revenue Grant Reserves 2019/20	(169)	169	0	

Appendix 2

FINANCING OF THE 2019/20 BUDGET AT QUARTER 1		
	£'000	£'000
Net Expenditure Budget		(224,421)
Financed by:		
Business Rates Top-up Grant	(40,653)	
Grants in Lieu of Business Rates	(10,503)	
Improved Better Care Fund Grant - 2015 Allocation	(8,150)	
Improved Better Care Fund Grant – 2017 Allocation	(1,586)	
Independent Living Fund Grant	(2,580)	
Adult Social Care Support Grant	(1,917)	
Winter Resilience Grant	(1,122)	
Housing Benefit & Council Tax Administration Grant	(1,121)	
New Homes Bonus Grant	(961)	
School Improvement Monitoring & Brokerage Grant	(104)	
GMCA Mayoral Grant	(693)	
DWP - Implementation of Universal Credit Grant	(68)	
DWP - New Burdens Grant	(104)	
Homelessness Support Grant	(194)	
Homelessness New Burdens Grant	(62)	
Lead Local Flood Authority Grant	(12)	
Extended Rights to Free Travel Grant	(36)	
Staying Put Grant	(63)	
Extended Personal Advisor Duty Implementation Grant	(21)	
Verify Pensions Earnings Service Grant	(39)	
Retail Discounts New Burdens Grant	(9)	
Brexit Preparation Funding Grant	(105)	
Capital Grants	(37)	
Total Government Grant Funding		(70,140)
Council Tax Income - General	(85,677)	
Council Tax Income - Adult Social Care Precept	(6,691)	
Council Tax Surplus/Deficit	(2,269)	
Retained Business Rates	(50,826)	
Total Locally Generated Income		(145,463)
Total Grant and Income		(215,603)
Use of reserves applied to balance the 2019/20 budget		(8,818)

Appendix 3

DSG Funding Blocks

There are four DSG funding blocks as explained below:

- Schools
- High Needs
- Early Years
- Central Schools Services (new block)

The **Schools block** covers funding for:

- a) Individual mainstream schools and academies
- b) Growth Funding for planned growth by the LA in schools

The **High Needs block** covers funding for the education of pupils subject to Education, Health and Care Plans from age 0-25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and Council centrally retained expenditure for High Needs.

The **Early Years block** covers:

- a) Two Year Old Funding
- b) Early Years Funding in Schools and Private, Voluntary and Independent provision (PVI's)
- c) Centrally retained expenditure for under 5's

The **Central Schools Services block** covers:

- a) Funding previously allocated through the retained duties element of the Education Services Grant (ESG) which has been discontinued from 2018/19
- b) Central school services which includes the expenditure related to Schools Forum, Premature Retirements, Admissions service, ICT for schools and School Improvement
- c) School Licenses
- d) Statutory and Regulatory duties