

# **Revenue Monitor and Capital Investment Programme 2019/20**

## **Month 9 – December 2019**

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance & Corporate Services

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### **Reason for Decision**

The report provides Cabinet with an update on the Council's 2019/20 forecast revenue budget position at Annex 1. It also advises, at section 2 of Annex 2, of the financial position of the capital programme as at 31 December 2019 (month 9) together with the revised Capital Programme covering the period 2019/20 to 2024/25 reflecting the approval of the updated capital programme by Council on 26 February 2020.

### **Executive Summary**

#### **Revenue Position**

The current forecast outturn position for 2019/20 is a projected favourable variance of £0.065m compared to an adverse variance of £1.367m at month 8. This is after allowing for approved and pending transfers to and from reserves.

Continuing to be the most significant areas of concern are the People and Place, Children's Services and Community Services & Adult Social Care portfolios. Management action has been taken and will continue up to the end of the financial year to address variances and take mitigating action as detailed in the report.

The overall corporate position is, to a large extent being managed by offsetting the adverse variances with favourable variances, most noticeably from Capital, Treasury and Corporate Accounting budgets. An update on the major issues driving the projections are detailed within Annex 1, paragraphs 2.13.1 to 2.13.54.

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Management action has continued across all service areas to review and challenge planned expenditure and to maximise income generation. Whilst progress has been made there are some underlying on-going challenges. It is important to note that the approved 2020/21 budget has been prepared so that issues identified by the 2019/20 budget monitoring process have, where necessary, been addressed. This, together with continuation of management action and the implementation of new ways of working arising from the transformation programme, is expected to reduce the level of overall in year variance in 2020/21.

Information on the month 9 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are currently no significant issues of concern in relation to the HRA, however the Collection Fund, whilst forecasting an in-year deficit of £0.127m, remains in a cumulative surplus position. The DSG, continues to be an area which is facing financial challenge with a projected deficit increase in 2019/20. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position.

### **Capital Position**

The report outlines the most up to date capital spending position for 2019/20 as at 31 December 2019 (month 9) having regard to new developments and changes expected before the year end. The revised Capital Programme budget is £52.048m a net decrease of £32.284m from the original budget of £84.332m. Actual expenditure to 31 December 2019 was £41.685m (80.09% of forecast outturn). It is probable that the forecast position will continue to change before the year end with additional re-profiling into future years.

The Capital Programme projections for years beyond 2019/20 reflect the Capital Strategy and Capital programme approved at Budget Council on 26 February 2020. This extends the capital planning period to 2024/25 and includes a significant increase in forecast spending arising from the Creating a Better Place strategy.

### **Recommendations**

That Cabinet approves the:

1. Forecast revenue outturn for 2019/20 at month 9 being a £0.065m underspend.
2. Forecast positions for the DSG, HRA and Collection Fund.
3. Use of reserves as detailed in Appendix 1 to Annex 1.
4. Revised Capital Programme as at month 9 for 2019/20 and the projections for the period 2020/20 to 2024/25.

**Revenue Monitor and Capital Investment Programme 2019/20 Month 9– December 2019****1 Background**

- 1.1 The Authority's 2019/20 revenue budget and Capital Programme was approved by Council on 27 February 2019. Under established budget procedures, all services are required to monitor and review their approved revenue and capital budgets during the financial year. This is reported to Cabinet on a quarterly basis with an additional report at month 8 which is used to inform the budget setting process for the following financial year.
- 1.2 As part of the budget monitoring process, the forecast year-end position for revenue and capital has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at 31 December 2019 together with commitments and known issues. The outturn projections therefore reflect the evolving position resulting from the management actions put in place to mitigate in-year pressures, new developments and changes in the profile of planned expenditure.

**2. Current position**

- 2.1 The forecast revenue outturn for 2019/20 is a favourable variance of £0.065m (£1.367m adverse variance at month 8). Further details of the current revenue budget position and a full description of this forecast can be found in Annex 1.
- 2.2 As a result of management actions that have been initiated across all service areas to review and challenge planned expenditure and to maximise income, it is clearly evident that the financial position has improved as the year has progressed.
- 2.3 The effectiveness of this action has been closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders and also to the Overview and Scrutiny Performance and Value for Money Select Committee. There will be no lessening of management action up to the end of the financial year to ensure that the projected favourable outturn is achieved. 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. If appropriate, these can be applied to support the financial position.
- 2.4 The original approved Capital Programme for 2019/20 totalled £84.332m. The revised capital programme as at month 9 taking account of approved carry forwards, approved new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £52.048m. Actual expenditure at month 9 was £41.685m (80.09% of the forecast outturn). Further details of expenditure and schemes within the capital programme can be found in Annex 2.

**3 Options/Alternatives**

- 3.1 The options that Cabinet might consider in relation to the contents of this report are;
- a) to approve the forecast revenue and capital positions presented in the report including proposed changes.

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- b) to approve some of the forecasts and changes included in the report.
  - c) not to approve any of the forecasts and changes included in the report.

#### **4 Preferred Option**

- 4.1 The preferred option is that Cabinet approves all forecasts and changes within this report; option (a) at 3.1.

#### **5 Consultation**

- 5.1 Consultation with all services within the Council, Cabinet Members and the Director of Finance.

#### **6 Financial Implications**

- 6.1 The full financial implications are detailed in the report.

#### **7 Legal Services Comments**

- 7.1 There are no legal issues at this time.

#### **8 Co-operative Agenda**

- 8.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the co-operative ethos of the Council.
- 8.2 The revenue budget and Capital Strategy/ Programme for 2019/20 and also 2020/21 have been prepared so that they embrace the Council's co-operative agenda with resources being directed towards projects that enhance the aims, objectives and co-operative ethos of the Council. On-going budget monitoring is key to ensuring this objective is met.

#### **9 Human Resources Comments**

- 9.1 There are no Human Resource implications.

#### **10 Risk Assessments**

- 10.1 The risk is that the proposed management actions are not achieved in full. Should this be the case, then alternatives will be sought.

#### **11 IT Implications**

- 11.1 There are no IT implications.

#### **12 Property Implications**

- 12.1 There are no Property implications.

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### **13 Procurement Implications**

13.1 There are no Procurement implications.

### **14 Environmental and Health & Safety Implications**

14.1 There are no Environmental and Health and Safety implications.

### **15 Equality, Community Cohesion and Crime Implications**

15.1 There are no Equality, Community Cohesion and Crime implications.

### **16 Equality Impact Assessment Completed**

16.1 Not Applicable.

### **17 Key Decision**

17.1 Yes

### **18 Key Decision Reference**

18.1 FCS - 17 - 19

### **19 Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Revenue Background Papers are contained in Annex 1 including Appendices 1 and 2

Officer Name: Andy Cooper

Contact No: 0161 770 4925

File Ref: Capital Background Papers are contained in Annex 2 including Appendices A to G

Officer Name: Lee Walsh

Contact No: 0161 770 6608

### **20 Appendices**

**Annex 1 Revenue Budget Monitoring Report 2019/20 Month 9-December 2019**

Appendix 1 Month 9- Planned Transfers to/ from Reserves

Appendix 2 Financing of the 2019/20 Budget at Month 9

**Annex 2 Capital Investment Programme Report 2019/20 Month 9-December 2019**

Appendix A - SUMMARY – Month 9 – Corporate Services

Appendix B - SUMMARY – Month 9 - Children's Services

Appendix C - SUMMARY – Month 9 - Community Services & Adult Social Care

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Appendix D - SUMMARY – Month 9 - Housing Revenue Account (HRA)  
Appendix E - SUMMARY – Month 9 - People and Place  
Appendix F - SUMMARY – Month 9 - Reform  
Appendix G - SUMMARY – Month 9 - Proposed Variations