

REVENUE BUDGET MONITORING REPORT 2019/20

Month 9- December 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 month 9 together with known commitments, issues and planned management actions.

2 Current Position

2.1 The current budget of £229.067m represents a £4.955m increase in the originally approved budget and a £0.655m increase from the £228.412m reported at month 8; as a result of applying additional capital grants (£0.438m) and also receipt of the Councils share of a £40m Business Rates Levy surplus re-allocation (£0.217m). A full funding analysis of the net revenue budget is shown at Appendix 2.

2.2 The information in the report is presented to align to the Corporate Structure that was implemented from 22 May 2019. This makes it difficult to make direct comparisons with 2018/19 at a Portfolio level. The budget and forecast outturn are presented in this revised format in the table below.

Table 1 - Summary Forecast Revenue Outturn

Portfolio	Budget £000	Forecast £000	In Year Net Use of Reserves £000	Variance Month 9 £000	Variance Month 8 £000	Variance Month on Month £000
People and Place	63,086	66,897	(1,654)	2,156	2,067	89
Community Services and Adult Social Care	60,123	61,950	(781)	1,047	1,036	11
Children's Services	50,794	52,973	(1,110)	1,069	1,187	(118)
Reform	32,290	33,488	(1,383)	(185)	(73)	(112)
Commissioning	9,923	11,787	(1,744)	120	151	(31)
Chief Executive	7,465	7,231	(15)	(250)	(252)	2
Capital, Treasury and Corporate Accounting	5,385	1,437	(74)	(4,022)	(2,749)	(1,273)
NET EXPENDITURE	229,067	235,763	(6,762)	(65)	1,367	(1,432)
FINANCED BY:	(229,067)	(229,067)	-	-	-	-
NET FORECAST VARIANCE	-	6,696	(6,762)	(65)	1,367	(1,432)

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- 2.3 The forecast outturn to the end of the year, after a predicted, net in-year use of reserves totalling £6.762m (£6.540m at month 8), is a favourable variance of £0.065m compared to deficit of £1.367m at month 8. A detailed list of the approved and planned use of reserves at month 9 can be found at Appendix 1. There are significant variances contained within the projected net underspend as summarised below.
- 2.4 The People and Place Portfolio has a reported pressure of £2.156m compared to £2.067m at month 8. Economic Development is reporting an overspend of £1.813m (£1.765m at month 8) across Catering and Cleaning, Estates and Planning and Infrastructure. The small adverse variance in Enterprise and Skills remains virtually unchanged at £0.096m (0.097m at month 8). There is a further adverse variance of £0.503m in Commercial Services where the projected non achievement of the Traded Services budget option (£0.750m) is offset by savings within ICT and Customer Services (£0.247m). The pressures are offset by a forecast underspend of £0.255m (£0.320m underspend at month 8) in Environmental Services.
- 2.5 Community Services and Adult Social Care is reporting an overspend of £1.047m compared to £1.036m at month 8, predominantly linked to the rising cost and demand for Community Care, offset by increases in both grant funding and income recovery from a variety of sources.
- 2.6 The pressure of £1.069m within Children's Services represents a reduction of £0.118m on the adverse variance of £1.187m reported at month 8. Education, Skills and Early Years is now predicting a £1.336m overspend after the application of £0.543m of reserves, a reduction of £0.119m from the month 8 position. Children's Social Care is reporting a £0.267m underspend after the planned application of £0.457m of reserves, very similar to the underspend of £0.268m reported at month 8.
- 2.7 The Commissioning portfolio is reporting an overall adverse variance of £0.120m (£0.151m reported at month 8). A projected pressure of £0.254m in Commissioning and Procurement is being offset by a favourable variance of £0.134m in Finance.
- 2.8 The overspending is offset by favourable variances in Chief Executive £0.250m (£0.252m at month 8), Reform £0.185m (£0.073m at month 8) and most significantly Capital Treasury and Corporate Accounting £4.022m (£2.749m at month 8). A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.9 All the 2019/20 approved budget reductions in the sum of £7.829m are currently forecast to be achieved with the exception of the £0.750m Traded Services option within People and Place, for which there are no other offsetting options.
- 2.10 As outlined in the Budget Report 2019/20, the Council prepared its budget prudently and set aside a number of reserves to address pressures that might be experienced. If appropriate, these can be applied to support the financial position.
- 2.11 The forecast outturn continues to reduce; by £1.432m between months 8 and 9, from an adverse variance of £1.367m to a favourable variance of £0.065m respectively, and this gives assurance that the management action requested has been initiated and has helped to bring expenditure back in to line. Whilst it is evident that the position has improved, there will be no lessening of management action up to the end of the financial year to ensure that the projected outturn is achieved.
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2.12 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 minimise the level of overall in year variance in 2020/21.

2.13 Portfolio Summaries

People and Place

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

Table 2 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development	4,655	7,425	(957)	1,813
Enterprise and Skills	640	737	-	96
Environmental Services	53,268	53,520	(507)	(255)
Commercial Services	4,522	5,215	(190)	503
Total Forecast Net Expenditure	63,086	66,897	(1,654)	2,156

Summary

2.13.2 The forecast outturn at month 9 for the People and Place portfolio, after the planned use of £1.654m of reserves, is an overspend of £2.156m (£2.067m at month 8), an increase in the overspend of £0.089m.

Economic Development

2.13.3 Economic Development is currently forecasting an overspend of £1.813m compared to £1.765m at month 8. Within this the Catering and Cleaning service is forecasting an unchanged adverse variance of £0.754m 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 net overspend of £0.964m (£0.923m at month 8) due to a combination of increased utility costs, additional cleaning charges and an 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 £0.095m due to a reduction in the expected demand for planning applications.

Enterprise and Skills

2.13.4 The forecast overspend remains virtually unchanged at £0.096m and relates to a shortfall of income within the Markets Service.

Environmental Services

2.13.5 The Environmental Services area is forecasting an overall underspend of £0.255m compared to an underspend of £0.320m at month 8. The position is a combination of over and underspends within the service area as follows:

Overspends:

- Waste Management £0.176m
- Building Control £0.107m

Underspends:

- Fleet Management £0.166m
- Environmental Management £0.026m
- Street Lighting £0.050m
- Highways Operations £0.273m
- Public Protection £0.023m

Of the £0.273m underspend within Highways, £0.271m relates to over achievement of income in relation to statutory inspection works.

Commercial Services

2.13.6 In total, the service area is reporting a slight reduction in the forecast overspend; £0.503m compared to £0.525m at month 8. ICT and Customer Services are forecast to have an underspend of £0.247m due to vacant posts. This in part offsets the pressure of £0.750m within Strategic Management relating to the non-achievement of the Traded Services budget reduction.

Achievement of Budget Reductions

2.13.7 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

2.13.8 The portfolio provides social care support to adults and carers across Oldham with the key aim of integrating and aligning work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient, in relation to both the commissioning and the provision of services.

Table 3 – Community Services and Adult Social Care - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning	21,092	21,087	-	(5)
Community Business Services	1,751	1,576	-	(175)
Community Health & Social Care	27,918	29,280	-	1,362
Director Adult Social Care	(8,768)	(9,006)	(781)	(1,019)
Learning Disability	10,225	11,144	-	920
Mental Health	7,216	7,132	-	(85)
Safeguarding	689	738	-	49
Total Forecast Net Expenditure	60,123	61,950	(781)	1,047

Summary

- 2.13.9 The forecast outturn at month 9 is showing a projected overspend of £1.047m (£1.036m at month 8) after a forecast £0.781m planned use of reserves. Sufficient reserves to fully offset the overspend are specifically ringfenced to the Portfolio, although they have yet to be utilised.

Commissioning

- 2.13.10 Commissioning is forecasting a small underspend of £0.005m compared to a favourable variance of £0.074m at month 8, mainly due to the management of staff vacancies.

Community Business Services

- 2.13.11 Community Business Services is forecasting an unchanged underspend of £0.175m for the year. This is due to prudent vacancy management and delays in recruiting to additional care co-ordinator and broker posts to support the Care at Home project.

Community Health & Social Care

- 2.13.12 Community Health and Social Care is forecasting an overspend of £1.362m (£1.045m at month 8) with care costs for people with a physical disability and sensory, memory and cognitive needs continuing to present financial pressures. There has been a moderate increase in client numbers as the year has progressed, indicating that both demand and complexity of need combined with an uplift in fees are the main factors that are causing significant pressures within the budget.

Director of Adult Social Care

- 2.13.13 Director of Adult Social Care is forecasting an underspend of £1.019m, an increase of £0.265m compared to the £0.754m favourable variance reported at month 8. The improvement between months 8 and 9 is due to confirmation of System Resilience Grant (SRG) funding from the Oldham Clinical Commissioning Group (CCG) for transitional beds and also confirmation of partner contributions for joint funded posts within Oldham Cares. A planned use of reserves totalling £0.781m is funding one-off initiatives rather than supporting 'business as usual' and 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

- 2.13.14 Learning Disability is reporting an overspend of £0.920m (£0.970m at month 8) which is being driven by the number of clients in complex care, particularly for the 5 clients who have been returned to the Borough through the Transforming Care Programme. The cost to the Oldham health economy is £0.840m with only £0.110m of funding expected to be made available by the NHS leaving a budget shortfall of £0.730m across the Council and the Oldham Clinical Commissioning Group (CCG).

Mental Health

- 2.13.15 Mental Health is forecasting an underspend of £0.085m (£0.025m at month 8). This is a result of an upturn in Continuing Health Care income contributions from the CCG for people with joint funded packages of care.

Safeguarding

- 2.13.16 Safeguarding remains the same as month 8, forecasting an overspend of £0.049m due to additional short-term staffing arrangements put in place to cover vacancies, sickness and maternity leave.
- 2.13.17 Holly Bank is a new Learning Disability sheltered housing scheme. The opening has been delayed and so, in the absence of any serious unforeseen circumstances, it is anticipated that any operational activity within this financial year can be contained within the current forecast. The cost of operating the facility is expected to be offset by savings as a result of bringing people back into borough and either ceasing or reducing their current care packages and work is on-going to identify potential new residents. The position will however continue to be monitored, and if required, a pressure will be introduced when the position is made clearer.

Achievement of Budget Reductions

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

Progress against Locality Plans

- 2.13.19 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 the CCG for the greatest and fastest possible improvement in the health and wellbeing of the Borough's residents. 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.
- 2.13.20 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. However, a new version of the Locality Plan has been drafted that will take the integration work within Oldham through to 2023/24.

Table 4 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Community Health and Adult Social Care	57,134	58,181	1,047
Public Health	17,380	17,380	0
Children and Families	41,990	41,723	(267)
Total	116,504	117,284	780

2.13.21 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

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

Table 5 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Education, Skills & Early Years	13,311	15,189	(543)	1,336
Children's Social Care	35,657	35,848	(457)	(267)
Preventative Services	1,864	1,975	(111)	-
Schools	(39)	(39)	-	-
Total Forecast Net Expenditure	50,794	52,973	(1,110)	1,069

Summary

2.13.23 The Portfolio has a projected overspend of £1.069m (£1.187m at month 8) after the planned application of £1.110m of reserves, as shown in the table above. The principal underlying reasons are detailed below.

Education, Skills and Early Years

2.13.24 The Directorate is estimating a £1.336m overspend, (£1.455m at month 8). This is after the planned application of £0.543m of reserves for Learning and Attainment and Special Educational Needs initiatives, the main contributing factors being:

- £0.742m 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;
- £0.096m of unachievable income relating to school insurance recharges as a result of schools converting to Academy status;
- £0.100m relating to additional staffing and agency expenditure in the SEN Assessment Service;
- £0.136m relating to additional expenditure around SEND Reform; and
- £0.032m relating to Get Oldham Working.

Children's Social Care

- 2.13.25 This area is projecting a virtually unchanged £0.267m underspend after the planned application of £0.457m of reserves to support transformational activity. There is an underspend of £0.888m across the various types of residential placements (including Rivendell House) plus a further favourable variance of £0.041m for No Recourse to Public Funds and assistance to families grant payments. There is an estimated £0.021m underspend on legal fees and an underspend of £0.344m on mainstream staffing.
- 2.13.26 There is a projected overspend of £0.145m for the adoption service due to inter-agency fee placements. The two in-house semi-independence units remain a cause for concern with a projected overspend of £0.369m due to staffing over establishments. There is a projected overspend of £0.513m relating to services for children with disabilities due to the reduction in funding from Rochdale Council for Gemini House and the high number of direct payments. Work has been undertaken to try and address the continued increase in the number of direct payments.
- 2.13.27 A key issue contributing to the reduction in expenditure and the resultant forecast underspend is a temporary slow-down in recruitment to the staffing structure, particularly in relation to Senior Officers; Assistant Director's, Heads of Service and Team Managers. Following the appointments of the Managing Director of Children's Services and the Director of Children's Social Care, work to finalise the structure is underway and recruitment is being accelerated. It is therefore anticipated that further structure changes will be required and that when posts have been fully recruited to (now likely to be 2020/21) the underspending will cease.

Preventative Services

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

Achievement of Budget Reductions

- 2.13.29 The Budget Reductions for Children's Services are solely in relation to the Portfolios share of cross cutting efficiencies, £0.289m in total, all of which is currently forecast to be delivered.

Reform

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

Table 6 – Reform – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
People	2,444	2,251	(6)	(198)
Public Health & HLA	22,590	22,997	(368)	39
Youth, Leisure & Communities	5,232	5,173	-	(59)
Transformation and Reform	105	571	(466)	-
Communications and Research	826	979	(52)	101
Policy	-	492	(492)	-
Strategy and Performance	1,092	1,025	-	(67)
Total Forecast Net Expenditure	32,290	33,488	(1,383)	(185)

- 2.13.31 The forecast outturn at month 9 shows an under spend of £0.185m (£0.073m at month 8). This is after the planned use of £1.383m reserves. The paragraphs below outline the main movements within the portfolio.
- 2.13.32 People Services is showing a favourable variance of £0.198m which relates to underspends on staffing costs.
- 2.13.33 Public Health and Heritage, Libraries and Arts (HLA) services together are continuing to show an overspend of £0.039m at month 9. An overspend within the Music Service and a pressure within Libraries in relation to a commercial letting is partially offset by underspends on staffing within the Library and Gallery services and also the PFI Contract.
- 2.13.34 Youth, Leisure and Communities is showing an overall underspend of £0.059m. The Service area includes a range of community-based services and includes District Partnerships and Community Safety which are forecasting an underspend of £0.099m primarily related to salary costs and vacant posts. The majority of the remaining services are reporting a net balanced outturn, with no significant variances either way across the range of services. Specifically, within Leisure and Youth Services a forecast over spend of £0.083m on Sports Development is being offset by a range of smaller favourable variances totalling £0.043m.
- 2.13.35 Both Transformation and Reform and Policy are showing a balanced position following a realignment of the budget to reflect new working arrangements following the previously mentioned service review.
- 2.13.36 Communications and Research is showing an overspend of £0.101m. This relates to additional agency staffing costs, unachievable income and additional spend on payments to contractors.
- 2.13.37 Strategy and Performance is showing a favourable variance of £0.067m. In the main this relates to vacant posts following the recent restructure, which are offsetting pressures on income and supplies and services.

Achievement of Budget Reductions

- 2.13.38 The approved Budget Reductions of £0.971m are all expected to be achieved within the financial year.

Commissioning

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

Table 7 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	273	526	-	254
Finance	9,651	11,260	(1,744)	(134)
Total Forecast Net Expenditure	9,923	11,787	(1,744)	120

Summary

2.13.40 The current forecast outturn position is an overspend of £0.120m (£0.151m at month 8).

Commissioning and Procurement

2.13.41 Commissioning and Procurement is reporting an overspend of £0.254m. The service is experiencing difficulties in recruiting to permanent posts and this is resulting in the necessity to retain interims to provide service continuity leading to an estimated £0.136m overspend. The service is also reporting a net adverse variance £0.118m against the in relation to the Early Payment scheme.

Finance

2.13.42 Finance is showing an underspend of £0.134m in the main due to vacant posts.

Achievement of Budget Reductions

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

Chief Executive

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

Table 8 – Chief Executive

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,178	2,118	-	(60)
Chief Executive Management	1,579	1,579	-	-
Legal Services	3,146	3,027	(15)	(134)
Executive Office	562	506	-	(55)
Total Forecast Net Expenditure	7,465	7,231	(15)	(250)

Summary

- 2.13.45 The portfolio is showing an underspend of £0.250m at month 9 (£0.252m at month 8) after having applied £0.015m of reserves.

Chief Executive, Legal Services & Executive Office

- 2.13.46 Partnership Support within the Chief Executive Directorate is reporting a favourable variance of £0.060m at month 9. This relates to a reduction in GM contributions in 2019/20.
- 2.13.47 Legal Services is reporting an underspend of £0.134m at month 9. This is predominantly due to vacancies within Civic and Political Support and Constitutional Services.
- 2.13.48 The Executive Office is reporting an underspend of £0.055m relating to staffing vacancies.

Achievement of Budget Reductions

- 2.13.49 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

- 2.13.50 The following table shows the forecast position, incorporating all transfers to and from reserves within the portfolio.

Table 9 – Capital, Treasury and Corporate Accounting – Forecast Outturn

	Revised Budget £000	Forecast £000	Net Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	5,385	1,437	(74)	(4,022)
Total Forecast Net Expenditure	5,385	1,437	(74)	(4,022)

Summary

- 2.13.51 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 £4.022m at month 9 (£2.749m reported at month 8).
- 2.13.52 The favourable variance is mainly due to additional dividend income being received from external investments and the receipt of un-ringfenced grants, including at month 9, the Council's share of a £40m Business Rates Levy surplus re-allocation in the sum of £0.217m. This is partially offset by projected overspend of £0.489m with regard to the Annual Leave Purchase Scheme. This pressure is a continuation of that highlighted within 2018/19 and which has been addressed within the budget setting process for 2020/21.

2.13.53 Within the period there has been a net £0.074m use of reserves, this comprises the following off-setting transactions within the Capital, Treasury and Corporate Accounting Portfolio:

- Members will recall that Cabinet at its meeting on 16 December 2019, approved an increased contribution of £5.900m to the Section 75 pooled budget by Oldham Council. This contribution is being used by the CCG to invest in service changes which will yield benefits over the coming years allowing for differential contributions to the pooled fund from 2021/22 onwards. An Earmarked Reserve for this purpose is available and has now been utilised in 2019/20.
- The 2020/21 budget relies upon the use of a number of Earmarked Reserves (with a combined value of £5.826m) created in 2019/20 arising from the receipt of one-off resources from the Greater Manchester Combined Authority (GMCA). £3.113m relating to a refund of the 2019/20 Waste Levy and a total of £2.713m representing the Councils share of benefits arising from the GM 100% Business Rates Retention Pilot Scheme .

Achievement of Budget Reductions

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

Schools

2.13.55 The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education via the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance (England) (No 2) Regulations 2018 (superseded by the School and Early Years Finance Regulations 2020, which came into force on 21 February 2020). 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 individual school.

2.13.56 Members will recall that the DSG is made up of the following 4 blocks of funding:

- Schools;
- High Needs;
- Early Years; and
- Central Schools Services.

2.13.57 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; and
- 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. A further £1.594m (0.84%) movement of funds between the Schools Block and High Needs Blocks was agreed and has been actioned for 2019/20. A further 0.5% move between blocks has been agreed for 2020/21.

- 2.13.58 Despite the continued support from the Schools Block, the High Needs Block in Oldham is still expected to have an in-year deficit of £3.429m. This contributes to a deficit forecast of £14.069m 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 £6.152m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

Table 10 – DSG- High Needs Block

	£000
Original Budget Allocation	32,839
Contribution from Schools Block (Schools Forum/ Sec. of State approval)	1,594
Imports and Exports	204
2019/20 Total Budget Available	34,637
Estimated Expenditure	(38,066)
Projected in Year Deficit	(3,429)
Deficit Brought Forward 01/04/2019	(10,640)
Cumulative Deficit	(14,069)
Offset by;	
Virement from Schools Block- 2016/17 to 2018/19	4,643
Savings in Schools and Early Years Block- Cumulative to 2018/19	3,274
Projected Deficit 31/03/2020	(6,152)

Overall DSG Position and Recovery Plan

- 2.13.59 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. As previously reported to Members the financial elements of the recovery plan have been continuously updated to take account of estimated additional cost pressures, formal notification of additional funding and the agreed funding methodology for 2020/21 (including a reduced 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2020/21) that was approved by Cabinet on 16 December 2019.
- 2.13.60 A report was presented to Schools Forum on 15 January 2020 showing the current projected deficit for 2019/20 as £6.033m. Further pressures in the next two years are offset by the increased funding to return the DSG to an estimated surplus of £0.177m by the end of 2021/22. It should be noted that the recovery plan is predicated on a further 1% transfer in 2021/22, for which both Schools Forum and Secretary of State approval would be required under the current regulations. The revised Recovery Plan is summarised in the table below:

Table 11 Overall DSG position

	2019/20 £000	2020/21 £000	2021/22 £000
Opening Balance - Surplus/(Deficit)	(2,723)	(6,033)	(4,000)
Savings - Schools Block	-	4,751	-
Savings - High Needs Block	1,023	3,305	4,525
Pressures - High Needs Block	(5,926)	(11,152)	(5,904)
Additional High Needs Funding	-	4,132	3,600
Additional Central Schools Block Funding	-	19	-
Transfer from Schools Block	1,593	978	1,956
NET FORECAST VARIANCE	(6,033)	(4,000)	177

2.13.61 The new 2020 Regulations (as referred to at 2.13.55 above) means that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the DfE will focus on those Authorities requiring help through a more measured and targeted approach. As the current recovery plan has been agreed with the Schools Forum, and it is appropriate to present information in this format at this time, it is proposed that the Authority will continue to use the recovery plan arrangements as an effective means of monitoring the DSG position and returning the deficit to a surplus and will continue to liaise with the Schools Forum accordingly with a further update scheduled for 18 March 2020.

Housing Revenue Account (HRA)

2.13.62 Table 12 compares the initially approved position to the current estimated outturn. The actual opening balance for 2019/20 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 an increase in balances of £0.446m, a favourable movement of £2.335m. The variance is mostly attributable to the reprofiling of capital projects along with some additional income received from insurance refunds. The 2020/21 HRA budget has been agreed based on a balance of £21.750m of resources being available at the start of the financial year.

Table 12- 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
(Surplus) / Deficit on HRA Services	1,889	(446)	(2,335)
HRA Balances Carried Forward	(19,477)	(21,750)	(2,273)

Collection Fund

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

Table 13 - 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
(Surplus)/Deficit for the Year	(77)	204	127
(Surplus) Balance Carried Forward	(410)	(1,060)	(1,470)

Table 14 - Collection Fund – Share of Balances; Forecast Position

	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	(351)	(1,049)	(1,400)
Share - Greater Manchester Combined Authority (Police and Crime Commissioner)	(43)	-	(43)
Share - Greater Manchester Combined Authority (Fire and Rescue Services)	(16)	(11)	(27)
Total (Surplus) / Deficit	(410)	(1,060)	(1,470)

- 2.13.64 Council Tax and Business Rates are of fundamental importance 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.
- 2.13.65 A forecast in-year deficit of £0.127m (excluding the in-year release of the prior year Council Tax surplus of £2.550m, of which the Council's share is £2.269m) means that the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a surplus of £1.470m of which the share for the Council is £1.400m and is unchanged from the position reported at month 8. The 2020/21 revenue budget has been agreed based on the availability of the Council's element of the Collection Fund surplus (£1.400m) being released as a contribution to support the budget.
- 2.13.66 As previously advised, the Greater Manchester 100% Business Rates Retention Pilot has continued into 2019/20. It will also continue in 2020/21. 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, in-year, net, planned use of reserves at month 9 is £6.762m (£6.540m at month 8). In relation to Earmarked Reserves a planned transfer to reserves of £11.879m is offset by the receipt of £5.826m of GMCA funding that will be received during 2019/20 and subsequently transferred to reserves to support the budget for the 2020/21 (as detailed in paragraph 2.13.53). There is a further £0.709m in-year use of Revenue Grant Reserves, all of which is in addition to the utilisation of £8.818m of reserves that were applied in setting the initial 2019/20 budget. A summary of the use of reserves is shown in table 15 below and a more detailed analysis is provided at Appendix 1.

Table 15 – Summary of Movement in Reserves

Movement in Reserves	£000
<i>In Year</i>	
Use of Ear Marked Reserves	11,879
Transfers to Ear Marked Reserves	(5,826)
Sub Total Ear Marked Reserves (Net)	6,053
Use of Revenue Grant Reserves	709
Net In-Year Use of Reserves	6,762
<i>Plus: Applied in setting the 2019/20 Budget</i>	
Ear Marked Reserves	8,818
Total Net Planned Use of Reserves	15,580

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 shows a further improved financial forecast and is, for the first time reporting an overall corporate underspend, notwithstanding which the forecast over spending within People and Place, Community Services and Adult Social Care and the Children's Services portfolios all remain a cause for concern. As outlined at paragraphs 2.10 to 2.12, management action has been 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. The current financial position reflects the continued positive outcome of such activities.

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 have been factored into financial planning estimates for 2020/21 and future years as appropriate.

Appendix 1 – Planned Use of Reserves 2019/20 - Month 9

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)	40	0	Supports delivery of Local plan taking into account the Greater Manchester Spatial Framework, as agreed in January 2017
Better Care Fund - Scheme 3	(316)	316	0	To support pressures within the adults social care community care budgets
Devolution	(240)	59	(181)	Supports delivery of Local plan taking into account the Greater Manchester Spatial Framework, as agreed in January 2017
Public Health (Bridgewater)	(411)	241	(170)	To support the extension of the Right Start contract delivered by the Bridgewater Community Healthcare NHS Trust
Transformation Reserve				
Transformation	(2,971)	932	(2,039)	Helps to deliver various Transformation projects across the Council
Pay Review	(454)	6	(449)	To fund costs incurred with pay reviews
Resident First	(180)	180	(0)	To provide funding to facilitate the Digital by Design project 2019/20
Public Health	(436)	2	(434)	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)	145	(155)	To fund revenue costs relating to the Street cleaning initiative in 2019/20
Chadderton Historical Society	(20)	20	0	Reserves to support Chadderton Historical Society
Warehouse to Wheels	(53)	53	0	To cover payments for LGV training, tests and medicals
Career Advancement Service	(81)	81	0	Career Advancement Service
Digital Enterprise Hub	(72)	72	0	Reserve utilised to cover costs at Hack/Wyra
Northern Roots	(555)	245	(310)	Supporting the initial costs for Northern roots
Emergency and External Events Reserve				
Emergency Incident, Threat or Hazard	(250)	70	(180)	Emergency repairs; Denshaw and St Paul's church

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
Fiscal Mitigation Reserve	(872)	25	(847)	To fund Pensions Auto Enrolment
Oldham Health Economy	(5,900)	5,900	0	As approved by Cabinet at its meeting of 16 December 2019, this use of reserves will support the Oldham Health Economy
Business Rates	(1,753)	1,619	(134)	Payment to Greater Manchester Combined Authority with regard to their share of the 100% Business Rate Retention Pilot Scheme for 2018/19
Directorate Reserve				
Catering Services IT	(25)	25	0	To fund implementation of a new IT system within the catering service
Mercury Emissions	0	(78)	(78)	Resources to support works around mercury abatement equipment in future years
Local Safeguarding Children's Board	(110)	90	(20)	To fund additional staffing resource to meet the Safeguarding Partnership Board's ambition
Highways System Replacement	(56)	16	(39)	To provide for revenue costs associated with the Tranman system
License Fees	(64)	35	(29)	To offset additional costs for 2019/20 within the Licensing service using funds generated in previous years
Ash die back and other related tree diseases	(50)	50	0	To fund additional costs incurred as a result of an increase in the number of trees across the borough with tree related diseases
Highways / Environmental Services	(283)	43	(240)	Annual payments to CAMEO to support the upgrade of cremators with mercury abatement equipment
Adult Social Care Reserve	(781)	465	(316)	To support pressures within the adults community care budgets and contractual obligations re pay awards within Miocare
Registrars Reserve	(15)	15	0	To create a storage room for data sensitive registration records in the cellar at Chadderton Town Hall
Legal Fees re CWD Team	(8)	8	0	Complaints for independent investigations
Lifecycle Costs				
Fleet Replacement Programme	(1,110)	30	(1,080)	To support future years vehicle maintenance in line with the Fleet Replacement programme
District Partnership Reserve				
District Partnership carry forwards	(733)	224	(509)	Reserve to be re-prioritised for priority Council initiatives
Sub Total	(23,121)	11,879	(11,242)	

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	
Waste Levy Refund 2019/20	0	(3,113)	(3,113)	This transfer to reserves relates to a refund of 2019/20 Waste Levy which will be received in year and which is proposed to be used to support the 2020/21 revenue budget
2019/20 Business Rates Pilot Scheme Gain	0	(1,413)	(1,413)	This transfer to reserves relates to GMCA Returned Resources for the GM 100% Business Rates Retention Pilot Scheme surplus and which is proposed to be used to support the 2020/21 revenue budget
Business Rates Retention Returned Funding	0	(1,300)	(1,300)	This transfer to reserves relates to additional resources made available during 2019/20 arising from benefits of the GM 100% Business Rates Retention Pilot Scheme and which is proposed to be used to support the 2020/21 revenue budget
Sub Total Balancing Budget Reserve	(8,818)	2,992	(5,826)	
Total Planned Use of Earmarked Reserves 2019/20	(31,939)	14,871	(17,068)	
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
SuDs funding	(82)	30	(52)	Use of reserve to fund works related to the Local Plan
Pocket Park Funding	(10)	10	0	To fund works at Lees Street in Shaw
High Street Clean Up Fund	(32)	32	0	To fund clean-up activities within communities in Oldham
GMCA Targeted - Children's Review	(500)	138	(362)	To support implementation costs of the GM Stockport family model
Tackling Troubled Families	(1,407)	130	(1,277)	Early help support towards delivery; tackling troubled families
Children's Social Care - National Assessment and Accreditation System	(118)	25	(93)	Implementation of the national assessment and accreditation system
Well North Growing Oldham Feeding Ambition funding	(438)	185	(253)	Supporting various feeding projects around the community in Oldham
Total Planned Use of Revenue Grant Reserves 2019/20	(2,745)	709	(2,036)	
Total Planned Use of Reserves 2019/20	(34,684)	15,580	(19,104)	

Appendix 2

FINANCING OF THE 2019/20 BUDGET AT MONTH 9

	£000	£000
Net Expenditure Budget		(229,067)
Financed by:		
Business Rates Top-up Grant	(40,653)	
Grants in Lieu of Business Rates	(10,503)	
Improved Better Care Fund Grant - Tranche 1	(8,150)	
Improved Better Care Fund Grant – Tranche 2	(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	(254)	
GMCA Mayoral Grant	(122)	
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	(39)	
Retail Discounts New Burdens Grant	(9)	
Brexit Preparation Funding Grant	(210)	
MHCLG Future High Streets Fund	(150)	
Opportunity Area Grant	(1,000)	
LASSAL and War Pensions Disregard Grant	(211)	
Business Rates Final Settlement	(217)	
Capital Grants	(3,420)	
Total Government Grant Funding		(74,786)
Council Tax Income - General	(85,677)	
Council Tax Income - Adult Social Care Precept	(6,691)	
Collection Fund Surplus	(2,269)	
Retained Business Rates	(50,826)	
Total Locally Generated Income		(145,463)
Total Grant and Income		(220,249)
Balance to be addressed by Use of Reserves		(8,818)
Total Financing		(229,067)