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Report to Cabinet



# Revenue Monitor and Capital Investment Programme 2017/18

## Quarter 3 - December 2017

**Portfolio Holder:**

Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance & Human Resources

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**Ext.** 4902

**26 March 2018**

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### Reason for Decision

The report provides Cabinet with an update on the Council's 2017/18 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 31 December 2017 (Quarter 3) together with the revised capital programme 2017/21, as outlined in section two of the report at Annex 2.

### Executive Summary

#### Revenue Position

The current forecast outturn position for 2017/18 is a projected favourable variance of £0.146m after allowing for approved and pending transfers to and from reserves.

The key issue to note is that there are two Portfolios which present the most significant areas of concern, Health and Wellbeing and Economy, Skills and Neighbourhoods. An update on the major issues driving the projections within these Portfolios are detailed within Annex 1, paragraphs 2.7.11 to 2.7.30.

Action is being taken and will continue for the remainder of the financial year to address variances and take mitigating action as detailed in the report.

The overall corporate position is being managed by offsetting favourable variances, most noticeably from capital, treasury and corporate accounting budgets, in part caused by the anticipated cost of borrowing and capital financing being lower than budgeted.

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Information on the Quarter 3 position of the Dedicated Schools Grant, Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are no significant issues of concern in these areas at this time.

### **Capital Position**

The report outlines the most up to date capital spending position for 2017/21 after approved new schemes and variations. The revised capital programme budget is £25.490m at the close of Quarter 3, a net decrease of £10.393m from the revised budget at month 8 of £35.882m. Actual expenditure to 31 December 2017 was £17.416m (68.15% 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.

### **Recommendations**

That Cabinet approves the:

1. Forecast revenue outturn for 2017/18 at Quarter 3 being a £0.146m under spend
2. Forecast positions for both the HRA and Collection Fund
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2017/2021 as at Quarter 3.

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**Revenue Monitor and Capital Investment Programme 2017/18 Quarter 3 – December 2017****1 Background**

- 1.1 The Authority's 2017/18 revenue budget and capital programme was approved by Council on 1 March 2017. 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 2017 together with commitments and known issues. As the year progresses the outturn projections reflect the evolving position of 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 2017/18 is a favourable variance of £0.146m. Further details of the current revenue budget position and a full description of this forecast can be found in Annex 1.
- 2.2 The original approved capital programme for 2017/18 totalled £69.783m. The revised capital programme as at Quarter 3 taking account of approved carry forwards, approved new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £25.490m, compared to £35.882m at month 8. Actual expenditure at Quarter 3 was £17.416m (68.15% of forecast outturn), this has increased to £20.331m as at 15 March 2018. 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
  - 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 the services within the Council and the Director of Finance.

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## **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 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. Ongoing 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.

## **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.

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## 17 Key Decision

17.1 Yes

## 18 Key Decision Reference

18.1 CFHR-07-17

## 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 Appendix A

Officer Name: Lee Walsh

Contact No: 0161 770 6608

## 20 Appendices

**Annex 1 Revenue Budget Monitoring Report 2017/18 Quarter 3 - December 2017**

Appendix 1 Quarter 3- Planned Transfers to/ from Reserves

Appendix 2 Financing of the 2017/18 Budget at Quarter 3

**Annex 2 Capital Investment Programme 2017/18 Quarter 3 - December 2017**

Appendix A Expenditure and matching funding streams to be realigned at 31 December 2017