

REVENUE BUDGET MONITORING REPORT 2018/19

Quarter 1 - June 2018

1 Background

- 1.1 The Authority's 2018/19 revenue budget was approved by Council on 28 February 2018 at a sum of £216.921m after £6.686m of budget reductions and £7.264m use of reserves. Under established budget procedures all services are required to monitor and review their approved budgets during the financial year.
- 1.2 As part of the budget monitoring 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 £217.928m represents a £1.007m increase in the originally approved budget. Additional Government grants totalling £1.017m have been received since the budget was approved, the most significant of which was £0.725m of Opportunity Area Grant which is intended to improve social mobility for children and young people in deprived areas. Conversely grant funding to support the implementation of Universal Credit has reduced by £0.010m. A more significant reduction of £0.928m follows a clawback of funding relating to an error by the Ministry of Housing, Communities and Local Government (MHCLG) when calculating grant due to Authorities, including Oldham, who are piloting the 100% Business Rates Retention initiative (see 2.2 and 2.3 below for more detail). As a consequence there is an anticipated increase in the use of reserves to balance the budget.

Table 1 – Changes to Funding

	£000
Additional Government Grant	
Opportunity Area Grant	725
School Improvement and Brokerage Grant	104
SEND Regional Co-ordinator Grant	24
Property Searches New Burdens	24
Transition to Universal Credit Housing	23
Personal Advisor support for care leavers	11
Staying Put Grant	62
Capital Grants	44
Total Additional Government Grants	1,017
Reduction in Government Grants	
Universal Credit Grant	(10)
100% Business Rates Retention: Overpayment of Section 31 grants	(928)
Total Reduction in Government Grants	(938)
Net Changes to Government Grants	79
Use of Reserves	928
Overall Funding Change	1,007

2.2 On 20 March 2018 the Secretary of State announced that an “historic error” had been made in the way that Section 31 grants in lieu of Business Rates had been calculated to compensate all 100% Rates Retention pilot scheme areas in 2017/18 and 2018/19 for adjustments to the Business Rates Multiplier Cap. As a consequence, the Council was notified that Section 31 grant:

- a) For 2017/18 had been overpaid by a sum of £0.718m, but given that it was so near the year end, that grant would not be clawed back
- b) For 2018/19 had been over assessed by £0.928m and that this was therefore not to be paid.

Lobbying for reinstatement of the 2018/19 funding has been undertaken individually and collectively by the Greater Manchester Authorities. This has not proved successful. This is extremely disappointing as the error was made by the Government and the notification was received after each Council had set its 2018/19 budget and agreed spending plans for the year. The cumulative 2018/19 impact across the 10 GM Councils is £10.419m.

2.3 In order to maintain the 2018/19 budget at the agreed level without offsetting savings, the recommended approach is that General Fund reserves of £0.928m are used to address the shortfall in 2018/19. Given that benefits from the Business Rates Retention Pilot are initially held in reserves and that benefits are shared with the GMCA, the shortfall will be covered by reduced pilot scheme gains for the GMCA (£0.464m) and the Council (£0.464m). However, the full pressure of £0.928m will be reflected in the budget estimates for 2019/20 onwards.

2.4 It is important to note that the reporting and governance structure of the Council has been revised for 2018/19 with the re-allocation of services previously contained within the Health and Wellbeing Portfolio. Adult Social Care is now a stand-alone Portfolio; Health and Adult Social Care Community Services. Children’s Social Care and Community Services are now incorporated within People and Place, formerly the Economy, Skills and Neighbourhoods Portfolio. Public Health (including Heritage Libraries and Arts and Leisure and Youth Services) form the basis of the newly created Reform portfolio, which also now includes Policy (transferred from Corporate and Commercial Services) and Executive Support (transferred from Chief Executive). The budget and forecast outturn is presented in this new format and is therefore not directly comparable with previous years.

Table 2 - Summary Forecast Revenue Outturn

Portfolio	Budget	Forecast	In Year Use of Reserves	Variance Quarter 1
	£000	£000	£000	£000
Chief Executive	2,340	2,341	-	1
Corporate and Commercial Services	6,966	7,212	(395)	(149)
People and Place	132,637	138,376	(850)	4,889
Health and Adult Social Care Community Services	57,398	58,151	(754)	(0)
Reform	30,044	30,095	(100)	(49)
Capital, Treasury and Corporate Accounting	(11,457)	(16,248)	-	(4,791)
NET EXPENDITURE	217,928	219,927	(2,099)	(100)
FINANCED BY:	(217,928)	(217,000)	(928)	-
NET FORECAST VARIANCE	-	2,927	(3,027)	(100)

- 2.5 The forecast outturn to the end of the year, after the use of reserves totalling £3.027m, is an under spend of £0.100m. A detailed list of the approved and planned use of reserves at Quarter 1 can be found at Appendix 1. The funding of the total net revenue expenditure is shown at Appendix 2. Whilst corporately, there is a small projected under spend at the end of the financial year there are significant variances contained within the forecast net position.
- 2.6 The People and Place Portfolio has a reported pressure of £4.889m, largely attributable to Children’s Social Care (£4.144m), in the main due to the continued rise in the numbers of looked after children and out of borough placements; being a continuation of the pressures consistently reported throughout 2017/18 and despite significant investment for 2018/19.
- 2.7 Also within People and Place there is an estimated overspend of £0.508m within Economic Development, mainly due to pressures within the Catering and Cleaning Service and a further £0.175m within Education and Early Years, linked to the provision of Home to School Transport. Once again this is a continuation of the position reported in 2017/18.
- 2.8 The overspend is offset by favourable variances in Corporate and Commercial Services (£0.149m), Reform (£0.049m) and most significantly Capital Treasury and Corporate Accounting (£4.791m). Lower than anticipated costs for borrowing and capital financing, increased treasury management income and a number of un-ring-fenced grants which have not been allocated to services underpin this underspend. A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.9 All the 2018/19 budget options in the sum of £6.686m plus a further £0.176m brought forward are forecast to be fully achieved and are currently rated green or amber within the Budget Reduction Monitoring process.

2.10 Portfolio Summaries

Chief Executive

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

Table 3 - Chief Executive - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,340	2,341	-	1
Total Forecast Net Expenditure	2,340	2,341	-	1

Summary

- 2.10.2 The forecast outturn at Quarter 1 is showing a broadly balanced budget, with no major issues to report.
- 2.10.3 The 2018/19 budget reductions for the Chief Executives portfolio of £0.290m are forecast to be fully achieved.

Corporate and Commercial Services

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

Table 4 – Corporate and Commercial Services - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
People	192	376	(155)	29
Finance	6,303	6,232	-	(71)
Legal Services	477	353	-	(124)
Commercial and Transformation Services	(6)	251	(240)	17
Total Forecast Net Expenditure	6,966	7,212	(395)	(149)

Summary

2.10.5 The forecast outturn at Quarter 1 is an under spend of £0.149m.

People

2.10.6 The Directorate has a small projected over spend of £0.029m.

Finance

2.10.7 The Directorate has a projected under spend of £0.071m which relates to vacant posts within the Audit and Finance services.

Legal Services

2.10.8 The Directorate has a projected under spend of £0.124m. This is due to underspends on vacant posts in the areas of Civic and Political Support and Constitutional Services.

Commercial and Transformational Services

2.10.9 The Directorate is showing an over spend of £0.017m at quarter 1. There are some cost pressures mostly being offset by vacant posts within the ICT Client Team.

2.10.10 The Budget Reductions for the Corporate and Commercial Services Portfolio in 2018/19 are £5.270m and they are forecast to be achieved. The budget reduction proposal CCS-PSV-135; review of joint ventures £1.400m is forecast at quarter 1 to be delivered. It should be noted however, that work will be ongoing during 2018/19 financial year to identify savings opportunities following the acquisition of The Unity Partnership Limited. Regular updates will be provided to the Deputy Chief Executive Corporate and Commercial Services.

People and Place

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

Table 5 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	34,004	38,153	(5)	4,144
Community Services	4,867	4,881	(15)	(1)
Economic Development	8,942	10,030	(580)	508
Education and Early Years	16,843	17,268	(250)	175
Enterprise and Skills	2,651	2,651	-	0
Environmental Services	65,330	65,393	-	63
Total Forecast Net Expenditure	132,637	138,376	(850)	4,889

Summary

2.10.12 The forecast outturn at Quarter 1 is an over spend of £4.889m, the main areas on which to report are explained in the following paragraphs.

Children's Social Care

2.10.13 The Directorate has a projected overspend of £4.144m after the application of £0.005m of Reserves. The principal factors are detailed below.

- Children in Care is reporting an over spend of £3.803m which is largely due to the continued rise in the numbers of looked after children and Out of Borough Placements. There are also reported overspends relating to the increase in the number of children with disabilities requesting personal budgets and the number of care leavers living in supported accommodation. The Children's Residential Units are also reporting an adverse staffing variance. No provision has been made for the HMRC judgement on sleep-in payments which, as previously reported had a potential impact on both Adults and Children's Social Care. The recent favourable Court of Appeal judgement would seem to reduce the risk of cost in this area, although a legal challenge has now been lodged.
- Fieldwork & Family Support is reporting an over spend of £0.328m due to assistance given to No Recourse to Public Fund families and financial assistance payments to families. There is also an adverse variance on legal costs. The number of agency social workers is a cause for concern. If there is no reduction in the number of agency workers, the forecast over spend could increase significantly.
- Children's Safeguarding is reporting an over spend of £0.013m an after the application of £0.005m of reserves to support complaint investigations.

The over spend is primarily arising as a result of travel and subsistence payments to staff.

Economic Development

2.10.14 The Directorate has a projected over spend of £0.508m. The principal factors are detailed below.

- There is a reported pressure of £0.115m for the Property Workplan based on historic levels of activity, however, this will be kept under review as the relationship with the strategic partner develops over the year. Other minor variances bring the overall Corporate Landlord pressure of £0.158m
- An overall balanced position is being projected for Regeneration. However, there are pressures in relation to an underachievement of staff capitalisation costs, and recoupment of professional fees (£0.293m). Costs can only be capitalised if officers are carrying project management duties on a capital scheme past investment decision. There are currently no regeneration schemes expected to progress through to this stage over the financial year. This is offset by vacancies and additional income from strategic acquisitions within the town centre and rent rebates. These are one off for this financial year. Reserves of £0.580m have been applied to anticipated revenue spending of £0.580m on regeneration initiatives.
- The Catering and Cleaning services have forecast an over spend of £0.350m. The overspend is due to staffing, mainly as a result of the implementation of the Oldham Living Wage which has increased by more than the corresponding increases in charges. The Catering service is looking to make efficiencies by improving processes with potentially the implementation of IT equipment to order and record the number of meals. There are also a range of management actions under consideration to bring the budget in line. As these measures are approved and implemented, they will be incorporated into the forecasts.

Education and Early Years

2.10.15 The Directorate has a projected over spend of £0.175m due to continuing demand pressures within the Home to School transportation service. The current routes will be re-procured for the 2018/19 academic year but the position will be kept under review in order to minimise any adverse variance. Additionally there will be a review of the Home to School transport policy. A sum of £0.250m of reserves has been applied to support an anticipated spend of £0.250m on initiatives relating to the Oldham Education and Skills Commission.

Environmental Services

2.10.16 The Directorate has a projected adverse variance of £0.063m primarily as a result of overspends being forecast on planning and building control areas due to a reduction in the overall levels of income being received against the set budget. Income levels in Planning and Building Control continue to reflect the overall challenging economic climate.

2.10.17 The 2018/19 budget reductions for the People and Place portfolio of £0.296m are forecast to be fully achieved.

Health and Adult Social Care Community Services

2.10.18 The newly formed 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.

2.10.19 The table below shows the forecast Directorate position with a planned use of reserves totalling £754k.

Table 6 – Health and Adult Social Care Community Services- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care Support	90	90	-	-
Client Support Services	1,498	1,484	-	(14)
Commissioning	18,021	17,949	-	(72)
Director Adult Social Care	(8,798)	(8,044)	(754)	0
Learning Disability and Mental Health	21,435	21,482	-	47
Older People and Safeguarding Services	25,151	25,190	-	39
Total Forecast Net Expenditure	57,398	58,151	(754)	(0)

Summary

2.10.20 The forecast outturn at Quarter 1 is showing a balanced budget for the portfolio.

Client Support Services

2.10.21 The service is projecting to underspend by £0.014m as a result of additional income generated from Court of Protection charges

Commissioning

2.10.22 The service is reporting an underspend of £0.072m from posts that have remained vacant. This is due to delays in the recruitment process following a service re-design.

Director of Adult Social Care

2.10.23 The Service is showing a balanced outturn incorporating a planned transfer of reserves back to the Oldham Clinical Commissioning Group of £754k.

Learning Disability and Mental Health

2.10.24 The services are forecasting a combined overspend for the year of £0.047m. An increase in the complexity of care has resulted in an overall overspend of £0.166m in Learning Disability (LD) and £0.160m in Mental Health for care provided in Supported Living over and above the core fee. Mental Health costs have also increased in

residential care by £0.196m and nursing care by £0.128m as a result of national minimum wage uplifts. Social workers have proven difficult to recruit to and due to delays in filling posts a saving of £0.213m will be realised. An upturn in the number of clients eligible for Continuing Health Care has resulted in additional income from the Clinical Commissioning Group of £0.187m and non-residential income recovery from clients within LD is set to overachieve by £0.203m.

Older People and Safeguarding

- 2.10.25 The service is projecting to overspend by £0.039m. Physical Support care management is expected to overspend by £0.871m mainly due to increases in the complexity of care packages for people receiving care at home. Sensory Support care management is projected to underspend by £0.323m due to a reduction in people in residential care and supported living. There are a number of social worker posts that have remained vacant throughout the first quarter that offset the pressure in care management by £0.095m and income is expected to overachieve by £0.414m due to resident contributions to residential and nursing care which are set to exceed initial prudent budgetary expectations.
- 2.10.26 The recent Court of Appeal judgement in relation to the application of the National Minimum Wage to sleep-in payments would seem to appear favourable and reduce the risk of additional cost in this area. A legal challenge has now been lodged there is therefore still a degree of uncertainty and risk. No provision has currently been made within the forecast.
- 2.10.27 The Budget Reductions for the Health and Adult Social Care Community Services Portfolio in 2018/19 are £0.150m with an additional £0.176m approved in 2017/18 carried forward into the current financial year; all of which are forecast to be fully achieved

Progress against Locality Plans

- 2.10.28 A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the Council and Oldham Clinical Commissioning Group (CCG) vision 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.
- 2.10.29 The financial performance against the latest version of the 2018/19 Locality Plan is highlighted below in the table below;

Table 7 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Health and Adult Social Care Community Services	57,240	57,240	-
Public Health	11,410	11,410	-
Children and Families	36,557	40,701	4,144
Total	105,207	109,351	4,144

2.10.30 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 Children's Social Care (section 2.10.13), Health and Adult Social Care Community Services (sections 2.10.18 to 2.10.27) and Public Health (section 2.10.33).

Reform

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

Table 8 – Reform – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Executive Support	(0)	(72)	-	(72)
Heritage, Libraries and Arts	7,205	7,205	-	-
Leisure and Youth Services Client	4,990	5,013	-	23
Policy	(1)	(1)	-	0
Public Health (Client and Delivery)	17,850	17,950	(100)	(0)
Total Forecast Net Expenditure	30,044	30,095	(100)	(49)

2.10.32 The forecast outturn at Quarter 1 is an under spend of £0.049m. The paragraphs below outline the main movements within the portfolio.

2.10.33 Executive Support is showing an under spend of £0.072m relating to staffing vacancies.

2.10.34 Leisure and Youth is showing an over spend of £0.023m. A delay in implementing the Youth delivery savings is creating an initial pressure of £0.034m which it is anticipated will be managed as the year progresses. Additional transport costs at the Outdoor Education Centre (£0.013m) are offset by an under spend on professional fees within Integrated & Targeted Youth and additional income from the Opportunity Area Fund together totalling £0.024m.

2.10.35 Public Health is showing a balanced outturn, this after a £0.100m (provisional) drawdown from the Public Health reserve. There is a potential future financial liability arising from vacating NHS premises and relocating Health Visitors and School Nurses in health centres across Oldham for the 0-5 Right Start Model. Provision for additional cost has not been included within the forecast at Quarter 1. Discussions

are on-going as this issue impacts on the local health economy across the Council and the CCG. Any key issues will be included in future financial monitoring reports.

2.10.36 The Budget Reductions for the Reform Portfolio in 2018/19 are £0.680m and forecast to be fully achieved.

Capital, Treasury and Corporate Accounting

2.10.37 The following table shows the forecast position. There is no approved or planned use of reserves.

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

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	(11,457)	(16,249)	-	(4,791)
Total Forecast Net Expenditure	(11,457)	(16,249)	-	(4,791)

2.10.38 The forecast outturn at Quarter 1 is an under spend of £4.791m. This budget includes the income and expenditure from the Council's investments and borrowing as well as capital financing costs.

2.10.39 The underspend reported is largely due to the anticipated costs for borrowing and capital financing being lower than the prudent amount that was originally budgeted for, increased income from treasury management activities and a number of un-ring-fenced grants which have been held centrally and so underpin the budget. This includes the £0.701m Government grant received late in the budget process which has been held for Social Care.

2.10.40 Sign up for the voluntary annual leave purchase scheme is currently not sufficient to achieve the target included within the 2018/19 budget which is held within this portfolio. At Quarter 1, the forecast adverse variance with regard to this scheme is £0.502m. This will continue to be monitored throughout the financial year with any future year impacts analysed and reported accordingly.

Schools

2.10.41 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.

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

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

- 2.10.43 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 at Kingsland.
 - High cost of external placements

As a consequence, the movement of funds between the Schools Block and High Needs Blocks was agreed for 2018/19 with Schools Forum approving a 0.5% movement on 29 November 2017 and that a request be made to the Secretary of State for Education to allow a further 0.5% movement. This was finally agreed on 9 February 2018. Therefore funding of £1.878m or 1% was transferred from the Schools to the High Needs block.

- 2.10.44 Despite the support from the Schools block in 2018/19, the High Needs Block in Oldham is still expected to have an in-year deficit of £0.468m. This contributes to a cumulative deficit forecast to be £8.443m at 31 March 2019 which is offset by cumulative virements and savings from the Schools and Early Years blocks to leave a net deficit of £2.523m (as illustrated below). This in turn is a significant element of the overall deficit on the DSG.

Table 10 – DSG- High Needs Block

	£m
Original Budget Allocation	30.925
Budget Changes	(0.118)
Contribution from Schools Block (Schools Forum/ Secretary of State approval)	1.878
2018/19 Total Budget Available	32.685
Estimated Expenditure	(33.153)
Projected in Year Deficit	(0.468)
Deficit Brought Forward 01/04/2018	(7.975)
Cumulative Deficit	(8.443)
Offset by;	
Virement from Schools Block- 2016/17 & 2017/18	2.768
Savings in Schools and Early Years Block- 2015/16, 16/17 & 17/18	3.152
Projected Deficit 31/03/2019	(2.523)

Overall DSG Position

- 2.10.45 The cumulative deficit on the DSG is presented in the table below. At the start of 2018/19 it was £3.031m of which £2.055m was attributable to the High Needs block.

The year-end forecast position for the DSG for 2018/19 is a cumulative deficit of £3.629m, the increase being mostly attributable to further pressures in High Needs. There may be some further requirements for additional schools funding from the DSG in 2018/19. The possible additional pressures that are known and may need to be addressed are £0.234m. If these pressures are realised, then the deficit will increase still further.

Table 11- Overall DSG Position

Reason for the Deficit	£m
Deficit High Needs Block 2015-16 to 2017-18	(2.055)
Deficit Early Years Block 2015-16 to 2017-18	(0.976)
Cumulative Deficit 2017/18 as above	(3.031)
Other Changes including pressures in High Needs Funding	(0.598)
Projected Cumulative Deficit 2018/19	(3.629)

2.10.46 There is a requirement that the DSG is brought back into balance as soon as possible and Authority officers are currently working on a DSG financial recovery plan which has been outlined to Schools Forum. The detailed actions and progress will be the subject of reports to future meetings of Schools Forum and Council Members. The main points in the action plan include reviews of:

- Special school budgets
- Resourced provision
- The pupil referral unit – Kingsland
- Top ups for high needs pupils in mainstream schools

Consultation on action required will take place with the Schools Forum via a series of workshops. Any impact on school budgets from September 2018 will be agreed with the Schools Forum.

Housing Revenue Account (HRA)

2.10.47 Table 12 compares the initially approved position to the current estimated outturn. The actual closing balance for 2017/18 at £20.162m was £0.575m better than the estimate of £19.587m. The original HRA forecast was for an in-year decrease in balances of £0.717m, the revised forecast is for an increase of £0.344m, a favourable movement of £1.061m. The overall, significant favourable variance (£1.636m) is attributable to slippage on a major capital project to which the HRA is contributing now being scheduled to finish in 2019/20 rather than 2018/19.

Table 12- Housing Revenue Account Forecast Position

Housing Revenue Account	Original Budget £k	Revised Budget £k	Variance £k
Balance Brought Forward	(19.587)	(20.162)	(0.575)
In Year Deficit/ Surplus	0.717	(0.344)	(1.061)
Balance Carried Forward	(18.870)	(20.506)	(1.636)

Collection Fund

2.10.48 The tables below shows the forecast outturn position for the Collection Fund and the share of balances of the forecast position.

Table 13 Collection Fund Forecast Position

Collection Fund Balance	Council Tax	NDR	Total
	£000	£000	£000
Balance Brought Forward	(1,976)	1,342	(634)
Receipt from CG – Deficit 2016/17	-	(1,323)	(1,323)
(Surplus)/ Deficit for the Year	496	187	683
Balance Carried Forward	(1,480)	206	(1,274)

Table 14 Collection Fund – Share of Forecast Position

Share- Oldham Council	(1,282)	204	(1,078)
Share- Greater Manchester Combined Authority (Police and Crime Commissioner)	(143)	-	(143)
Share- Greater Manchester Combined Authority (Fire and Rescue Services)	(55)	2	(53)
Total (Surplus) / Deficit	(1,480)	206	(1,274)

2.10.49 The increasing prominence of Council Tax and Business Rates in helping fund Council services means that the Collection Fund financial position is subject to constant review. A forecast in-year deficit of £0.683m means that the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a projected surplus of £1.274m of which the share for the Council is a favourable £1.078m.

2.10.50 The Greater Manchester Combined Authority Area continues to pilot 100% Business Rates Retention. The pilot was first implemented on 1 April 2017. The purpose of the pilot is to develop and trial approaches to manage risk and reward in a Local Government finance system that includes the full devolution of Business Rates revenues. It is hoped the new system will provide a stable funding stream whilst incentivising economic growth. Whilst the pilot is in place, a no detriment policy is in operation under which the Government guarantees that the Council can be no worse off than it would have been if it was not in the pilot area.

2.10.51 The current Collection Fund forecast is such that it is anticipated that the Council will look to release approximately £1.200m of Council Tax surpluses. This will increase the Council's available resources, as part of the 2019/20 budget planning process, by approximately £1m.

3 Use of Reserves

3.1 The total planned use of reserves at quarter 1 is £3.027m (detailed at Appendix 1), Members are reminded that this is in addition to the utilisation of £7.264m of reserves that were applied in setting the initial 2018/19 budget, £10.291m in total.

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. The reserve is then drawn down against the initial approval as expenditure is incurred. It is currently forecast that total reserve usage in year may increase to £18.765m. It is therefore anticipated that the net use of reserves will continue to change up to the year end.

4 Conclusion

4.1 Whilst the current projected position, after adjustment for reserves, is an overall corporate under spend, the forecast over spending within People and Place remains a cause for concern. Action is being taken to manage 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.

4.2 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 2018/19 in year position will be factored into financial planning estimates for 2019/20 and future years as appropriate.