

Revenue Monitor and Capital Investment Programme 2018/19

Month 9 – December 2018

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

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Reason for Decision

The report provides Cabinet with an update on the Council's 2018/19 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 31 December 2018 (Quarter 3) (inclusive of subsequent developments) together with the revised capital programme 2018/23, as outlined in section two of the report at Annex 2.

Executive Summary

Revenue Position

The current forecast outturn position for 2018/19 is a projected favourable variance of £0.255m after allowing for approved and pending transfers to and from reserves.

The most significant area of concern is the People and Place Portfolio. An update on the major issues driving the projections within this Portfolio are detailed within Annex 1, paragraphs 2.8.11 to 2.8.19.

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 and the availability of additional Treasury Management income and unringfenced grants not allocated to service budgets.

Information on the Quarter 3 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are no significant issues of concern in relation to the HRA and Collection Fund, however, the DSG

continues to be an area which is facing a financial challenge with a significant projected year end deficit. 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 2018/23 for approved schemes. The 2018/19 capital programme budget has been revised to £48.267m at the close of Month 9, a net decrease of £41.391m from the original budget of £89.658 and a decrease of £0.685m from the £48.952m reported at Month 8. Due to the timing of this report it has been possible to report the position at the end of Quarter 3 and also the current position, based on most up to date information. Actual expenditure to 31 December 2018 was £36.507m (75.64% of forecast outturn) compared to actual expenditure of £41.610m as at 28 February 2019; equating to 86.21% of the forecast outturn.

Recommendations

That Cabinet approves the:

1. Forecast revenue outturn for 2018/19 at Quarter 3 being a £0.255m under spend
2. Forecast positions for the HRA, Collection Fund and the DSG
3. Contributions to, from and use of ear marked reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2018/19 to the extended period of 2022/23, as at Quarter 3.

Revenue Monitor and Capital Investment Programme 2018/19 Quarter 3 – December 2018**1 Background**

- 1.1 The Authority's 2018/19 revenue budget and capital programme was approved by Council on 28 February 2018. 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 was approved at Cabinet on 11 February 2019 and was used to inform the budget setting process for 2019/20.
- 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 2018 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 2018/19 is a favourable variance of £0.255m. 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 2018/19 totalled £89.658m. 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 £48.267m. Actual expenditure at the end of Quarter 3 was £36.507m (75.64% of the forecast outturn), this has increased to £41.610m as at 28 February 2019 (86.21% 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
 - 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.

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.

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCR - 10 - 18

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 - G

Officer Name: Lee Walsh

Contact No: 0161 770 6608

20 Appendices

Annex 1 Revenue Budget Monitoring Report 2018/19 Quarter 3 - December 2018

Appendix 1 Quarter 3 - Planned Transfers from and to Ear Marked Reserves (Month 8 to Quarter 3)

Appendix 2 Financing of the 2018/19 Revenue Budget at Quarter 3

Annex 2 Capital Investment Programme Report 2018/19 Quarter 3 - December 2018

Appendix A - Summary – Corporate and Commercial Services – Quarter 3

Appendix B - Summary – People and Place – Quarter 3

Appendix C - Summary – Health & Adult Social Care Community Services – Quarter 3

Appendix D - Summary – Reform – Quarter 3

Appendix E - Summary – Housing Revenue Account (HRA) – Quarter 3

Appendix F - Summary – Funds Yet To Be Allocated – Quarter 3