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# Report to OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE FOR MONEY SELECT COMMITTEE



## Review of Financial Performance - Quarter 2: Revenue Monitor and Capital Investment Programme 2019/20

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

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**Ext.** 4902

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### Reason for Decision

The report provides the Select Committee with an update on the Council's 2019/20 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 September 2019 (quarter 2) together with the revised capital programme 2019/23, as outlined in section two of the report at Annex 2.

### Executive Summary

#### Revenue Position

The current forecast outturn position for 2019/20 is a projected deficit variance of £1.625m compared to £3.805m at quarter 1, this is after allowing for approved and pending transfers to and from reserves.

The most significant areas of concern are the People and Place, Children's Services and Community Services & Adult Social Care portfolios. 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, to a limited extent being managed by offsetting favourable variances, most noticeably from Capital, Treasury and Corporate Accounting budgets. An update on the major issues driving the projections are detailed within Annex 1, paragraphs 2.13.1 to 2.13.46.

As this financial monitoring report reflects the financial position at Quarter 2, it can be regarded as a warning of the potential year end position if no corrective action is taken.

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However, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. Progress is being made and this is demonstrated in the position being reported at quarter 2. Clearly further work needs to be done, if as anticipated, the outturn is to be closer to a balanced position by the end of the financial year.

Information on the Quarter 2 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are currently no significant issues of concern in relation to the HRA, however the Collection Fund, whilst forecasting an in-year deficit of £195k, remains in a cumulative surplus position. The DSG, continues to be an area which is facing a financial challenge with a projected deficit increase in 2019/20. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. Section 2.13.54 provides an update on new funding that will be received in future years

### **Capital Position**

The report outlines the most up to date capital spending position for 2019/23 for approved schemes. The revised capital programme budget is £65.052m at the close of Quarter 2, a net decrease of £19.280m from the original budget of £84.332m. Actual expenditure to 30 September 2019 was £25.590m (39.34% of the 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 Committee is invited to consider and discuss:

1. The Revenue Budget Monitoring Report 2019/20 Quarter 2 - September 2019 and associated appendices (Annex 1)
2. The Capital Investment Programme Report 2019/20 Quarter 2 - September 2019 and associated appendices (Annex 2)

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**Revenue Monitor and Capital Investment Programme 2019/20 Quarter 2 – September 2019****1 Background**

- 1.1 The Authority's 2019/20 revenue budget and capital programme was approved by Council on 27 February 2019. Under established budget procedures, all services are required to monitor and review their approved revenue and capital budgets during the financial year. This is reported to Cabinet and subsequently to the Select Committee 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 30 September 2019 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 2019/20 is an adverse variance of £1.625m (£3.805m at quarter 1). Further details of the current revenue budget position and a full description of this forecast can be found in Annex 1.
- 2.2 The projected adverse variance is of concern and as a result management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. It is evident that the position has improved but more still needs to be done throughout the organisation to move even closer towards achieving a balanced outturn with the minimum use of reserves.
- 2.3 The effectiveness of this action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. It is therefore anticipated that by the year end, the outturn position will be closer to a balanced position. In addition, as outlined in the Budget Report for 2019/20, the Council has prudently set aside a number of specific reserves to support the pressures that might be experienced during the year. These can be applied if required later in the financial year.
- 2.4 The original approved capital programme for 2019/20 totalled £84.332m. The revised capital programme as at Quarter 2 taking account of approved carry forwards, approved new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £65.052m. Actual expenditure at Quarter 2 was £25.590m (39.34% 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 Options are not presented as the report is intended to prompt discussion and debate among Committee colleagues.

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## **4 Consultation**

4.1 Consultation with the services within the Council and the Director of Finance.

## **5 Financial Implications**

5.1 The full financial implications are detailed in the report.

## **6 Legal Services Comments**

6.1 There are no legal issues at this time.

## **7 Co-operative Agenda**

7.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the co-operative ethos of the Council.

7.2 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.

## **8 Human Resources Comments**

18.1 There are no Human Resource implications.

## **9 Risk Assessments**

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

## **10 IT Implications**

10.1 There are no IT implications.

## **11 Property Implications**

11.1 There are no Property implications.

## **12 Procurement Implications**

12.1 There are no Procurement implications.

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

13.1 There are no Environmental and Health and Safety implications.

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

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

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## 15 Equality Impact Assessment Completed

15.1 Not Applicable.

## 16 Background Papers

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

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

Officer Name: Andy Cooper

Contact No: 0161 770 4925

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

Officer Name: Lee Walsh

Contact No: 0161 770 6608

## 17 Appendices

### **Annex 1 Revenue Budget Monitoring Report 2019/20 Quarter 2 - September 2019**

Appendix 1 Quarter 2 - Planned Transfers to / from Reserves

Appendix 2 Financing of the 2019/20 Budget at Quarter 2

### **Annex 2 Capital Investment Programme Report 2019/20 Quarter 2 – September 2019**

Appendix A - SUMMARY – Quarter 2 – Corporate Services

Appendix B - SUMMARY – Quarter 2 - Children's Services

Appendix C - SUMMARY – Quarter 2 - Community Services & Adult Social Care

Appendix D - SUMMARY – Quarter 2 - Housing Revenue Account (HRA)

Appendix E - SUMMARY – Quarter 2 - People and Place

Appendix F - SUMMARY – Quarter 2 - Reform

Appendix G - SUMMARY – Quarter 2 - Proposed Variations

## REVENUE BUDGET MONITORING REPORT 2019/20

### Quarter 2 - September 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 quarter 2 together with known commitments, issues and planned management actions.

#### 2 Current Position

2.1 The current budget of £227.007m represents a £2.895m increase in the originally approved budget as a result of receiving a number of additional, un-ringfenced grants as shown in the table below. A full funding analysis of net revenue expenditure is shown at Appendix 2.

**Table 1 – Changes to Funding**

<b>Additional Government Grants</b>	<b>£000</b>
Extended Rights to Free Travel	36
Staying Put Grant	63
Extended Personal Advisor Duty Implementation Grant	21
Verify Pensions Earnings Service	39
Retail Discounts New Burdens	9
Brexit Preparation Funding Grant	105
Capital Grants	2,622
<b>Total Additional Government Grants</b>	<b>2,895</b>

2.2 The information in the report has been reconfigured to align to the new 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 new format in the table below.

**Table 2 - Summary Forecast Revenue Outturn**

Portfolio	Budget £000	Forecast £000	In Year Use of Reserves £000	Variance Quarter 2 £000	Variance Quarter 1 £000
People and Place	61,032	64,625	(1,381)	2,212	2,273
Community Services and Adult Social Care	59,399	61,200	(781)	1,020	1,804
Children's Services	41,660	44,096	(1,069)	1,367	1,585
Reform	32,099	32,875	(856)	(81)	(37)
Commissioning	9,962	11,809	(1,719)	128	142
Chief Executive	7,673	7,417	(15)	(271)	(154)
Capital, Treasury and Corporate Accounting	15,183	12,433	-	(2,749)	(1,809)
<b>NET EXPENDITURE</b>	<b>227,007</b>	<b>234,454</b>	<b>(5,820)</b>	<b>1,625</b>	<b>3,805</b>
<b>FINANCED BY:</b>	<b>(227,007)</b>	<b>(227,007)</b>		-	-
<b>NET FORECAST VARIANCE</b>	<b>-</b>	<b>7,447</b>	<b>(5,820)</b>	<b>1,625</b>	<b>3,805</b>

- 2.3 The forecast outturn to the end of the year, after a predicted in-year use of reserves totalling £5.820m (£3.215m at quarter 1), is an adverse variance of £1.625m (£3.805m at quarter 1). A detailed list of the approved and planned use of reserves at quarter 2 can be found at Appendix 1. There are significant variances contained within the projected net overspend as summarised below.
- 2.4 The People and Place Portfolio has a reported pressure of £2.212m. Economic Development is reporting an overspend of £1.728m (£1.496m at quarter 1) across Catering and Cleaning, Estates and Planning and Infrastructure. The small adverse variance in Enterprise and Skills remains virtually unchanged at £0.097m. There is a further adverse variance of £0.525m 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 (£0.225m). The pressures are offset by a forecast underspend of £0.138m (£0.056m overspend at quarter 1) in Environmental Services.
- 2.5 Community Services and Adult Social Care is reporting an overspend of £1.020m (£1.804m at quarter 1), predominantly linked to the rising cost and demand for Community Care, offset by the Council receiving confirmation of an inflationary uplift to the Better Care Fund of 5.8% worth £0.627m.
- 2.6 There are significant pressures within both the main service areas that constitute Children's Services. Education and Early Years; a £1.246m overspend after the application of £0.489m of reserves and Children's Social Care; a £0.120m overspend after the application of £0.469m of reserves to give a total forecast deficit of £1.367m (£1.585m at quarter 1).
- 2.7 The newly created Commissioning portfolio is reporting an overall adverse variance of £0.128m (£0.142m reported at quarter 1). A projected pressure of £0.236m in Commissioning and Procurement is being offset by a favourable variance of £0.108m in Finance.
- 2.8 The overspending is offset by favourable variances in Chief Executive £0.271m (£0.154m at quarter 1), Reform £0.081m (£0.037m at quarter 1) and most significantly Capital Treasury and Corporate Accounting £2.749m (£1.809m at quarter 1). 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 budget options in the sum of £7.829m are currently forecast to be achieved with the exception of the one item for which there are no other offsetting options. This is the Traded Services option for £0.750m within People and Place.
- 2.10 The adverse variance reported at quarter 1 served as a stark and early warning of the potential deficit position facing the Council in 2019/20. As previously reported, management action is being initiated across all service areas to review and challenge planned expenditure and to maximise income with the aim of bringing expenditure back in line as the year progresses. It is evident that position has improved but more still needs to be done throughout the organisation to move even closer towards achieving a balanced outturn with the minimum use of reserves.
- 2.11 The effectiveness of management actions will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders and the Senior Management Team, with an expectation that a further reduction in the gap will be demonstrated in the month 8 report that will be presented to Cabinet in February.
- 2.12 As outlined in the Budget Report for 2019/20, the Council has prudently set aside a number of specific reserves to support pressures that might be experienced, and which cannot be mitigated during the year. These can be applied, as last resort, if required later in the financial year.

## 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 3 – People and Place - Forecast Outturn**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Economic Development	2,239	4,829	(862)	1,728
Enterprise and Skills	640	737	-	97
Environmental Services	53,652	53,844	(329)	(138)
Commercial Services	4,500	5,215	(190)	525
<b>Total Forecast Net Expenditure</b>	<b>61,032</b>	<b>64,625</b>	<b>(1,381)</b>	<b>2,212</b>

### Summary

- 2.13.2 Following the re-alignment of services to the new Corporate Structure, the forecast outturn at quarter 2 for the People and Place portfolio, after the planned use of £1.381m of reserves, is an overspend of £2.212m (£2.273m at quarter 1), a reduction in the overspend of £0.061m.

### Economic Development

- 2.13.3 Economic Development is currently forecasting an overspend of £1.728m compared to £1.496m at quarter 1. Within this the Catering and Cleaning service is again forecasting

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an adverse variance of £0.719m 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 £0.913m (£0.686m at quarter 1) 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 £0.096m due to a reduction in the expected demand for planning applications.

#### Enterprise and Skills

- 2.13.4 The forecast overspend of £0.097m (0.096m at quarter 2) relates to a shortfall of income in relation to the Markets Service.

#### Environmental Services

- 2.13.5 The Environmental Services area is forecasting an overall underspend of £0.138m (overspend of £0.056m at quarter 1). The position is reflected from a combination of relatively low value overspends and underspends within the area as follows:

- Public Protection £0.072m overspend
- Waste Management £0.057m overspend
- Fleet Management £0.017m overspend
- Building Control £0.018m underspend
- Environmental Management £0.037m underspend
- Street Lighting £0.002m underspend

The cumulative position is being offset by a larger net underspend of £0.227m relating to over achievement of income in relation to statutory inspection works within Highways.

#### Commercial Services

- 2.13.6 In total the service area is reporting an overspend of £0.525m (£0.624m at quarter 1). ICT and Customer Services are forecast to have an underspend of £0.225m due to vacant posts. This in part offsets the pressure within Strategic Management of £0.750m for 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. The service areas within the portfolio have been reconfigured to more closely align financial reporting to service delivery and for this reason are not directly comparable to those included in the quarter 1 report.

**Table 4 –Community Services and Adult Social Care - Forecast Outturn**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Commissioning	20,579	20,446	-	<b>(134)</b>
Community Business Services	1,751	1,576	-	<b>(175)</b>
Community Health & Social Care	27,918	28,685	-	<b>767</b>
Director Adult Social Care	<b>(8,979)</b>	<b>(8,741)</b>	<b>(781)</b>	<b>(543)</b>
Learning Disability	10,225	11,244	-	<b>1,020</b>
Mental Health	7,216	7,252	-	<b>35</b>
Safeguarding	689	738	-	<b>49</b>
<b>Total Forecast Net Expenditure</b>	<b>59,399</b>	<b>61,200</b>	<b>(781)</b>	<b>1,020</b>

### Summary

- 2.13.9 The forecast outturn at quarter 2 is showing a projected overspend of £1.020m (£1.804m at quarter 1) after a forecast £0.781m use of reserves. Sufficient reserves to fully offset the overspend are specifically ring fenced to the Portfolio, although yet to be utilised.

### Commissioning

- 2.13.10 Commissioning is forecasting an underspend of £0.134m mainly due to some unexpected income received from the CCG contributing to the Safeguarding Board and reprofiling of expenditure from managing staff vacancies.

### Community Business Services

- 2.13.11 Community Business Services is forecasting a £0.175m underspend for the year. This is due to managed vacancies and delays in recruiting to additional care coordinator 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 £0.767m. Whilst this position has improved throughout the year, care costs for people with a physical disability, sensory and memory and cognitive need continue to present financial pressures. There has been a net increase in client numbers of 10 in the first 6 months of the year, indicating that 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 Adult Social Care is forecasting an underspend of £0.543m (£0.022m at quarter 1), the improvement is as a result of confirmation of a £0.627m uplift in Better Care Fund, offsetting a pressure of £0.084m mainly for the Council contribution towards the Deputy Managing Director health-based post. A planned use of reserves to the value of £0.781m 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.

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## Learning Disability

- 2.13.14 Learning Disability (LD) and Mental Health (MH), which were previously reported together, are together forecasting a combined overspend of £1.055m an increase of £0.280m compared to the £0.774m reported at quarter 1). LD alone is reporting an overspend of £1.020m the further increase in care costs has been primarily caused by the number of clients in complex care, particularly for the 4 clients who have been returned to the Borough through the Transforming Care Programme. The cost of this is £0.720m with only £0.240m of funding expected to be made available by the NHS leaving a budget shortfall of £0.480m across the Council and CCG.

## Mental Health

- 2.13.15 Mental Health is forecasting a small overspend of £0.035m. This is made up of a slight overspend in community care where there has been a net increase of 13 clients during the year to date.

## Safeguarding

- 2.13.16 Safeguarding is 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. Construction has now been completed, with new residents moving in during the early months of 2020. 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 current forecast assumes this requirement will be met. 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 Oldham Clinical Commissioning Group (CCG) 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.
- 2.13.20 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 is being written that will take the integration work within Oldham through to 2023/24.

**Table 5 – Locality Plan**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
Community Health and Adult Social Care	57,134	58,154	1,020
Public Health	17,380	17,380	0
Children and Families	41,990	42,110	120
<b>Total</b>	<b>116,504</b>	<b>117,644</b>	<b>1,140</b>

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 Directorate.

**Table 6 – Children's Services**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Education, Skills & Early Years	4,177	5,913	(489)	1,246
Children's Social Care	35,657	36,247	(469)	120
Preventative Services	1,864	1,975	(111)	-
Schools	(39)	(39)	-	(0)
<b>Total Forecast Net Expenditure</b>	<b>41,660</b>	<b>44,096</b>	<b>(1,069)</b>	<b>1,367</b>

### Summary

2.13.23 The Directorate has a projected overspend of £1.367m (£1.585m at quarter 1) after the planned application of £1.069m 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 £1.246m overspend (£1.114m overspend at quarter 1) after the planned application of £0.489m reserves for Learning and Attainment and Special Educational Needs initiatives, the main contributing factors being;

- £0.561m 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
- £0.119m relating to holiday pay and incremental drift within the Lifelong learning service.

### Children's Social Care

2.13.25 This area is projecting a £0.120m overspend after the planned application of £0.489m of reserves to support transformational activity, a decrease of £0.351m on the £0.471m reported at quarter 1. This is due to a number of one-off measures together with the placement forecast having reduced by a further £0.081m as a result of the number of Independent Foster Agencies (IFAs) remaining at a relatively low and stable level. The planned use of reserves has increased by £0.190m, primarily due to the utilisation of £0.137m of GM Health and Social Care Partnership funding to support the implementation of the GM Stockport family model.

### Preventative Services

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

### Achievement of Budget Reductions

2.13.27 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 are currently forecast to be delivered.

### Reform

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

**Table 7 – Reform – Forecast Outturn**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Business Intelligence	945	859	-	<b>(86)</b>
Executive Office	-	-	-	-
Marketing & Communications	723	789	<b>(63)</b>	<b>3</b>
People	2,388	2,313	<b>(6)</b>	<b>(80)</b>
Policy	270	791	<b>(436)</b>	<b>85</b>
Programme Management Office	<b>(3)</b>	140	<b>(143)</b>	<b>0</b>
Public Health & HLA	22,566	22,800	<b>(208)</b>	<b>26</b>
Youth, Leisure & Communities	5,210	5,183	-	<b>(27)</b>
<b>Total Forecast Net Expenditure</b>	<b>32,099</b>	<b>32,875</b>	<b>(856)</b>	<b>(81)</b>

2.13.29 The forecast outturn at quarter 2 is an underspend of £0.081m (£0.037m at quarter 1), this is after the planned use of £0.856m reserves. The paragraphs below outline the main movements within the portfolio.

2.13.30 There are several relatively low value variances, as follows:

- Business Intelligence is showing an underspend of £0.086m. In the main this relates to staffing costs, which are offsetting pressures on income and supplies and services.
- Marketing and Communications is showing a slight overspend of £0.003m.
- People Services is showing a favourable variance of £0.080m which relates to underspends on staffing costs.
- Policy is showing an overspend of £0.085m, however work is taking place to realign the budget to reflect new working arrangements following a service review.

2.13.31 Public Health and Heritage, Libraries and Arts (HLA) services are together showing an overspend of £0.026m at quarter 2. An overspend within the Music service is partially offset by underspends on staffing within the Library and Gallery services and also the PFI Contract.

2.13.32 Youth, Leisure and Communities is showing an overall underspend of £0.027m which in the main relates to Outdoor Education and Sports Development creating a combined pressure of £0.050m. The Service area includes a range of community-based services and includes District Partnerships and Community Safety which are forecasting an underspend of £0.077m primarily related to salary costs and vacant posts. The remainder of the services are reporting a net balanced outturn, with no significant variances either way across the range of services.

#### Achievement of Budget Reductions

2.13.33 The approved Budget Reductions of £0.971m are expected to be achieved in the financial year, with the £0.250m associated with the Design and Assurance review at the final stages of being delivered.

#### Commissioning

2.13.34 The table below shows the forecast position after the approved and planned use of reserves for the newly created portfolio.

**Table 8 - Commissioning - Forecast Outturn**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Commissioning and Procurement	273	509	-	<b>236</b>
Finance	9,689	11,300	(1,719)	<b>(108)</b>
<b>Total Forecast Net Expenditure</b>	<b>9,962</b>	<b>11,809</b>	<b>(1,719)</b>	<b>128</b>

#### Summary

2.13.35 The forecast outturn position at quarter 2 is an overspend of £0.128m (£0.142m at quarter 1).

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## Commissioning and Procurement

- 2.13.36 Commissioning and Procurement is reporting an overspend of £0.236m. The service is experiencing difficulties in recruiting to permanent posts, this is resulting in the necessity to retain interims to provide service continuity leading to an estimated £0.111m overspend. The service is also reporting a net estimated underachievement of income of £0.125m against the budget set for the Early Payment scheme income.

### Finance

- 2.13.37 Finance is showing an underspend of £0.108m in the main due to vacant posts.

### Achievement of Budget Reductions

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

## Chief Executive

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

**Table 9 – Chief Executive**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Chief Executive	2,385	2,325	-	(60)
Chief Executive Management	1,579	1,579	-	0
Legal Services	3,146	2,994	(15)	(167)
Executive Office	562	518	-	(44)
<b>Total Forecast Net Expenditure</b>	<b>7,673</b>	<b>7,417</b>	<b>(15)</b>	<b>(271)</b>

### Summary

- 2.13.40 The portfolio is showing an underspend of £0.271m (£0.154m at quarter 1) after having applied £0.015m of reserves.

### Chief Executive, Legal Services & Executive Office

- 2.13.41 Partnership Support within Chief Executive is reporting an underspend of £0.060m at quarter 2, this relates in a reduction to GM contributions in 2019/20.

Legal Services is reporting an underspend of £0.167m at quarter 2, this is predominantly due to vacancies within Civic and Political Support and Constitutional Services.

Executive Office is reporting an underspend of £0.044m relating to vacancies.

### Achievement of Budget Reductions

- 2.13.42 The Budget Reductions for the Chief Executive Portfolio in 2019/20 are £0.135m and are forecast to be fully achieved.

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## Capital, Treasury and Corporate Accounting

2.13.43 The following table shows the forecast position, without the use of any reserves.

**Table 10 – Capital, Treasury and Corporate Accounting – Forecast Outturn**

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Use of Reserves £000</b>	<b>Variance £000</b>
Capital, Treasury and Corporate Accounting	15,183	12,433	-	<b>(2,749)</b>
<b>Total Forecast Net Expenditure</b>	<b>15,183</b>	<b>12,433</b>	-	<b>(2,749)</b>

### Summary

2.13.44 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 £2.749m (£1.809m favourable at quarter 1).

2.13.45 This increased favourable variance is mainly due to additional dividend income being received from external investments. This is partially offset by projected overspend of £0.518m with regard to the Annual Leave Purchase Scheme. This pressure is a continuation of that highlighted within 2018/19.

### Achievement of Budget Reductions

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

### Schools

2. 13.47 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. 13.48 Members will recall the DSG is made up of the following 4 blocks of funding;

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

2.13.49 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. Subsequently a further £1.594m (0.84%) movement of funds between the Schools Block and High Needs Blocks has been agreed for 2019/20.

- 2.13.50 Despite the continued support from the Schools Block, the High Needs Block in Oldham is still expected to have an in-year deficit of £1.105m. This contributes to a deficit forecast of £11.745m 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 £3.828m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

**Table 11 – DSG- High Needs Block**

	<b>£000</b>
Original Budget Allocation	32,839
Contribution from Schools Block (Schools Forum/ Sec. of State approval)	1,594
Imports and Exports	204
<b>2019/20 Total Budget Available</b>	<b>34,637</b>
Estimated Expenditure	(35,742)
<b>Projected in Year Deficit</b>	<b>(1,105)</b>
Deficit Brought Forward 01/04/2019	(10,640)
<b>Cumulative Deficit</b>	<b>(11,745)</b>
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
<b>Projected Deficit 31/03/2020</b>	<b>(3,828)</b>

### **Overall DSG Position and Recovery Plan**

- 2.13.51 The forecast deficit on the DSG as at Month 6 is presented in the table below. At the start of 2019/20 it was £2.723m of which £5.995m was attributable to the High Needs block. The year-end forecast position for the DSG for 2019/20 is at Month 6 a cumulative deficit of £3.710m, the increase being mostly attributable to pressures in High Needs.

**Table 12- Overall DSG Position**

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
<b>Opening Balance - Surplus/(Deficit)</b>	<b>(2,723)</b>	<b>(3,710)</b>	<b>(2,259)</b>
Savings - Schools Block	-	4,751	-
Savings - High Needs Block	1,023	3,305	4,525
Pressures - High Needs Block	<b>(3,603)</b>	<b>(8,561)</b>	<b>(4,085)</b>
Transfer from Schools Block	1,593	1,956	1,956
<b>NET FORECAST VARIANCE</b>	<b>(3,710)</b>	<b>(2,259)</b>	<b>137</b>

2.13.52 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, the financial elements of which are illustrated in the table above.

2.13.53 A report presented to Cabinet on 16 December 2019 to outline the 2020/21 DSG budget position highlighted that the projected 2019/20 deficit had increased to £5.700m due to increased High Needs spending pressures. This position was also considered at the Schools Forum meeting of 27 November 2019. The Council and Schools are working through plans to reduce the deficit over a 3-year period.

2.13.54 On 4 September 2019, the Chancellor of the Exchequer presented the 2019 Spending Round to Parliament, included in which was notification that Schools budgets will increase by £2.6 bn in 2020/21, £4.8bn by 2021/22 and £7.1bn by 2022/23 within which 2020/21 High Needs Funding for Schools is set to increase by more than £700m.

Subsequently, on 11 October, The Department for Education, via the Education and Skills Funding Agency, released provisional funding allocations for Schools, High Needs and Central School Services for 2020 to 2021 (based on 2018 pupil numbers), the impact for Oldham is summarised in the table below;

<b>Dedicated Schools</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Difference</b>
<b>Grant (DSG)</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Schools Block	189,123	197,283	8,160
High Needs	33,043	38,250	5,207
Central Schools Block	2,999	2,670	<b>(328)</b>

Despite a decrease in the Central Schools Block of £0.328m, the substantial, provisional increase in both the Schools (£8.160m) and High Needs (£5.207m) blocks is clearly good news for Oldham Schools and the Council. The impact that this (together with other variations) will have on the DSG recovery plan was reported to Cabinet on 16 December 2019.

### **Housing Revenue Account (HRA)**

2.13.55 Table 13 compares the initially approved position to the current estimated outturn. The actual closing balance for 2018/19 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.

**Table 13- 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)
<b>HRA Balances Carried Forward</b>	<b>(19,477)</b>	<b>(21,750)</b>	<b>(2,273)</b>

### Collection Fund

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

**Table 14 - 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
Deficit for the Year	299	(104)	195
<b>Surplus Balance Carried Forward</b>	<b>(34)</b>	<b>(1,368)</b>	<b>(1,402)</b>

**Table 15 - Collection Fund – Share of Balances; Forecast Position**

	Council Tax £000	NDR £000	Total £000
Share- Oldham Council	(29)	(1,354)	(1,383)
Share- Greater Manchester Combined Authority (Police and Crime Commissioner)	(4)		(4)
Share- Greater Manchester Combined Authority (Fire and Rescue Services)	(1)	(14)	(15)
<b>Total (Surplus) / Deficit</b>	<b>(34)</b>	<b>(1,368)</b>	<b>(1,402)</b>

2.13.57 Council Tax and Business Rates are becoming increasingly important 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.

2.13.58 A forecast in-year deficit of £0.195m (excluding the in-year release of the prior year Council Tax surplus of £2.550m, of which the Councils share is £2.289m) means that the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a surplus of £1.402m of which the share for the Council is £1.383m.

2.13.59 As expected, the Greater Manchester 100% Business Rates Retention Pilot has continued into 2019/20. The additional proceeds from the pilot are currently shared with

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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 planned use of reserves at quarter 2 is £5.820m (£3.215m at quarter 1), £5.223m being Earmarked Reserves and £0.597m being the use of Revenue Grant Reserves. This is in addition to the utilisation of £8.818m of reserves that were applied in setting the initial 2019/20 budget.

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, is an overall corporate overspend with the forecast over spending within People and Place, Community Services and Adult Social Care and the Children's Services portfolios all being a cause for concern. As outlined at paragraphs 2.10 to 2.12, management action is being 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. Although there has been improvement since the quarter 1 position, it is anticipated that the Month 8 financial monitoring report will further reflect the outcome of such activities and show an improved financial forecast for 2019/20.

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 will be factored into financial planning estimates for 2020/21 and future years as appropriate.

**APPENDIX 1**
**Planned Use of Reserves 2019/20 - Quarter 2**

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
<b>Earmarked Reserves</b>				
<b>Integrated Working Reserve</b>				
Strategic Planning and Information	(40)	16	(24)	Supports delivery of Local plan taking into account the Greater Manchester Spatial Framework, as agreed in January 2017
<b>Transformation Reserve</b>				
Transformation	(2,971)	589	(2,383)	Helps to deliver various Transformation projects across the council
Resident First	(180)	180	0	To provide funding to facilitate the Digital by Design project 2019/20
Public Health	(436)	208	(228)	To offset pressures within the Public Health Service.
<b>Regeneration Reserve</b>				
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
<b>Council Initiatives Reserve</b>				
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)	180	(120)	As agreed by at Cabinet at its meeting of 20 August 2018 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
Career Advancement Service	(81)	81	0	Career Advancement Service
Northern Roots	(555)	245	(310)	Supporting the initial costs for Northern roots
<b>Emergency and External Events Reserve</b>				
Emergency Incident, Threat or Hazard	(250)	40	(210)	Emergency repairs; Denshaw
<b>Fiscal Mitigation Reserve</b>				
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
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.
<b>Directorate Reserve</b>				
Catering Services IT	(25)	25	0	To fund implementation of new IT system within catering service
Fixed Assets - Land Registry	(65)	0	(65)	To fund the Voluntary Registration team to record Council land with the Land Registry Agency
Highways / Environmental Services	(283)	43	(240)	Annual payment to CAMEO to support the upgrade of cremators with mercury abatement equipment
Adult Social Care Reserve	(781)	781	0	To support pressures within the adults community care budgets and contractual obligations re pay awards within Mincare.
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
<b>Balancing Budget Reserve</b>				
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	
<b>District Partnership Reserve</b>				
District Partnership carry forwards	(733)	224	(509)	Reserve to be re-prioritised for priority Council initiatives
<b>Total Planned use of Earmarked Reserves 2019/20</b>	<b>(22,296)</b>	<b>14,041</b>	<b>(8,255)</b>	
<b>Revenue Grant Reserves</b>				
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
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	(363)	Implementation supports costs towards GM Stockport family model
Tackling Troubled Families	(1,407)	131	(1,276)	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)	103	(335)	Supporting various feeding projects around the community in Oldham
<b>Total Planned use of Revenue Grant Reserves 2019/20</b>	<b>(2,664)</b>	<b>597</b>	<b>(2,067)</b>	

## Appendix 2

Financing of the 2019/20 Budget at Quarter 2		
	£'000	£'000
<b>Net Expenditure Budget</b>		<b>(227,007)</b>
<b>Financed by:</b>		
Business Rates Top-up Grant	(40,653)	
Grants in Lieu of Business Rates	(10,503)	
Improved Better Care Fund Grant – 2015 Allocation	(8,150)	
Improved Better Care Fund Grant – 2017 Allocation	(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	(104)	
GMCA Mayoral Grant	(693)	
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	(105)	
Capital Grants	(2,623)	
<b>Total Government Grant Funding</b>		<b>(72,726)</b>
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)	
<b>Total Locally Generated Income</b>		<b>(145,463)</b>
<b>Total Grant and Income</b>		<b>(218,189)</b>
Balance to be addressed by Use of Reserves		(8,818)
<b>Total Financing</b>		<b>(227,007)</b>

## CAPITAL INVESTMENT PROGRAMME REPORT 2019/20

### Quarter 2 - September 2019

#### 1 Background

- 1.1 The original capital programme for 2019/20 reflects the priorities outlined in the 2019-2024 Capital Strategy and Capital Programme as approved at Cabinet on 11 February 2019 and confirmed at the Council meeting on the 27 February 2019.
- 1.2 The position as at 30 September 2019 is highlighted in this report but as the year progresses the outturn projections will reflect the evolving position.
- 1.3 For the remainder of the financial year, the programme will continue to be monitored and revised to take account of any new developments and changes in the profile of planned expenditure.

#### 2 Current Position

- 2.1 The approved capital programme summary position for the five years 2019/20 to 2023/24, approved by Council on 27 February 2019 is summarised in Table 1 and shows capital programme expenditure of £84.332m in 2019/20.

**Table 1 : Original Budget - Capital Programme 2019/20 to 2023/24**

2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
£000	£000	£000	£000	£000	£000
84,332	77,706	80,785	13,411	5,964	262,198

- 2.2 Table 2 shows the revised capital programme for 2019/20, with revised expenditure of £65.052m as at 30 September 2019. This is after taking account of approved new schemes and other approved and proposed variations including those arising from the recently concluded Annual Review of the Capital programme as discussed below. There is therefore a net decrease of anticipated expenditure in 2019/20 of £12.091m compared to £77.143m reported at Quarter 1.
- 2.3 Actual expenditure to 30 September 2019 was £25.590m (39.34% of forecast outturn). This spending profile is in line with previous years. The position will be kept under review and budgets will be managed in accordance with forecasts.

#### Annual Review of the Capital Programme

- 2.4 In accordance with previous practice, there was once again a review of the capital programme over the summer months (the Annual Review). This examined any further opportunities to reallocate, decommission or reprofile resources. It also includes an in-depth analysis of capital receipts which may lead to opportunities to increase resource levels to support new projects or provide an alternative to prudential borrowing.

- 2.5 Officers from within the finance team met with project managers and service officers to critically review the 2019/20 and future years capital programme. The annual review highlighted a number of areas where significant reprofiling totalling £12.655m would be required, it also identified areas of realignment and also a project where S106 funding of £0.015m can be removed from the programme. The financial impact of these changes is summarised in table 2 below and detailed within Appendix G.

**Table 2 – 2019/20 Capital Programme**

Directorate	Revised Budget (M03) £000	Approved Amendments (to M6) £000	Proposed Virement/ Rephase £000	Proposed Annual Review Virement £000	Revised Budget (M06) £000	Forecast £000
Corporate Services	7,544	0	0	292	7,836	7,836
Children's Services	22,576	514	0	(4,204)	18,886	18,886
Community Services & Adult Social Care	2,325	2	0	(303)	2,024	2,024
Housing Revenue Account	2,269	0	0	(415)	1,854	1,854
People and Place	42,278	140	(71)	(7,933)	34,413	34,413
Reform	151	(6)	0	(106)	39	39
<b>Overall Total</b>	<b>77,143</b>	<b>650</b>	<b>(71)</b>	<b>(12,669)</b>	<b>65,052</b>	<b>65,052</b>

(subject to rounding – tolerance +/- £1k)

- 2.6 In addition the Annual Review there are further proposed changes to the programme with a value of £0.071m, the cumulative effect, if approved would reduce the forecast expenditure by £12.740m to £65.052m, a detailed breakdown of the proposed virements/ re-phasing is shown in appendix G.
- 2.7 There remains an element of uncertainty about the forecast position and it is inevitable that this will change in the remaining months; that said the forecasts are based on the latest and most up to date information and give a better picture of the likely outturn. A further breakdown of Table 2 on a scheme by scheme basis is shown in appendices A to F.

### Re-profiling of the Capital Programme

- 2.8 The revised capital programme for 2019/20 to 2023/24, taking into account all the above amendments in arriving at the revised forecast position, is shown in Table 3 together with the projected financing profile. Further work will be undertaken to revise the profile for 2020/21 and future years.

**Table 3 – 2019/2024 Capital Programme**

<b>Directorate Budget</b>	<b>Revised Budget 2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Corporate Services	7,836	6,760	3,575	2,700	1,700
Children's Services	18,886	17,591	10,305	5,000	0
Community Services & Adult Social Care	2,024	1,400	703	400	400
Housing Revenue Account	1,854	2,865	922	800	0
People and Place	34,413	70,756	69,102	7,610	3,864
Reform	39	345	400	0	0
<b>Grand Total</b>	<b>65,052</b>	<b>99,718</b>	<b>85,007</b>	<b>16,510</b>	<b>5,964</b>

<b>Funding</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Grant & Other Contributions	(29,866)	(34,727)	(16,443)	(3,202)	(1,973)
Prudential Borrowing	(19,437)	(51,546)	(50,877)	(5,955)	(42)
Revenue	(1,859)	(5,265)	(5,822)	(800)	0
Capital Receipts	(13,890)	(8,180)	(11,865)	(6,553)	(3,949)
<b>Grand Total</b>	<b>(65,052)</b>	<b>(99,718)</b>	<b>(85,007)</b>	<b>(16,510)</b>	<b>(5,964)</b>

(subject to rounding – tolerance +/- £1k)

- 2.9 The revised Provision for Emerging Priorities for 2019/20 to 2023/24, taking into account all the above amendments, contained within the Corporate Services budget is as follows:

**Table 4- Provision for Emerging Priorities**

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Provision for Emerging Priorities	806	4,500	3,576	2,700	1,700

(subject to rounding – tolerance +/- £1k)

### Capital Receipts

- 2.10 The capital receipts position as at 30 September 2019 is as follows:

**Table 5 – Capital Receipts 2019/20**

	<b>£000</b>	<b>£000</b>
Capital Receipts Financing Requirement		13,890
Usable Capital Receipt b/fwd.	0	
Actual received to date	(5,942)	(5,942)
<b>Further Required/(Surplus) in 2019/20</b>		<b>7,948</b>

(subject to rounding – tolerance +/- £1k)

- 2.12 The revised capital programme requires the availability of £13.890m of capital receipts in 2019/20 for financing purposes. The total net usable capital receipts currently received in year is £5.942m, leaving a requirement for an additional £7.948m of capital receipts in the current financial year against which there is an anticipated £8.990m worth of receipts expected to be realised, creating an in-year surplus of £1.042m (as demonstrated in Table 6 below). Given the significant amount of receipts needed to finance the capital programme in the current and

future years it is imperative that the capital receipts/disposal schedule is adhered to. This is monitored at the monthly Capital Receipts meeting and will be subject to ongoing review throughout the year, current projection is that this target will be met.

- 2.13 The Capital Strategy and Capital Programme 2019/24 introduced an expectation of the level of receipts that is anticipated in each of the respective years and therefore an estimate as to the resultant level of over or under programming in order to present a balanced budget. The position as at 30 September 2019 is illustrated in the table below:

**Table 6 – Capital Receipts 2019/24**

<b>Capital Receipts</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Capital Receipts Carried Forward	-	(1,042)	(1,399)	4,634	11,154
Estimated Capital Receipts	(8,990)	(8,536)	(5,832)	(33)	(250)
Received in year	(5,942)				
<b>Total Receipts</b>	<b>(14,932)</b>	<b>(9,578)</b>	<b>(7,231)</b>	<b>4,601</b>	<b>10,904</b>
Capital Receipts Financing Requirement	13,890	8,179	11,865	6,553	3,949
<b>Over/(Under) programming</b>	<b>(1,042)</b>	<b>(1,399)</b>	<b>4,634</b>	<b>11,154</b>	<b>14,853</b>

(subject to rounding – tolerance +/- £1k)

- 2.14 The most recent projections are for there to be a surplus in 2019/20 and 2020/21, however, the last three years of the programme shows a deficit in resources. Until a thorough review of the asset disposal programme has taken place, it is prudent to retain the current programme. The capital receipt available in future years will be reviewed and updated as part of the Capital Strategy 2020/21 to 2024/25.

### 3 **Conclusion**

- 3.1 Whilst the current projected position is showing the outturn to match budget, early indications are that there is likely to be some rephasing across all years to reflect the current developments of individual projects/schemes.
- 3.2 The capital programme is being continually monitored and is reported to Members on a regular basis.

### 4 **Appendices**

- 4.1 Appendix A - SUMMARY – Quarter 2 – Corporate Services  
 Appendix B - SUMMARY – Quarter 2 - Children’s Services  
 Appendix C - SUMMARY – Quarter 2 - Community Services & Adult Social Care  
 Appendix D - SUMMARY – Quarter 2 - Housing Revenue Account (HRA)  
 Appendix E - SUMMARY – Quarter 2 - People and Place  
 Appendix F - SUMMARY – Quarter 2 - Reform  
 Appendix G - SUMMARY – Quarter 2 - Proposed Variations

**SUMMARY – Quarter 2 – Corporate Services**

Service area	Revised Budget (M03) £000	Approved Changes /Virements £000	Proposed Virement £000	Proposed Annual Review Virement £000	Revised Budget (M06) £000	Forecast £000
Corporate	7,544	0	0	292	7,836	7,836
	<b>7,544</b>	<b>0</b>	<b>0</b>	<b>292</b>	<b>7,836</b>	<b>7,836</b>

(subject to rounding – tolerance +/- £1k)

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 2 - Children's Services**

Service area	Revised Budget (M03) £000	Approved Changes/ Virements £000	Proposed Virement £000	Proposed Annual Review Virement £000	Revised Budget (M06) £000	Forecast £000
Children, Young People & Families	623	0	0	0	623	623
Schools – General Provision	3,777	(127)	0	(423)	3,227	3,227
Schools – Primary	4,879	341	0	(2,464)	2,756	2,756
Schools – Secondary	11,408	0	0	(635)	10,773	10,773
Schools – Special	1,889	300	0	(682)	1,507	1,507
	<b>22,576</b>	<b>514</b>	<b>0</b>	<b>(4,204)</b>	<b>18,886</b>	<b>18,886</b>

(subject to rounding – tolerance +/- £1k)

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 2 - Community Services & Adult Social Care**

Service area	Revised Budget (M03) £000	Approved Changes/ Virements £000	Proposed Virement £000	Proposed Annual Review Virement £000	Revised Budget (M06) £000	Forecast £000
Adult Services	2,325	2	0	(303)	2,024	2,024
	<b>2,325</b>	<b>2</b>	<b>0</b>	<b>(303)</b>	<b>2,024</b>	<b>2,024</b>

(subject to rounding – tolerance +/- £1k)

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 2 - Housing Revenue Account (HRA)**

Service area	Revised Budget (M03) £000	Approved Changes/ Virements £000	Proposed Virement £000	Proposed Annual Review Virement £000	Revised Budget (M06) £000	Forecast £000
Housing Revenue Account	2,269	0	0	(415)	1,854	1,854
<b>Reform Total</b>	<b>2,269</b>	<b>0</b>	<b>0</b>	<b>(415)</b>	<b>1,854</b>	<b>1,854</b>

(subject to rounding – tolerance +/- £1k)

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 2 - People and Place**

<b>Service area</b>	<b>Revised Budget (M03) £000</b>	<b>Approved Changes/ Virements £000</b>	<b>Proposed Virement £000</b>	<b>Proposed Annual Review Virement £000</b>	<b>Revised Budget (M06) £000</b>	<b>Forecast £000</b>
Asset Management	3,508	0	0	(149)	3,359	3,359
Asset Mgt - Education Premises	2,617	0	0	(577)	2,040	2,040
Boroughwide Developments	1,336	0	(4)	0	1,332	1,332
Development	448	0	0	0	448	448
District Partnership – Boroughwide	63	7	0	0	70	70
Environment - Countryside	222	0	0	0	222	222
Environment - Parks	26	0	0	0	26	26
IT	5,350	0	0	0	5,350	5,350
Parks & Playing Fields	23	0	0	(15)	8	8
Private Housing - HMRF	250	0	0	0	250	250
Private Housing	2,000	0	0	0	2,000	2,000
Public Realm	233	0	0	0	233	233
Strategic Acquisitions	4,291	0	0	(795)	3,496	3,496
Town Centre Developments	3,162	0	(155)	(2,154)	853	853
Transport - Accident Reduction	453	0	0	(120)	333	333
Transport - Bridges & Structures	2,106	133	0	(979)	1,260	1,260
Transport - Fleet Management	3,662	0	0	(431)	3,231	3,231
Transport - Highway Major Works/ Drainage schemes	8,414	0	12	(2,230)	6,196	6,196
Transport - Metrolink	155	0	0	0	155	155
Transport - Minor Works	1,154	0	0	(475)	679	679
Transport - Miscellaneous	2,779	0	76	(8)	2,847	2,847
Transport - Street Lighting	25	0	0	0	25	25
	<b>42,278</b>	<b>140</b>	<b>(71)</b>	<b>(7,933)</b>	<b>34,413</b>	<b>34,413</b>

(subject to rounding – tolerance +/- £1k)

**SUMMARY – Quarter 2 - People and Place** Cont'd**Major Variances Commentary**

No additional variances to report

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**SUMMARY – Quarter 2 - Reform**

<b>Service area</b>	<b>Revised Budget (M03) £000</b>	<b>Approved Changes/ Virements £000</b>	<b>Proposed Virement £000</b>	<b>Proposed Annual Review Virement £000</b>	<b>Revised Budget (M06) £000</b>	<b>Forecast £000</b>
District Investment Fund	151	(6)	0	(106)	39	39
	<b>151</b>	<b>(6)</b>	<b>0</b>	<b>(106)</b>	<b>39</b>	<b>39</b>

(subject to rounding – tolerance +/- £1k)

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 2 - Proposed Variations**

Portfolio / Service / Cost Centre	2019/20	2020/21	2021/22	2022/23	TOTAL	Proposed Action
<b>Corporate Services</b>						
Funding for Emerging Priorities	292,085.40				292,085.40	Realigned from other services
<b>Corporate Services Total</b>	<b>292,085.40</b>				<b>292,085.40</b>	
<b>Children's Services</b>						
Clarksfield Primary (Oasis Academy) Expansion	(1,500,000.00)	1,500,000.00			-	Rephase to future years
Schools Dedicated Capital Fund (DFC)	(595,810.00)	595,810.00			-	Rephase to future years
Kingfisher School Expansion of PAN and Hydro Pool Replacement	(669,676.54)	669,676.54			-	Rephase to future years
Mayfield Academy Expansion	(500,000.00)	500,000.00			-	Rephase to future years
North Chadderton School Expansion	(324,713.98)	324,713.98			-	Rephase to future years
Oasis Academy - Additional 2FE	(246,935.93)	246,935.93			-	Rephase to future years
Royton & Crompton Sec School (OCL) - Full Astro – pitch replacement.	(14,044.89)	14,044.89			-	Rephase to future years
Royton & Crompton Secondary - Mechanical, Electrical and Roofing works - Essential Condition Works	(330,962.60)	330,962.60			-	Rephase to future years
SEND - Special Provision Capital Fund (SPCF) General Provision 2018-2021	(130,333.00)	130,333.00			-	Rephase to future years
Suitability in Schools	(37,601.62)	37,601.62			-	Rephase to future years
Saddleworth School New Build	457,000.00	(457,000.00)			-	Budget Acceleration
<b>Realign to Basic Need Provision</b>						
Education Basic Need General Provision		172,919.75			172,919.75	
New Secondary 'Free' School	(42,911.00)				(42,911.00)	Funds not required realigned to Basic Need General Provision, as projects have been completed
School Places - Oasis Limeside / Oasis Academy- internals, classrooms, kitchen & dining	(62,669.33)				(62,669.33)	
University Technical College (UTC) Upgrade	(10,530.33)				(10,530.33)	
School Places - New 3FE Build Primary School- former Grange school site	(56,809.09)				(56,809.09)	

Portfolio / Service / Cost Centre	2019/20	2020/21	2021/22	2022/23	TOTAL	Proposed Action
<b>Surplus Resources</b>						
School Places - New 3FE Build Primary School- former Grange school site	(39,301.69)				(39,301.69)	Budget realigned to Funds for Emerging Priorities.
Targeted Basic Need - Expansion of 4 Schools	(96,092.33)				(96,092.33)	
Targeted Basic Need - New Special Academy - Hollinwood Academy	(2,339.99)				(2,339.99)	
<b>Children's Services Total</b>	<b>(4,203,732.32)</b>	<b>4,065,998.31</b>	<b>-</b>	<b>-</b>	<b>(137,734.01)</b>	
<b>Community Services &amp; Adult Social Care</b>						
Social Care- General Provision	(303,087.79)	-	303,087.79		-	Rephase to future years
<b>Community Services &amp; Adult Social Care Total</b>	<b>(303,087.79)</b>	<b>-</b>	<b>303,087.79</b>		<b>-</b>	
<b>Housing Revenue Account</b>						
HRA Capital Strategy	(415,001.00)	415,001.00			-	Rephase to future years
<b>Housing Revenue Account Total</b>	<b>(415,001.00)</b>	<b>415,001.00</b>	<b>0</b>	<b>0</b>	<b>-</b>	
<b>People and Place</b>						
A62 Manchester Rd Drury Ln/Spencer St Northbound	(4,833.21)	-	-	-	(4,833.21)	Realign to Gen. Provision
Yorkshire Street Connectivity (LGR2)	(2,698.40)	-	-	-	(2,698.40)	Realign to Gen. Provision
HE - Tactile paving - various locations A663	(3,940.19)	-	-	-	(3,940.19)	Realign to Gen. Provision
Eastern Gateway Improvements (Prince's Gate)	(8,224.81)	-	-	-	(8,224.81)	Realign to Gen. Provision
Transport Investment General Provision	19,696.61	-	-	-	19,696.61	Realign from 4 transport schemes above
Cycling / Walking Improvement Schemes	(55,000.00)	-	-	-	(55,000.00)	Realign within Service
Acorn Street, Lees	55,000.00	-	-	-	55,000.00	Realign within Service
Eastern Gateway Improvements (Prince's Gate)	(147,342.34)	-	-	-	(147,342.34)	Reduction in Grant
Flood Defence: Churchyards Dobcross	76,000.00	-	-	-	76,000.00	New Grant Funding
2019/20 HIP Schemes - Amber	(500,000.00)	500,000.00			-	Rephase to future years
2019/20 HIP Schemes - Red	(300,000.00)	300,000.00			-	Rephase to future years
A6104 Hollins Road Corridor Improvements	(95,000.00)	95,000.00			-	Rephase to future years
Chadderton Town Hall Toilet Refurbishment	(78,651.18)	78,651.18			-	Rephase to future years
BR 224 Rhodes Hill Culvert, Rhodes Hill Lees	(30,000.00)	30,000.00			-	Rephase to future years
Br 504 Union Street West Footbridge	(192,323.47)	192,323.47			-	Rephase to future years

Bridge Work - King Street Roundabout Footbridge	(659,671.53)	659,671.53			-	Rephase to future years
<b>Portfolio / Service / Cost Centre</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>TOTAL</b>	<b>Proposed Action</b>
Challenge Fund- A62 Oldham Way- A669 Middleton Road Bridge Strengthening	(96,869.76)	96,869.76			-	Rephase to future years
Corridor Improvement Schemes	(40,000.00)	40,000.00			-	Rephase to future years
DfT Safer Roads Fund	(300,000.00)	300,000.00			-	Rephase to future years
Essential Condition Works - General Provision	(500,000.00)	500,000.00			-	Rephase to future years
Fleet Replacement Vehicles 7 years	(431,436.78)	431,436.78			-	Rephase to future years
Mercury Abatement		(992,037.00)	992,037.00		-	Rephase to future years
New Barn changing Rooms - Essential repairs	(70,000.00)	70,000.00			-	Rephase to future years
Oldham Heritage & Arts Centre – Off Site Storage (PoW Units A & B)	(800,000.00)	800,000.00			-	Rephase to future years
Oldham Heritage & Arts Centre – Phase A	(400,000.00)	400,000.00			-	Rephase to future years
Park Road - Kings Road - Woodstock Street Junction Improvements	(130,000.00)	130,000.00			-	Rephase to future years
Pedestrian and vehicle improvements	(77,671.00)	77,671.00			-	Rephase to future years
Pot Hole Funding	(270,000.00)	270,000.00			-	Rephase to future years
Princes Gate Site C	(800,000.00)	800,000.00			-	Rephase to future years
Springhead Primary School - Re-roof	(76,702.76)	76,702.76			-	Rephase to future years
Wellyhole Street - Constantine Street Traffic Calming	(25,000.00)	25,000.00			-	Rephase to future years
Transport Investment Programme	(1,134,974.27)	1,095,942.00			-	Rephase to future years
<b>Realign to Transport Investment Programme</b>						
Transport Investment Programme					(39,032.27)	Realign within Service
A62 Manchester Rd/Drury Ln to Spencer St N'bound	4,833.21				4,833.21	Realign within Service
GD3 - Town Centre Hungers Lane Improvements	1,039.38				1,039.38	Realign within Service
GD3 - Waterloo St Rhodes Bank Traffic Signal	6,750.00				6,750.00	Realign within Service
Growth Deal 3 Match Funding	23,711.28				23,711.28	Realign within Service
Yorkshire Street Connectivity (LGR2)	2,698.40				2,698.40	Realign within Service
<b>Provision not Required</b>						
Incline Rd Hollinwood - Install new play equipment	(14,790.35)				(14,790.35)	Budget not required S106 – remove from the capital programme

Portfolio / Service / Cost Centre	2019/20	2020/21	2021/22	2022/23	TOTAL	Proposed Action
<b>Surplus Resources</b>						
Creation of Digital Enterprise Hub in Oldham Town Centre	(153,309.39)				(153,309.39)	Budget realigned to Funds for Emerging Priorities.
Creation of Digital Enterprise Hub in Oldham Town Centre	(1,042.00)				(1,042.00)	Budget realigned to Funds for Emerging Priorities.
Strategic Acquisitions- General Provision	(795,005.92)	(204,994.08)	500,000.00	500,000.00	-	Rephase to future years.
<b>Realign to Strategic Acquisition General Provision</b>						
Strategic Acquisitions- General Provision	40,485.39				40,485.39	Funds not required realigned to Strategic Acquisitions General Provision, as projects have been completed
Strategic Acquisitions- 13 Yorkshire Street (Greaves Public House)	(3,665.43)				(3,665.43)	
Strategic Acquisitions- Bank at Mumps	(12,939.62)				(12,939.62)	
Strategic Acquisitions- Land at Rhodes Bank (RSPCA)	(1,000.93)				(1,000.93)	
Strategic Acquisitions- Metropolitan House	(10,459.34)				(10,459.34)	
Strategic Acquisitions- 52 Yorkshire Street (St Mary's)	(12,420.07)				(12,420.07)	
<b>People and Place Total</b>	<b>(8,004,758.48)</b>	<b>5,772,237.40</b>	<b>1,492,037.00</b>	<b>500,000.00</b>	<b>(240,484.08)</b>	
<b>Reform</b>						
DIF - Chadderton District Partnership (3 wards)	(17,500.00)	17,500.00			-	Rephase to future years
DIF - Failsworth District Partnership (3 wards)	(24,500.00)	24,500.00			-	Rephase to future years
DIF - Oldham District Partnership (7 wards)	(31,500.00)	31,500.00			-	Rephase to future years
DIF - Royton District Partnership (2 wards)	(11,878.00)	11,878.00			-	Rephase to future years
DIF - Saddleworth & Lees District Partnership (3 wards)	(6,851.81)	6,851.81			-	Rephase to future years
DIF - Shaw & Crompton District Partnership (2 wards)	(10,536.56)	10,536.56			-	Rephase to future years
DIF- Coalshaw Green MUGA	(3,500.00)	3,500.00			-	Rephase to future years
<b>Reform Total</b>	<b>(106,266.37)</b>	<b>106,266.37</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Grand Total</b>	<b>(12,740,760.56)</b>	<b>10,359,503.08</b>	<b>1,795,124.79</b>	<b>500,000.00</b>	<b>(86,132.69)</b>	

Surplus Resources	2019/20	2020/21	2021/22	2022/23	TOTAL
Grant & Other Contributions - Ringfenced	6,758,936.88	(6,922,163.46)	-	-	(163,226.58)
Prudential Borrowing	3,073,055.63	(1,799,845.09)	(556,361.58)	(500,000.00)	216,848.96
Revenue Contributions	415,001.00	(415,001.00)	-	-	-
Capital Receipts	2,493,767.05	(1,222,493.53)	(1,238,763.21)	-	32,510.31
<b>Grand Total</b>	<b>12,740,760.56</b>	<b>(10,359,503.08)</b>	<b>(1,795,124.79)</b>	<b>(500,000.00)</b>	<b>86,132.69</b>