

Report of: Strategic Director of Finance & Corporate Services

Title: 2nd quarter financial monitoring report 2005-06

Report author: Penny Gardner/Mike Baish
Finance & Asset Management

Contact Tel No: 01865 252708

E-mail address: pgardner@oxford.gov.uk
mbaish@oxford.gov.uk

Key Decision: No

Lead Member: Councillor Hollingsworth

Scrutiny responsibility: Finance

RECOMMENDATIONS

That the Executive Board:

1. Notes that the estimate of £250,000 for additional running costs within the Revenues and Benefits Business Unit for 2005/2006 will be met through:
virement of £230,000 related savings from reduction in the bad debt provision budget within the Financial and Asset Management Business Unit for 2005/2006, and containing the remaining £20,000 within the approved budget for Revenues and Benefits Business Unit.

1. Summary

- 1.1 This report reviews the Council's financial position at the end of the second quarter. Much of the detailed financial information has been presented in the half yearly monitoring pack (red book), circulated to Members in advance of this report.
- 1.2 At the 30th September 2005 General Fund net spending was £747k under its half-year budget, the Housing Revenue Account (HRA) net spending was £467k under, and capital spending stood at £8.05 million equating to only 30% of the programme.
- 1.3 The projected year-end position provided by Business Managers is an under-spend of £708k for the General Fund, whilst the HRA shows no

variation from the approved budget. A review of the capital programme is currently underway to establish the likely spending for the current year.

- 1.4 Key financial information is attached in a number of appendices, listed below:

Appendix

- | | |
|---|--|
| 1 | General Fund revenue monitoring summary 2005-06 at 30 September 2005 |
| 2 | HRA revenue monitoring summary 2005-06 at 30 September 2005 |
| 3 | Capital programme monitoring summary 2005-06 at 30 September 2005 (General Fund and HRA) |
| 4 | GF and HRA forecast 2005-06 |

- 1.5 Improvements in our accounting procedures now enable accruals to be made each month for outstanding items of expenditure and income and this means that the half-year position provides a sound basis for producing the budget for 2006/2007 onwards.
- 1.6 The projected General Fund position has been updated from that reported in the "red book" (page 8) where an additional budget of £250k was requested for Revenues and Benefits.
- 1.7 In line with good practice and CPA requirements, we are working towards the production of half-year, and then quarterly, balance sheets. The production of a half-year balance sheet prompts a review of bad debt provisions. We have therefore reviewed the level of bad debt provisions as at 30th September 2005 to assess if there is a saving in this area, offsetting the additional resources needed in Revenues and Benefits.
- 1.8 This half-year review projects an under-spend of £230,000 for the year relating to the bad debt provisions for sundry and periodic debtors. The budget for this provision movement is maintained in the Finance and Asset Management Business Unit. It is therefore recommended that this amount is vired from Financial and Asset Management to Revenues and Benefits and that the Business Manager, Revenues and Benefits be instructed to contain the remaining £20,000 requested within the existing budget provision.
- 1.9 Under Financial Regulations, virements between £100,000 and £250,000 must be approved by the Strategic Director, Finance and Corporate Services, Strategic Management Board and the Executive Board Portfolio holder for Finance. These approvals have been granted. Executive Board is asked to note the actions that have been taken to balance the budget for Revenues and Benefits and that a supplementary estimate is therefore not brought forward.

1.10 When Executive Board considered the first report on the 2006-09 budget at your November meeting, an initial estimate of the projected year-end variance for 2005-06 was included based on preliminary half-year results. Since the November report further forecast variances have been identified:

	£'000
Projected year-end variance reported in November	281
Accommodation savings not met	(28)
Additional interest income	50
Reduced bad debt provision	230
Revenues & Benefits cost pressures to be absorbed	20
Corporate & Democratic Core reduced cost of pensions	155
Revised projected year-end variance	708

1.11 The assessment of balances provided as Appendix 2(a) to the November report contained two items that have not yet been formally incorporated as budget adjustments.

- The potential additional £500,000 relating to the Local Cost of Benefits is still being assessed and remains a budget risk at this stage. It is proposed to provide for this risk is in assessing the minimum level of balances to be maintained throughout the three-year budget.
- The budget for 2005-06 included budgets totalling £140k for work to further develop and deliver the Big Savings ideas. Apart from the review of options for the museum service, these funds have not been drawn down leaving £120k unspent. It is recommended that this amount is now returned to balances as these budgets were granted for a specific purpose and should not be absorbed into Business Unit core budgets.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:
 Portfolio Holder: (Leader - Councillor Alex Hollingsworth)
 Strategic Director: (Finance & Corporate Services - Mark Luntley)
 Legal and Democratic Services: (Jeremy Thomas)
 Financial Management: (Penny Gardner, Mike Baish)

Background papers: (List of UNPUBLISHED papers that have been relied upon in preparation of the report): None

