

Report of: Strategic Director, Finance and Corporate Services

To: Finance Scrutiny Committee and Executive Board

Date: 8th March 2006 and 13th March 2006

Item No:

Title of Report : Third Quarter Financial Monitoring Report 2005-06



Summary and Recommendations



Purpose of report: To report the Council's financial position at the end of the third quarter of 2005-06, and the carry-forwards and projected balances approved by Council on 20th February 2006.



Key decision: No

Portfolio Holder: Councillor Alex Hollingsworth

Scrutiny Responsibility: Finance



Ward(s) affected: All

Report Approved by: Councillor Hollingsworth - Portfolio Holder



Emily Thomas – Head of Legal and Democratic Services



Policy Framework: Financial Stability



Recommendation(s): That Members note the report



Summary



This report reviews the Council's financial position at the end of the third quarter. Detailed financial information is presented in the quarterly monitoring pack, (red book), circulated separately.



- At the 31st December 2005 General Fund net spending was £1,270k under its year to date budget, the Housing Revenue Account (HRA) net

spending was £536k below budget, and capital spending reached £14.1 million, 62% of the programme.

3. The projected year-end position is an underspend of £917k for the General Fund. The HRA is forecasting a net income shortfall of £70k. The capital programme has been subject to further review as part of setting the budget for 2006-09.
4. Key financial information is attached in a number of appendices, listed below:

Appendix

- | | |
|---|---|
| 1 | General Fund revenue monitoring summary 2005-06 at 31 December 2005 |
| 2 | HRA revenue monitoring summary 2005-06 at 31 December 2005 |
| 3 | Capital programme monitoring summary 2005-06 at 31 December 2005 (General Fund and HRA) |
| 4 | GF forecast 2005-06 and carryforwards |
| 5 | Projected balances |

General Fund

5. Net expenditure on the General Fund was £1,270k below budget at the end of the third quarter, compared to £747k below budget at the half year. In overall terms this is very similar to the pattern of increasing underspending that occurred in 2004-05 when at the third quarter and half year respectively, net expenditure was £1,171k and £812k below year to date budget.
6. At the third quarter of 2004-05, an underspend of £566k was forecast; the final outturn for the year showed an underspend of £1,006k. Taking account of historic trends of underspending, Members and the Business Manager, Finance and Asset Management have extensively reviewed Business Managers' forecasts for the full year position for 2005-06 to produce as realistic a view as possible of the expected outturn.
7. The forecast underspend of £917k together with three carryforward requests totalling £115k, shown in Appendix 4, and the projected balances based on this position (Appendix 5) have been incorporated into the budget for 2006-09 approved by Council on 20th February 2006. The Council approved a carry forward scheme for 2005/2006 that requires any variation (above or below) the revised budget for each business unit shown in Appendix 4 to be carried forward in full to the next financial year.

Housing Revenue Account

8. Net expenditure on the Housing revenue Account was £536k below budget at the end of the third quarter compared with £467k below at the

half year. Any underspending at year end will add to HRA general balances. In line with existing policy balances will be maintained at the agreed minimum level of £2 million, with the excess used to fund capital spending in meeting the Decent Homes Standard.

Capital Programme

9. Capital spending reached £14.1 million, 62% of the programme at 31st December 2005. This included over £4 million of estimated spending, mostly in OBS and due to “work in progress” and other work for which no bills have been issued.
10. The capital programme shown in Appendix 3 has been subject to further review as part of setting the budget for 2006-09. In the budget approved by Council on 20th February an underspend in the current year of £1 million was assumed, together with re-phasing of schemes in future years to achieve a more balanced programme to match available resources.

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Background papers: None

