

Report of: Financial & Asset Management Business Managers

To: Executive Board

Date: 13th August 2007

Item No:

**Title of Report : First Quarter Revenue and Capital Budget
Monitoring 2007-08**



Summary and Recommendations



Purpose of report: To provide Members with information on the Council's overall financial position as at the 30th June 2007 and the latest forecast full financial position for 2007-08.



Key decision: No

Portfolio Holder: Councillor Jim Campbell

Scrutiny Responsibility: Finance



Ward(s) affected: All

Report Approved by:



Councillor Jim Campbell, Better Finances

Jeremy Thomas, Head of Legal and Democratic Services



Mark Luntley, Strategic Director, Finance and Corporate Services



Policy Framework: Financial Stability



Recommendation(s): That Executive Board notes the overall financial position.



Introduction

1. This report reviews the position at the first quarter for the General Fund, Housing Revenue Account (HRA) and Capital Programme.



Key financial information is attached in the following appendices:



Appendix

1. General Fund revenue monitoring summary 2007-08 and forecast at 30th June 2007.
2. General Fund Savings progress Report
3. HRA revenue monitoring summary 2007-08 and forecast at 30th June 2007.
4. HRA Savings Progress Report
5. Projected balances.
6. Capital Programme monitoring summary 2007-08 at 30th June 2007.
7. General Fund Capital Programme completed schemes

General Fund Revenue Monitoring

3. As noted in the Blue and Red books, financial performance and comments are now presented on a Directorate basis. Year-end forecasts are reviewed monthly and at the end of the first quarter General Fund net expenditure is predicted to be £248k over budget for the full year. It is of course difficult for Business Managers to forecast their year-end positions with precision after only 3 months and so projections will be kept under constant review.
4. Progress on savings agreed in the 2007-08 budget is also reviewed monthly and reported using a traffic light system, as shown in Appendix 2. At this stage £100k of Leisure savings are not likely to be achieved and this forms part of the adverse variance forecast. Many of the “amber” ratings reflect Business Managers’ cautious approach to confirming savings at this early stage of the year. The most significant of these, held at Directorate and Chief Executive level, are the staff turnover and unfilled vacancies savings (total £1m). Detailed salary monitoring tracks these savings and Directors are taking action to ensure the targets are achieved.
5. At this stage in the year inevitably not all known risks and opportunities have crystallised. Detailed reviews of budgets for Leisure & Culture identified potential additional costs relating to holiday and sickness pay for casual staff: Offsetting this risk, ongoing Benefits performance at the current strong levels should see the Local Cost of Benefits come in below budget. These figures are not yet secure enough to include in the year end projection.

Housing Revenue Account Revenue Monitoring

6. The Housing Revenue Account’s overall financial position is shown in Appendix 3. No changes to budget are forecast at this stage.

7. Progress on savings is shown in Appendix 4. Of the £1.5 million savings, £1.1 million is achieved with only £130k in the “amber” category.

Projected Balances

8. Projected balances reflecting the Quarter 1 year-end forecast for 2007-08 are shown at Appendix 5. As part of the preparation of 2006-07 financial statements it was identified that a £610K provision needed to be returned to the Capital Financing Reserve rather than to General Fund balances. The impact of this and other end of year adjustments leaves available General Fund balances at £4.7 million at the start of 2007-08.
9. The budget for the year utilises £1.5 million of balances. The 2003-04 Housing Benefit claim has been negotiated with DWP at £243k lower than the amount set aside and so this amount has been added to balances. Inclusion of the £248k projected year end overspend brings balances back to £3.2 million.

General Fund Capital Programme

- 10.. The capital plan is presented with projects (one-off schemes) and programmes (annual schemes) shown separately, as in the budget book. Details are shown for individual schemes over £500k
11. Although year to date under £1million of the £12 million plan has been spent, this in part reflects the approvals given in the budget that new projects could only proceed once funding has been confirmed. Responsible officers have profiled scheme expenditure by quarter and this will allow more detailed monitoring of progress against budget.
12. Executive Board at its July meeting granted Major Project approval for Capital Maintenance works for Temple Cowley Pools and for the Ice Rink , both at lower amounts than provided in the budget, and this will be reflected in future reports.
13. Completed schemes have been removed from the capital plan and details of these are shown in Appendix 7.

HRA Capital Programme

14. The HRA capital plan shows year to date expenditure of £1.7 million, 17% of budget.

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Background papers:

