

Report of: Heads of Finance

To: City Executive Board

Date: 3rd March 2010

Item No:

Title of Report : **Third Quarter Revenue and Capital Budget
Monitoring 2009-10**

Summary and Recommendations

Purpose of report: To provide Members with information on the Council's overall financial position as at the 31st December 2009 and the latest forecast full year financial position for 2009-10.

Key decision: No

Board Member: Councillor Ed Turner

Scrutiny Responsibility: Value & Performance Scrutiny Committee

Ward(s) affected: All

Report Approved by: Jeremy Thomas,. Law & Governance

Policy Framework: Transform Oxford City Council by improving Value for Money and Service performance.

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

Introduction

1. This report reviews the position at the third quarter for the General Fund, Housing Revenue Account (HRA) and Capital Programme.
2. Key financial information is attached in the following appendices:

Appendix

1. General Fund revenue monitoring summary 2009-10 at 31st December 2009
2. HRA revenue monitoring summary 2009-10 at 31st December 2009
3. General Fund and HRA Savings Summary at 31st December 2009
4. Capital programme summary 2009-10 at 31st December 2009
5. Projected balances – General Fund and HRA

General Fund Revenue Monitoring

3. In the second quarter report it was recognised that the Council faces £2.5 million of budget pressures in 2009-10, mainly due to the increased costs of the national concessionary fares scheme, reduced investment income and the impact of the recession on commercial property income, building control fees and other income.
4. These pressures have been partly offset by a below budget pay award, the half year implementation of single status, the use of budget provision for the impact of the recession and Housing and Planning Delivery Grant. At the end of the third quarter, the forecast is for an overspend of £533k.

Changes from the second quarter report

5. Housing and Planning Delivery Grant for 2009-10 has been confirmed at £316k for the revenue element compared with £100k assumed at the second quarter.
6. Other significant changes to service forecasts are set out in the following table:

Service	Q2 Forecast £'000	Q3 Forecast £'000	Comments
Strategic Procurement and Shared Services	0	70	Only part year impact in 2009-10 of some procurement savings
Community Housing & Development	21	(289)	A comprehensive review of spending plans has identified across the board savings
Customer Services	0	60	Projected shortfall in Council Tax court cost income
City Leisure	0	(100)	Line by line review of parks budgets
Finance	85	135	Additional project support and sickness cover of cover of critical role
People & Equalities	90	167	Increased project costs

7. In previous years services have underspent against their profiled budget in the last quarter of the year and in 2008-09 service budgets were underspent by £900k at year end.
8. At this stage of the year the following measures are in place pending confirmation that service spending will be brought in at or below budget.
9. Commitment of further Transformation funding is deferred, holding back £200k.
10. Uncommitted repairs and maintenance spending is held, targeted at a further £200k.
11. The balance of £200k from the repairs and maintenance reserve set up at the end of 2008-09 could be released.
12. The priority is now to deliver service spending within budget so that funding for the crucial Transformation and maintenance programmes can be released as originally planned.

Budget savings

13. Progress on savings has been extensively reviewed. £313k of savings are now Red; Service Heads have been asked to identify alternative savings to offset shortfalls. The impact for each year has been considered and reflected in the 2010-11 budget. £2.3 million of savings are now shown as completed.

Housing Revenue Account Revenue Monitoring

14. The predicted out turn has been reviewed since quarter 2 and a deficit of £891k is now anticipated, an improvement to the approved budget of £150k. The net trading position is delivered in the following 5 key areas:
 - Service charge income is expected to be £841k by year-end, an increase of £227k on the original budget, further underpinning the enhanced collection and billing processes in these areas.
 - Interest income has been revised downwards from £284k to £109k (£175k) by the year end to reflect the reduced interest rates on investments. Year to date, interest received is £82k.
 - Repairs and Services - despite showing significant under spend in Repairs Services at December 2009, this is a profiling issue and overall expenditure for HRA is expected to be overspent by the year end by £24k.
 - Vacant posts – within the management infrastructure show a positive variance of £69k.

- Major Projects – the new capitalisation policy introduced will generate savings in the region of £70k in 2009-10. with costs in excess of £1500 being transferred to capital.
14. The reduced deficit of £150k has been anticipated in setting the 2010-11 budget. Using this balance is one of the measures set out in the budget report to offset the adverse housing subsidy determination.
 15. Progress on savings is strong. Of the £1,121k savings, £1,081k are complete and the Amber category saving will be delivered by the end of the year.

Projected Balances

16. .Balancing the current year's General Fund spend within budget will ensure that balances are maintained above the minimum £3 million.
17. Projected balances for the HRA are maintained at £2m.

General Fund Capital Programme

18. The General Fund capital plan shows year to date expenditure of £2.7 million. The budget for 2009-10 has been reduced to £8.9 million, this reflects a scheme by scheme review of projected expenditure. Slippage of approved schemes has been built into the 2010-11 budget.

HRA Capital Programme

19. The HRA capital plan shows year to date expenditure of £6.4 million. This represents 61% of the budget, slightly ahead of the planned spend at the end of the quarter.

Risk Assessment

20. A Risk Register is attached at Appendix 6.

Recommendation

21. It is recommended that City Executive Board notes the overall financial position.

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Background papers: None