

STRATEGY AND PARTNERSHIPS SCRUTINY COMMITTEE

22 July 2010

PROVISIONAL OUTTURN OVERVIEW

COMMENTARY BY THE CABINET MEMBER FOR FINANCE

Introduction

1. The last report to Strategy and Partnerships Scrutiny Committee on 4 March 2010 gave an overview of Financial Monitoring to the end of December 2009. This report looks at the movement from the end of December to the year end position at the end of March 2010 as reported to Cabinet in the Provisional Outturn Report on 22 June.
2. The full Provisional Outturn Report to Cabinet and the Directorate reports are available in the members' resource centre. Annex 1 from the Provisional Outturn Report which sets out the outturn position for each directorate and proposed carry forwards to 2010/11 is included at Annex 1 to this report.
3. The year end position for 2009/10 is summarised below.

Original Budget 2009/10 £m		Latest Budget 2009/10 £m	Provisional Outturn 2009/10 £m	Variance to Latest Budget £m	Variance to Latest Budget %
373.042	Revenue (*)	378.836	377.015	-1.821	-0.48
100.444	Capital	101.913	93.996	-7.917	-7.77
12.463	General Balances	10.500 ¹	11.145	+0.645	+6.14
58.291 ²	Reserves	36.752 ³	60.764	+24.012	+65.33%

4. The movement in the in – year Directorate forecast overspend over the four months from December 2009 to year end is shown in the table on the following page.

¹ Per the Chief Finance Officer's Commentary on the 2010/11 – 2014/15 budget considered by Council on 9 February 2010.

² Per Service & Resource Planning – Financial Plan 2009/10 – 2013/14

³ Per February 2010 Financial Monitoring Report to Cabinet on 20 April 2010.

(*) Throughout the report a minus sign represents an underspend compared to the final approved budget and a positive sign indicates an overspend.

Directorate	Dec 2009 Variance £m	Jan 2010 Variance £m	Feb 2010 Variance £m	March 2010 Variance £m
Children, Young People & Families ⁴	+1.046	+1.263	+0.793	-0.775
Social & Community Services	+0.478	+0.798	+0.772	+0.736
Environment & Economy	+0.482	+0.344	+0.149	-0.406
Community Safety & Shared Services	+0.049	-0.340	-0.494	-0.805
Corporate Core	+2.250	+2.394	+2.399	-0.571
Total Directorate in-year forecast over / under spend	+4.305	+4.459	+3.619	-1.821

Part 1 – Provisional Revenue Outturn

Summary

5. The provisional Directorate revenue outturn was a net underspend of -£1.821m, or a -0.48% variation to the final approved budget of £378.836m. The year end revenue position for 2009/10 can be summarised as follows:

2009/10	Gross Expenditure £m	Income £m	Net Expenditure £m
Original Budget	853.575	-480.533	373.042
Brought forward from 2008/09	2.428	0.000	2.428
Virements & Grant Changes	15.245	-15.764	-0.519
Supplementary Estimates	3.670	0.215	3.885
Final Approved Budget	874.918	-496.082	378.836
Provisional Outturn	946.193	-568.341	377.852
Total Variation	+71.275	-72.259	-0.984
Less items funded corporately from balances	-0.062	0.000	-0.062
Less City Schools Reorganisation	-0.775	0.000	-0.775
Directorate Variation	+70.438	-72.259	-1.821

6. For comparison the Directorate revenue variation at the end of 2008/09 was -£2.119m and represented -0.57% of the budget.

⁴ Excluding £0.775m City Schools re-organisation overspend

Directorate Variations

7. The Directorate outturn of -£1.821m compares to a forecast overspend of +£4.305m in the Financial Monitoring Report to the end of December 2009, a change of -£6.126m. Of that -£3.510m, reflects Supplementary Estimates requested or approved after the end of December 2009. Explanations of the major variances from budget for each Directorate are provided in the subsequent paragraphs.

Original Budget 2009/10 £m	Directorate	Latest Budget 2009/10 £m	Provisional Outturn Variance 2009/10 £m	Forecast Variance December 2009 £m	Outturn Variance %
98.277	Children, Young People & Families	97.288	-0.775	+1.046	-0.80
166.800	Social & Community Services	167.145	+0.736	+0.478	+0.44
68.631	Environment & Economy	71.229	-0.406	+0.482	-0.57
29.908	Community Safety & Shared Services	30.598	-0.805	+0.049	-2.63
9.426	Corporate Core	12.576	-0.571	+2.250	-4.54
373.042	Total	378.836⁵	-1.821	+4.305	-0.48

Plus:			
Plus: City Schools Reorganisation		+0.775	+0.775
Plus: Reallocation of Dedicated Schools Grant			+3.322
ICT Refresh			+1.200
Total		-1.046	+9.602
Provisional Outturn variation			

Memorandum Accounts:			
Older People, Physical Disabilities & Equipment Pooled Budget		+2.106 ⁶	+8.237
Learning Disabilities Pooled Budget		-0.101	+0.901

⁵ Latest Budget includes virements and supplementary estimates approved by Cabinet and Council in-year.

⁶ +£0.790m of this, relating to the overspend on the Council elements, is included in the outturn variance for Social & Community Services shown above. The balance is the responsibility of Oxfordshire Primary Care Trust (PCT).

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8. Requests for carry forwards of under and overspends within the final variance were agreed by Cabinet on 22 June. Carry forwards in Children, Young People & Families and Social & Community Services dependent on virements greater than £0.5m will be considered by Council on 27 July.

Children, Young People & Families (CYP&F): in - year Directorate underspend of -£0.775m (-0.8% of the final budget)

	Final Approved Budget 2009/10 £m	Provisional Outturn Variance £m	Variation to Final Approved Budget %	December 2009 Variance £m	Change since December £m
Young People and Access to Education	23.817	-0.398	-1.67	+0.435	-0.833
Children & Families	27.665	+3.252	+11.75	+4.596	-1.344
Raising Achievement Service	9.717	-0.923	-9.50	+0.203	-1.126
Commissioning, Performance & Quality Assurance	36.985	-0.604	-1.63	-0.866	+0.262
Schools	-0.896	-1.327 ⁷	+148.00	+0.775	-2.102
Annex 1 Total	97.288	0.000	0.00	+5.143	-5.143
Less Reallocation of Dedicated Schools Grant				-3.322	+3.322
Less City Schools Reorganisation		-0.775		-0.775	0.000
Total	97.288	-0.775	-0.775	+1.046	-1.821

9. As indicated to Cabinet during the year the final position included the use of £2.101m Dedicated Schools Grant (DSG), along with contributions from reserves of £1.523m. Whilst this funding was one off, the ongoing pressures, predominantly in Children & Families, have been considered and addressed as part of the 2010/11 budget agreed by Council on 9 February 2010.

10. The Outturn position includes the impact of the allocation of the unutilised element of the Dedicated Schools Grant. This had a balance of £3.322m at the end of December 2009.

Young People and Access to Education

11. The total underspend in Young People and Access to Education was -£0.398m. The underspend largely related to Services to Disabled Children where one – off backdated rental income was received close to year end and residential placement costs were lower than forecast.
12. Connexions (within the Youth Support Service) reported a year-end underspend of -£0.188m. This service is funded through Area Based

⁷ +£0.775m planned overspend on City Schools Reorganisation less £2.101m Dedicated Schools Grant.

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Grant so the intention is that the underspend will to be carried forward to allow the contractor liability for 2010/11 to be met.

Children & Families

13. The final outturn variation for Children & Families was an overspend of +£3.252m. This decreased by £0.833m from the position reported to the Strategy and Partnerships Scrutiny Committee in March. Of this position a net overspend of +£0.172m related to services funded by Dedicated Schools Grant (DSG).
14. Within Children & Families the placements budget has been under significant pressure due to national changes in practices following the Baby P case. During 2009/10 there were a larger number of placements at higher average cost. £0.523m of the carry forward from 2008/09 was placed in the CYP&F reserve to offset pressures within the directorate. Given that the placements budget was significantly overspent, the reserve was applied in this area. After taking account of the contribution from reserves, the remaining overspend reduced from +£1.825m to +£1.246m.
15. In February 2010 Cabinet agreed a supplementary estimate of £0.300m to cover the pressures arising from the Southwark Judgement. This offset all the pressures arising in 2009/10 relating to the reclassification of existing clients.
16. An overspend of +£1.049m was carried forward from 2008/09 in relation to the cost of supporting asylum seeking children. After taking account of additional grant funding received in year and the use of reserves an overspend of +£0.629m will be carried forward to 2010/11. It is unclear whether the Council will receive any further grant.

Raising Achievement Service

17. The outturn for the Raising Achievement Service was an underspend of -£0.923m. This related to the Ethnic Minority Achievement Service (EMAS) and Oxfordshire Education Business Partnership (OEBP) variances, and also the achievement of more income for Oxfordshire Quality Schools Association (OQSA). The underspend of -£0.336m on EMAS related to unspent Performance Reward Grant received in 2007/08 and a request to carry this forward will be considered by Council on 27 July 2010.
18. Outdoor Education Centres overspent by +£0.142m. This arose from an income shortfall, staffing pressures and increased transport costs. The intention is that the service should be self-financing in future years.

Commissioning Performance & Quality Assurance

19. The provisional outturn for Commissioning Performance & Quality Assurance was an underspend of -£0.604m. This included an underspend of -£1.491m on Home to School Transport. By 2014/15 of the Medium Term Financial Plan (MTFP) the budget for Home to School Transport will be £2.5m lower than in 2009/10 as the service meets its share of the Council's savings target.

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20. An overspend of +£0.399m relating to costs associated with the restructuring was brought forward from 2008/09. At the end of 2009/10 this had decreased to +£0.304m. It was proposed to carry forward this amount forward until it has been repaid by 2011/12.
21. At year end, there was an underspend on DSG of -£0.991m for which a receipt in advance was been made.

Social & Community Services (S&CS): in - year Directorate overspend of +£0.736m (+0.44% of the final budget)

Service Area	Final Approved Budget 2009/10 £m	Provisional Outturn Variance (Annex 1 Column 11) £m	Variation to Final Approved Budget %	December 2009 Variance £m	Change since December £m
Community Services	12.674	+0.311	+2.45%	+0.449	-0.138
Adult Social Care	129.874	+0.418	+0.32%	+0.002	+0.416
Major Projects & Supporting People	0.541	+0.001	+0.18%	+0.027	-0.026
Strategy & Transformation	24.056	+0.006	+0.02%	0.000	+0.006
Total	167.145	+0.736	+0.44%	+0.478	+0.258

22. The total overspend for Community Services was +£0.311m. Within that, Adult Learning and the Music Service overspent by +£0.233m and +£0.122m respectively. The reserve of £0.117m has now been fully utilised within Adult Learning. Both services have carried forward their overspends which will be recovered in future years as part of a four year action plan. In addition it is expected that the Adult Learning service will repay supplementary estimates of £0.181m.
23. An underspend of -£0.372m in Adult Social Care was offset by the overspend of +£0.790m on the Council elements of the OP & PD Pooled budget taking total overspend on Adult Social Care to +£0.418m. +£0.686m of overspend on the Pool will be carried forward and recovered within the Pool in 2010/11 subject to Council approval on 27 July.
24. Cabinet agreed that -£0.250m of the underspend should be carried forward to fund the transitional costs of the new Alert Service in 2010/11 and that a further -£0.025m should be carried forward in respect of costs related to the Mental Capacity Act.

POOLED BUDGETSOlder People's & Physical Disabilities Pooled Budget

25. As shown in the table below the year end position on the Older People's and Physical Disabilities (OP&PD) Pooled budget was an overspend of +£2.106m. £0.790m of that is the responsibility of the Council, +£1.316m relates to Oxfordshire Primary Care Trust (PCT).

Original Budget 2009/10 £m	Final Budget 2009/10 £m		Provisional Outturn Variance 2010 £m			December 2009 Variance £m	Change since December £m
			OP	PD	Total		
		OCC Elements					
89.907	88.767	Forecast in-year variance	0.052	0.561	0.613	+2.588	-1.975
		PCT elements					
23.965	30.451	Forecast in-year variance	3.060	-2.010	1.050	+5.208	-4.158
	1.129	Use of Reserve					
113.872	120.347	Total OP&PD	3.112	-1.449	1.663	+7.796	-6.133
1.657	1.658	Equipment Pool	0.443		0.443	+0.441	+0.002
115.529	122.005	Total - OP, PD & Equipment Pool	3.555	-1.449	2.106	+8.237	+6.131

26. The total overspend on the PCT element of the pool after taking account of their share of the Equipment Pool is +£1.316m and has been carried forward to form the first call on the PCT contribution in 2010/11. During March 2010 the PCT made an additional contribution of £2.317m to the pool, bringing the total additional contributions during 2009/10 to £6.317m. However, this was not sufficient to cover the additional expenditure to the end of the financial year.

27. As set out in paragraph 23 the total overspend of £0.790m on the Council element of the pool was brought into the Services for Older People budget in the revenue account which was -£0.372m underspent prior to this transfer.

Learning Disabilities Pooled Budget

28. The year end position on the Learning Disabilities Pooled Budget was an underspend of -£0.101m which has been transferred to reserves. Efficiencies of £4.274m were achieved by the service in 2009/10 to bring the Pool in balance by the year end.

Environment & Economy (E&E): in - year Directorate underspend of - £0.406m (-0.57% of the final budget)

Service Area	Final Approved Budget £m	Provisional Outturn Variance £m	Variation to Final Approved Budget %	December 2009 Variance £m	Change since December £m
Transport	41.713	-0.098	-0.23	+0.567	-0.665
Sustainable Development	25.312	-0.566	-2.24	-0.222	-0.344
Property Services	-0.906	+0.119	+13.13	-0.004	+0.123
Business Improvement	5.110	+0.139	+2.72	+0.141	-0.002
Total	71.229	-0.406	-0.57	+0.482	-0.888

11. Following the bad weather over the winter, supplementary estimates of £0.475m and £0.425m for repairs to the highway surface and the additional costs of winter maintenance were approved by Cabinet on 16 February 2010 and 20 April 2010. After taking account of these the year end underspend was -£0.098m or -0.23% of the final budget. Within that the variation on the Oxfordshire Highways budget of £25.2m was -£0.450m.
12. An underspend of -£0.566m was reported for Sustainable Development. -£0.471m of the underspend related to Waste Management. This reflects a 4% reduction in the absolute tonnages of waste disposed of compared to budgeted tonnages at the beginning of the year and an increase in the proportion of waste recycled or composted.
29. £0.650m was agreed to be transferred to reserves to support the funding of the Waste Recycling Strategy in year. In addition the £0.695m budget set aside for the purchase of Landfill Allowance Trading Scheme (LATS) credits is also available to support the strategy. Whilst some of the underspend at year end was required to offset variations elsewhere in the Directorate a further £0.293m was transferred to the reserve, taking the total to £0.943m.
30. The final overspend in Property Services was +£0.119m which included an overspend of +£0.225m on the Better Offices Programme. Previously it had been assumed that this would be a call on balances at year end. However, due to the overall position across Environment & Economy at year end the Directorate managed to absorb this corporate cost on a one off basis. An overspend of +£0.115m on non – domestic rates relating to properties across all Directorates was funded from balances in line with Council policy.
31. The final overspend of +£0.139m for Business Improvement related to increased legal costs and staffing pressures.

Community Safety & Shared Services (CS&SS): in - year Directorate underspend of -£0.805m (-2.63% of the final budget)

	Final Approved Budget £m	Provisional Outturn Variance £m	Variation to Final Approved Budget %	December 2009 Variance £m	Change since December £m
Fire & Rescue	23.80	-0.085	-0.36	+0.199	-0.284
Emergency Planning	0.398	-0.035	-8.80	0.000	-0.035
Safer Communities	0.900	+0.004	+0.44	-0.020	+0.024
Gypsy & Traveller Service	0.213	-0.074	-34.74	-0.060	-0.014
Trading Standards	2.514	+0.012	+0.48	+0.030	-0.018
Shared Services	2.765	-0.627	-22.68	-0.100	-0.527
Total	30.598	-0.805	-2.63	+0.049	-0.854

32. The Fire & Rescue Service underspent by -£0.085m. Within that the total overspend against the retained firefighters' pay budget was +£0.347m. This includes the creation of a provision of £0.225m for the cost of for the cost of compensation payments, backdated to July 2000, as a result of an of an Employment Tribunal decision with respect to a wide range issues affecting payments to retained firefighters. In previous years any variance against this budget for retained firefighters has been drawn from or returned to balances on the grounds that the cost of the retained duty system is largely driven by the number of emergency call outs. In 2009/10 the directorate was able to use underspends totalling -£0.136m to cover part of the variance, leaving +£0.211m to be met from balances.

33. The Shared Services project will deliver the net business case saving of £11m (2009/10 prices) by November 2014, eight months later than the original target. The forecast includes a provision of £0.140m per annum for a business rates revaluation from 2010/11 which was not in the original business case but does not include further efficiency savings in the 2010/11 to 2014/15 Medium Term Financial Plan (MTFP) which will add a further £2.2m to cumulative savings by 2013/14. If these additional savings are added, the business target savings will be achieved before the March 2014 target.

34. Trading surpluses of £0.343m and £0.076m were achieved by Food with Thought and QCS Cleaning. The Common Hall Café recorded a deficit of £0.010m. The balances have been transferred to the Food with Thought Reserve.

**Corporate Core (CC): in - year Directorate underspend of -£0.571m
(-4.5% of the final net budget or -1.5% variation to the gross budget
before recharges to other Directorates)**

Service Area	Final Approved Budget ⁸ £m	Provisional Outturn Variance £m	Variation to Final Approved Budget % %	December 2009 Variance £m	Change since December £m
Business Support	1.237	-0.031	-2.51%		-0.031
ICT	2.204	+0.029	1.32%	+2.250	-2.221
Strategic Human Resources & Organisational Development	0.320	-0.217	-67.81%		-0.217
Finance & Procurement	0.195	-0.122	-62.56%		-0.122
Legal & Democratic Services	3.247	-0.010	-0.31%		-0.010
Partnerships	0.180	-0.070	-38.89%		-0.070
Policy Unit	0.363	-0.122	-33.61%		-0.122
Communications & Marketing	0.184	-0.028	-15.22%		-0.028
Change Fund	0.226				
Corporate & Democratic Core	4.420				
Total	12.576	-0.571	-4.5%	+2.250	-2.821

35. In the last report to the Strategy & Partnerships scrutiny committee in March an overspend of £2.250m was reported within ICT. It was also noted in the report that on 22 February 2010 Cabinet had agreed to recommend to Council a supplementary estimate of £2.250m for ICT to avoid cuts in service at a level that would seriously impact on the resilience of the Council's ICT infrastructure and service delivery. Council agreed the supplementary estimate on 6 April 2010. Taking this into account the final outturn position for ICT was an overspend of +£0.029m. As agreed by the Efficiencies Board the actual redundancy cost of £0.362m were met from the Efficiencies Reserve. An action plan is in place to control costs in 2010/11.

36. Legal & Democratic Services reported a final underspend position of -£0.010m. This position included a supplementary estimate of £0.060m for two legal cases each costing over £0.025m which were approved by Cabinet on 20 April.

⁸ Budgets are net of recharges to other Directorates.

Proposed Carry Forward of under and over spends in 2009/10 to 2010/11

37. Overspends totalling +£2.749m have been carried forward to 2010/11 to be recovered as planned. The total underspend carried forward was -£3.795m. This is summarised in the table below. The carry forward requests for CYP&F and S&CS depend on virements larger than £0.5m which will need to be approved by Council on 27 July 2010 in accordance with the Financial Regulations.

Directorate/Service Area	Overspends to be carried forward £m	Approved underspends to be carried forward £m	Net total requested to be carried forward £m
Children, Young People & Families	+0.304	-1.708	-1.404
Asylum Seekers	+0.629		+0.629
City Schools Reorganisation	+0.775		+0.775
Total CYP&F	+1.708	-1.708	0.000
Social & Community Services		-0.305	-0.305
Adult Learning	+0.233		+0.233
Music Service	+0.122		+0.122
OP & PD Pooled Budget ⁹	+0.686		+0.686
Total S&CS	+1.041	-0.305	+0.736
Environment & Economy		-0.406	-0.406
Community Safety		-0.805	-0.805
Corporate Core		-0.571	-0.571
Total (as per Annex 2a)	+2.749	-3.795	-1.046

Strategic Measures

38. The year end position on the Strategic Measures budget was an underspend of -£0.649m. This included -£0.442m relating to the interest paid on various sums which were included within the Council's cash balance. The net underspend has been added to general balances.
39. The Treasury Management Outturn report for 2009/10, which covers all of the related activities in detail, was considered by Cabinet on 20 July 2010.

Bad Debt Write Offs

40. For the year ended 31 March 2010 there were 462 debts written off (as recorded on SAP) totalling £0.046m. Of these the largest write off was £13,000 relating to a direct payment which was approved by Cabinet in February 2010. In addition Client Finance wrote off £0.068m in respect of 115 debts relating to care provided by Social & Community Services. The largest of these debts was £8,763. Most of the debts have been written off because it is uneconomical to recover through the courts. A further

⁹ overspend to be carried forward and recovered within the Pool in 2010/11.

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write off of £0.111m related to an overpayment to Sedgemoor Children's Services. Cabinet agreed to write off this debt in January 2010.

41. After taking account of ad hoc write offs of £0.005m, total write offs for the year were £0.230m.

Specific & Area Based Grant

	Specific Grants £m	Area Based Grant £m
Grants expected to be received in 2009/10 (as per published Medium Term Service & Financial Plan)	420.404	26.950
Grant income carried forward from 2008/09	9.174 ¹⁰	
New grants & changes to 2009/10 allocations previously reported (as per February 2010 Financial Monitoring report)	18.119	0.108
Changes to 2009/10 grant allocations not previously reported but included at Outturn	5.399	
Total Grant funding available for 2009/10	453.096	27.058
2009/10 Grant Expenditure	443.487	25.577
Balance remaining at 31 March 2010	9.609	1.481

Specific Grants

42. Receipts in advance totalling £10.662m were raised and included £5.569m relating to Standards Fund grant within CYP&F. In S&CS £0.837m related to Supporting People grant and £1.148m was Social Care Reform Grant. The funding has been carried forward to be used in 2010/11.
43. £2.101m Dedicated Schools Grant was used to support the overall CYP&F position.

Area Based Grant

44. The variation of £1.481m related to CYP&F, where £0.188m was requested to be carried forward to meet commitments relating to Connexions in 2010/11. The take up of Extended Rights to Free Travel was much lower than expected and £0.319m was used to support the overall Directorate position along with £0.848m of School Development Grant.

¹⁰ £8.710m reported at 2008/09 year end and throughout 2009/10. CYP&F total increased by £0.464m at outturn to match corrected position.

Savings

45. The table below shows the total budgeted savings for each Directorate and compares this to the actual outturn. The final position on savings which can be classed as Value for Money (VfM) will be reported to Communities and Local Government (CLG) in July 2010. Whilst the savings are shown in isolation here they are also included in the overall position reported and need to be considered in that context.

Directorate	Total Budgeted Saving £m	Actual Saving £m	Variation to Budgeted Saving £m
CYP&F	-2.955	-2.335	0.620
S&CS	-11.050	-10.101	0.949
E&E	-5.224	-5.427	-0.203
CS&SS	-0.885	-0.885	0.000
Corporate Core	-1.512	-0.874	0.638
TOTAL	-21.626	-19.622	2.004

46. CYP&F achieved savings of £2.335m. £0.304m of the shortfall related to savings to be made as a result of the directorate restructuring and unrealised planned savings of £0.181m from DSG funded services.
47. S&CS made savings of £10.101m. The £0.949m shortfall relates to savings within Adult Social Care which were delayed or proved unachievable.
48. E&E achieved -£0.203m more savings than budgeted largely due to additional savings relating to Waste Management.
49. The £0.885m savings target for CS&SS was achieved in full. Of this £0.773m related to Shared Services savings and represented the balance of the business case target of £4.5m.
50. Within Corporate Core ICT achieved an efficiency saving of £0.243m from a target of £0.881m resulting in a shortfall of £0.638m.

Part – 2 Consolidated Provisional Capital Outturn

Summary Programme Expenditure

51. The capital programme is updated three times each year. The original programme for the year is agreed by Council in the February preceding the start of the financial year as part of the MTFP (February 2009). This was based on the position forecast at the end of December 2008. The latest programme, based on the position forecast at the end of December 2009, was agreed by Council on 9 February 2010. This will be updated again as at the end of July 2010 for monitoring in 2010/11.
52. The summary outturn position compared to both the original and latest capital programme and also the latest position forecast at the end of February 2010 is shown in the following table.

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Directorate	Original Capital Prog (Feb 2009 Council)	Latest Capital Prog (Feb 2010 Council)	Latest Forecast Position (April 2010 Cabinet)	Actual Spend 2009/10	Variation to Original Capital Programme		Variation to Latest Capital Programme		Variation to February Forecast	
	£m	£m	£m		£m	%	£m	%	£m	%
CYP&F	38.5	38.8	38.0	35.6	-2.9	-7	-3.2	-8	-2.4	-6
S&CS	7.9	6.0	5.4	5.0	-2.9	-37	-1.0	-17	-0.4	-7
E&E – Transport	26.4	24.8	23.4	23.1	-3.3	-13	-1.7	-7	-0.3	-2
E&E– Other	15.1	16.3	15.7	15.0	-0.1	-1	-1.3	-8	-0.7	-4
CS&SS	0.3	1.0	0.7	0.7	+0.4	178	-0.3	-32	0.0	-4
Corporate Core	1.0	2.9	2.9	2.9	+1.9	100	0.0	0	0.0	0
Directorate Total	89.2	89.8	86.1	82.3	-6.9	-8	-7.5	-8	-3.8	-4
Schools Capital	11.2	12.1	12.1	11.7	0.5	4	-0.4	-3	-0.4	-3
Total Capital Programme Expenditure	100.4	101.9	98.2	94.0	-6.4	-6	-7.9	-8	-4.2	-4
Other adjustments ¹¹	1.7	2.0	2.0	6.8						
Total Capital Expenditure	102.1	103.9	100.2	100.8						

53. Total capital programme expenditure for 2009/10 was £94.0m and the variation between the original programme (February 2009 Council) and the final outturn was -£6.4m. This represents 94% use of resources compared to the original capital programme and compares favourably to the outturn position in 2008/09 where the use of resources was 90% and the 82% achieved in 2007/08.

Children, Young People & Families

54. Total capital expenditure was £35.6m (excluding schools local capital expenditure of £11.7m), a variation of -£2.9m or -7% compared to the original capital programme. The main changes relate to re profiling of projects/ programmes.

Social & Community Services

55. Total capital expenditure for the year was £5.0m. The variation compared to the original Capital Programme was a reduction of -£2.9m or -37%. This was due to delays on several projects.

Environment & Economy - Transport

56. Total capital expenditure was £23.1m. This was £3.3m or 13% less than the original Capital Programme. This reflects a £4.7m or 35% reduction on the Integrated Transport Strategy (ITS) element of the programme offset by an increase in the Highways Maintenance programme of £1.0m or 8%.

¹¹ Year end accounting adjustments

Environment & Economy - Other

57. Total capital expenditure was £14.9m. The variation compared to the original Capital Programme was a reduction of £0.1m or 1%. The main changes to the original programme for 2009/10 were a reduction of £0.8m on the clearance on fly tipped waste at Redbridge Hollow due to a significantly lower tender price than anticipated. This was offset by the inclusion of an additional £1m of accelerated funding for Backlog Maintenance.

Community Safety & Shared Services

58. Total capital expenditure was £0.7m. The main changes to the original programme for 2009/10 were the inclusion of Safer Stronger Communities Grant (£0.2m), which is passed over to district councils, and the school kitchen & dining improvement programme (£0.4m). The funding for these two schemes was not announced until after the original programme was set. The variation to the latest programme at year end was due to the re-profiling of some minor projects to 2010/11.

Corporate Core

59. Total capital expenditure was £2.9m. This was £1.9m higher than originally planned due to the early repayment of SAP and associated software licences, which was brought into the capital programme part way through the year.

Part 3 – Balance Sheet**General Balances**

60. The provisional outturn position for general balances was £11.145m (after the planned City Schools overspend) as at 31 March 2010. In addition £1.009m of the first instalment of Performance Reward Grant was held within balances at the end of 2009/10.
61. As part of the 2010/11 budget agreed by Council on 9 February 2010 £1.975m was added to balances in 2010/11 to bring the £10.5m estimated balance at 31 March 2010 back to the risk assessed level of £12.5m. The position at 1 April 2010 was £12.154m. This included £1.0m Local Area Agreement (LAA) Performance Reward Grant (PRG) and £0.6m of additional balances as set out in full in paragraphs 76 and 119 to 122 of the Provisional Outturn Report to Cabinet.

Earmarked Reserves

62. Reserves totalled £60.766m as at 31 March 2010. Of this £14.327m related to CYP&F and included school balances. £31.967m related to corporate reserves.
63. Details of the movements on earmarked reserves in 2009/10 are summarised in the table below:

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	2009/10			
	Balance 1 April 2009 £m	Forecast Movement Contributions From Reserve £m	Contributions To Reserve £m	Balance 31 March 2010 £m
CYP&F	15.049	-12.786	12.064	14.327
S&CS	2.739	-1.635	0.590	1.694
E&E	3.878	-1.759	3.497	5.616
CS&SS	4.502	-5.773	5.304	4.033
Corporate Core	4.872	-2.001	0.258	3.129
Corporate	21.305	-7.305	17.965	31.965
Total	52.345	-31.529	39.678	60.764

Corporate Reserves

64. As agreed by Council in February 2009 a new reserve was created from 2009/10 for Local Authority Business Growth Incentive (LABGI) funding. After taking account of funding unused at the end of 2009/10, which was transferred back to the reserve, the total balance as at 31 March 2010 was £0.791m.

65. At the end of 2008/09 balances were £1.187m higher than the risk assessed level. The surplus was agreed to be transferred to a new Efficiency Savings Reserve to contribute to future efficiency savings or to fund costs associated with those savings. During 2009/10 a further £0.694m relating to excess Green Book and Chief Officer pay inflation was removed from Directorate budgets and added to this reserve. £0.362m was used during 2009/10 to fund redundancy costs in ICT. The balance as at 31 March 2010 was £1.519m.

School Balances

66. School balances reduced by £2.364m to £10.962m at 31 March 2010. This reduction was less than previously forecast but the use of SAP from 1 April 2010 will provide more accurate information for 2010/11.

	Balances as at 31 March 2009	Movement	Balances as at 31 March 2010
	£m	£m	£m
Primary Schools	8.873	-1.547	7.326
Secondary Schools	2.414	-0.195	2.219
Special Schools	1.769	-0.622	1.147
TOTAL	13.056	-2.364	10.692

Change Fund

68. Sixteen projects were financed from the Change Fund in 2009/10 with drawdowns totalling £0.602m and a further £1.241m of the remaining £1.259m balance is committed to these projects for 2010/11 onwards.

Conclusion

69. The outturn position for 2009/10 again demonstrates the strong financial management in the authority with an overspend predicted earlier in the year transformed into a small underspend equivalent to around 0.5% of the total budget. The overall position on balances and reserves also indicates the authority was in a strong position at 31 March 2010. However, cuts in 2010/11 and beyond will pose a significant challenge in the face of ongoing pressures particularly in Children's Services and Adult Social Care.

Councillor Jim Couchman
Cabinet Member for Finance

July 2010

Annex 1 to the PROVISIONAL REVENUE OUTTURN 2009/10
CABINET 22 June 2010

Budget Book Ref	Service Area	BUDGET 2009/10					OUTTURN		Analysis of variation		Proposed Carry Forward to 2010/11 (**)
		Original Budget	Brought Forward from 2008/09	Virements to Date	Supplementary Estimates to Date	Latest Estimate	Provisional Outturn	Variation to Final Budget	Returned to Council	This Directorate (*)	
(1)	(2)	£0	Surplus + Deficit - £000	£000	£000	£000	(Actual per SAP) £000	underspend - overspend + £000	underspend - overspend + £000	underspend - overspend + £000	Surplus - Deficit + £000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Children, Young People & Families										
	Gross Expenditure	502,002	-867	14,505	300	515,940	571,181	55,241	0	55,241	
	Income	403,725	0	-15,142	215	-418,652	-473,893	-55,241	0	-55,241	
	Net Expenditure	98,277	-867	-637	515	97,288	97,288	0	0	0	0
	Social and Community Services										
	Gross Expenditure	212,820	1,094	-1,363	0	212,551	217,619	5,068	0	5,068	
	Income	-46,394	0	614	0	-45,780	-50,112	-4,332	0	-4,332	
	Net Expenditure	166,426	1,094	-749	0	166,771	167,507	736	0	736	736
	Supporting People										
	Gross Expenditure	12,571	0	125	0	12,696	13,352	656	0	656	
	Income	-12,197	0	-125	0	-12,322	-12,978	-656	0	-656	
	Net Expenditure	374	0	0	0	374	374	0	0	0	0
	Environment & Economy										
	Gross Expenditure	98,435	966	1,710	1,060	102,171	103,301	1,130	115	1,015	
	Income	-29,804	0	-1,138	0	-30,942	-32,363	-1,421	0	-1,421	
	Net Expenditure	68,631	966	572	1,060	71,229	70,938	-291	115	-406	-406
	Community Safety & Shared Services										
	Gross Expenditure	54,024	820	417	0	55,261	57,858	2,597	167	2,430	
	Income	-24,116	0	-547	0	-24,663	-27,898	-3,235	0	-3,235	
	Net Expenditure	29,908	820	-130	0	30,598	29,960	-638	167	-805	-805
	Corporate Core										
	Gross Expenditure	35,212	415	-149	2,310	37,788	44,371	6,583	-220	6,803	
	Income	-25,786	0	574	0	-25,212	-32,586	-7,374	0	-7,374	
	Net Expenditure	9,426	415	425	2,310	12,576	11,785	-791	-220	-571	-571

SYP7

Annex 1 to the PROVISIONAL REVENUE OUTTURN 2009/10
CABINET 22 June 2010

Budget Book Ref	Service Area	BUDGET 2009/10					OUTTURN		Analysis of variation		Proposed Carry Forward to 2010/11 (**)
		Original Budget	Brought Forward from 2008/09	Virements to Date	Supplementary Estimates to Date	Latest Estimate	Provisional Outturn	Variation to Final Budget	Returned to Council	This Directorate (*)	
(1)	(2)	£0 (3)	Surplus + Deficit - £000 (4)	£000 (5)	£000 (6)	£000 (7)	(Actual per SAP) £000 (8)	underspend - overspend + £000 (9)	underspend - overspend + £000 (10)	underspend - overspend + £000 (11)	Surplus - Deficit + £000 (12)
	Less recharges to other Directorates	-61,489				-61,489	-61,489	0		0	
		61,489				61,489	61,489	0		0	
	Directorate Expenditure Total	853,575	2,428	15,245	3,670	874,918	946,193	71,275	62	71,213	
	Directorate Income Total	480,533	0	-15,764	215	-496,082	-568,341	-72,259	0	-72,259	
	Directorate Total Net	373,042	2,428	-519	3,885	378,836	377,852	-984	62	-1,046	-1,046

Less: City Schools Reorganisation

In-Year Directorate Variation

	-775
377,852	-1,759

Contributions to/from Reserves	3,432	-2,428	693		1,697	4,413	2,716
Contribution to/from Balances	-5,131			-3,885	-9,016	-5,111	3,905
Capital Financing	35,811				35,811	35,828	17
Interest on Balances	-1,034		-65		-1,099	-1,809	-710
Strategic Measure Budget	33,078	-2,428	628	-3,885	27,393	33,321	5,928
Area Based Grant (income)	-26,950		-109		-27,059	-27,059	0
Budget Requirement	379,170	0	0	0	379,170	384,114	4,944

Increase/(decrease) in County Fund

-2,488

* This is a combined position as any Directorate over or under spend at the year-end has been included in the County Fund Balance

Combined position - Budget Requirement and movement on County Fund Balance

381,626

Total External Financing to meet Budget Requirement

Revenue Support Grant	19,657				19,657	19,657	0
Business rates	85,163				85,163	85,163	0
Council Tax	274,350				274,350	274,350	0
Other Income (e.g. LAA, PRG, LABGI)					0	2,456	2,456
External Financing	379,170	0	0	0	379,170	381,626	2,456

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