

CABINET – 15 MARCH 2011

FINANCIAL MONITORING

Report by the Assistant Chief Executive & Chief Finance Officer

Introduction

1. This report sets out the Council's forecast position for the 2010/11 financial year based on ten months of actuals to the end of January 2011. Parts 1 and 2 include projections for revenue, balances and reserves. The Capital Monitoring is included at Part 3. Funding changes and Other Financial Issues are included in Part 4.
2. As part of the Council's Business Strategy, a new Directorate structure will be fully implemented by 1 April 2011. This report reflects the virements requested for the changes to be implemented in January 2011 that Cabinet approved on 16 November 2010. The remaining changes to fully implement the Business Strategy have been made through the Service and Resource Planning process.

International Financial Reporting Standards (IFRS)

3. From 2010/11 all local authority accounts are required to be prepared using International Financial Reporting Standards (IFRS). This is part of a wider public sector move to comply with international accounting standards and replaces the Statement of Recommended Practice (SORP).
4. The basis for recognising income from grants and contributions relating to capital and revenue expenditure has changed under IFRS. They have to be accounted for on an accrual basis, and recognised immediately in the Council's accounts as income. The only exception is where the grant or contribution is subject to a "condition" that has not been satisfied - ie. the grant or contribution would need to be returned if it is not used for the specified purpose.
5. The forecast outturn position for 2010/11 has now been updated to reflect this requirement, which will be required as part of the 2010/11 accounts. The table below sets out the anticipated unspent elements of grants now reported. These will be carried forward and considered as part of the carry forward requests in the Provisional Outturn Report to Cabinet on 21 June 2011.

Grant/Directorate	Underspend £m
DedicatedSG	-1.116
Total Children, Young People & Families	-1.116
Social Care Reform Grant	-0.976
National Dementia Strategy Grant	-0.031
New Dimensions Training Grant	-0.072
Total Social & Community Services	-1.079

6. Other than future variations on Dedicated Schools Grant it is expected that this will be a one off issue in 2010/11, as only a small number of ringfenced grants remain in Directorate budgets in 2011/12.

Summary Revenue Position

7. To enable comparison to previous 2010/11 reports, the table below has been adjusted to show the forecast Directorate position before and after the changes relating to IFRS. The in – year Directorate forecast underspend excluding the impact of the grant underspends is -£2.725m, or -0.71% compared to a budget of £385.745m. The total variation after taking account of the grant underspends and overspends on the Council elements of the Pooled Budgets is an overspend of +£0.494m or +0.13%. The in-year forecast excludes an underspend of -£1.116m on services funded from Dedicated Schools Grant (DSG). The graph at annex 1f shows the movement in Directorate forecasts since April.

	Latest Budget 2010/11	Forecast Outturn 2010/11	Variance Forecast January 2011 (including non- DSG Grant underspends)	Variance Forecast January 2011 (including non- DSG Grant underspends)	Variance Forecast January 2011 (excluding non-DSG Grant underspends)	Variance Forecast January 2011 (excluding non- DSG Grant underspends)
	£m	£m	£m	%	£m	%
Children, Young People & Families	96.767	95.788	-0.979	-1.01	-0.979	-1.01
Social & Community Services	204.486	203.554	-0.932	-0.46	+0.147	+0.07
Environment & Economy	72.215	71.907	-0.308	-0.43	-0.308	-0.43
Oxfordshire	1.408	0.555	-0.853	-60.58	-0.853	-60.58
Customer Services	10.869	10.137	-0.732	-6.73	-0.732	-6.73
Chief Executive's Office						
In year Directorate total)	385.745	381.941	-3.804	-0.99	-2.725	-0.71

Add: Overspend on Council Elements of Pooled Budgets ¹			+2.231		+2.231	
Total Directorate variation including Pooled Budgets			-1.573	-0.41	+0.494	+0.13
Less: Underspend on DSG			-1.116		-1.116	
Total Variation			-2.689	-0.70	-0.622	-0.16

8. As set out in Annex 5 general balances are £13.256m. Taking into account the forecast Directorate underspend (-£2.725m), Council elements of the overspend on the Pooled budgets (+£2.231m), the underspends on grants (-£1.079m), an underspend on the DSG (-£1.116m), and several other technical adjustments (-£0.507m), the consolidated revenue balances forecast as at 31 March 2011 is £16.452m.

¹ These will be included as part of the Outturn position at year end.

9. Figures for each Directorate are summarised within the Annexes and individual Directorate Financial Monitoring Reports setting out the detail behind this report have been placed in the Members' Resource Centre.

10. The following Annexes are attached:

Annex 1 (a-e)	Forecast Revenue Outturn by Directorate
Annex 1f	Graph showing movement in Directorate Forecasts
Annex 2 (a-f)	Virements and Supplementary Estimates
Annex 3 (a-c)	Specific Grants and Area Based Grant
Annex 4	Forecast earmarked reserves
Annex 5	Forecast general balances
Annex 6	Capital Programme Monitoring
Annex 7	Treasury Management Lending List

Part 1 - Revenue

11. The forecast revenue outturn by Directorate based on the position to the end of January 2011 is set out below. Significant issues or movement in the variances are commented on along with the management action being taken.

Children Young People & Families (CYP&F): -£0.979m, or -1.01% in – year Directorate underspend

12. CYP&F are forecasting an in-year Directorate underspend of -£0.979m, or -1.01%, (-£2.095m total underspend after taking account of an underspend of -£1.116m on services funded from Dedicated Schools Grant). Work is continuing to identify any other grants and contributions underspends, and if appropriate these will be included in future reports.

13. The directorate intends to bring forward a business case to use part of the underspend achieved during 2010/11 to fund the infrastructure works necessary to establish the new Hub structure for Early Intervention Services during 2011/12. This is likely to include further development of the council's Framework-I installation to ensure that there is one computer based file per child instead of potentially many as at present. The remaining underspend will be transferred to the Efficiency Reserve.

Young People & Access to Education

14. Young People & Access to Education (YP&AE) is overspending by +£0.244m on services funded by the Council. The change relates to the Youth Service now forecasting an overspend of +£0.102m compared to an underspend of -£0.295m reported last month. This reflects an unexpected claw back by the Young Person's Learning Agency (YPLA) and also the one-off costs relating to redundancies that will now be incurred in 2010/11.

Children and Families

15. An underspend of -£0.350m is forecast in the Children and Families Service compared to a break-even position reported last month. This includes an underspend of -£0.662m on Placements which will be used to off-set the overspend on Asylum.
16. The Asylum Service is forecasting an overspend of +£0.531m a decrease of -£0.105m since the last report. The change reflects the service not receiving any contract amendment penalties from ending and then restarting the contracts relating to All Rights Exhausted (ARE) clients. As previously reported these clients had been notified that their payments would cease. A subsequent Court of Appeal judgment has ruled that the Council is responsible for these clients and hence the service being re-instated.
17. An underspend of -£0.290m is now forecast in the Family Support and Assessment Service which is mainly due to delays in recruitment to posts or where vacancies have not been filled. The underspend includes -£0.012m that relates to a project being carried out jointly with Oxfordshire Buckinghamshire Mental Health Trust (OBMH). This will be requested to be carried forward to 2011/12.

Raising Achievement Service

18. Raising Achievement Service are forecasting an overspend of +£0.404m a reduction of -£0.129m since the last report. Outdoor Education Centres are now reporting a breakeven position and the underlying underspend in the Equality and Diversity Achievement Service has increased by -£0.054m.
19. As previously reported the forecast includes anticipated redundancy costs of £1.122m in the Equality and Diversity Achievement Service and the Primary and Secondary National Strategies Teams (grant funding that was planned pre-May 2010 to cease). However, at Schools Forum on 2 February 2011 it was agreed to keep some of the Primary and Secondary National Strategies Team in post until August. This will be funded by an underspend of -£0.426m on the DSG funding in this area.

Commissioning, Performance & Quality Assurance (CPQA)

20. CPQA are forecasting an underspend of -£1.277m which includes an underspend on Home to School Transport of -£1.397m, or -9.36% compared to a budget of £14.929m. The forecast for this service also includes redundancy costs of £0.030m in Student Support.

Dedicated Schools Grant (DSG) Funded Services

21. Services funded by DSG are forecast to underspend by -£1.116m, There is an underspend of -£0.500m in Early Learning and Childcare which has been identified after ensuring the ring-fenced Sure Start Grant has been fully utilised releasing DSG funding in the area. Also as reported in paragraph 19 Primary and Secondary Strategies is reporting an underspend of -£0.426m. Any DSG underspend will be requested as a carry forward to 2011/12.

Social & Community Services: -£0.932m, or -0.46%, in – year directorate overspend

Community Services

22. Community Services is forecasting an underspend of -£0.061m an increase of +£0.011m since the last report. As previously reported this includes an underspend of -£0.105m that relates to the 2010/11 contribution to the Cogges Trust. This will be requested to be carried forward to 2011/12.
23. The Music Service is forecasting an overspend of +£0.050m a reduction of -£0.011m since the last report. This will be carried forward and repaid over the next three years in line with the recovery programme.

Social Care for Adults

24. Social Care for Adults is forecasting an overspend of +£0.535m, a decrease of -£0.370m since the last report. Older People Care Management is forecasting an overspend of +£0.012m an increase of +£0.109m. This reflects the new structure following the implementation of Self-Directed Support taking effect from the 6 December 2010. The forecast includes £0.149m funding from the Social Care Reform Grant.
25. An overspend of +£0.039m is forecast for the Alert Service, a decrease of -£0.250m since the last report. A virement was approved by Cabinet on 16 February 2011 requesting to transfer the £0.250m provided for the rollout of the Bicester Resource Centre. There remains an on going pressure in this area for future years, for which the service is working on an action plan.
26. Fairer Charging and Residential Client Income is forecast to be underachieved by £0.504m a reduction of £0.047m since the last report and as noted in previous reports continues to be monitored.
27. An underspend of -£0.031m on the National Dementia Strategy Grant. This will be requested as a carried forward to 2011/12, as noted in paragraph 5.

Strategy & Transformation and Supporting People

28. The service is underspending by -£0.966m, a change of -£1.026m since the last report. In accordance with IFRS as set out in paragraph 5 the forecast includes an underspend of -£0.976m on the Social Care Reform Grant which will be requested to be carried forward to 2011/12. The Transforming Adult Social Care programme will come to a close on 31 March 2011. The programme will deliver against the agreed elements but there are on-going support requirements to support future efficiencies. If the carry forward request is agreed the underspend will be used in 2011/12 to meet these objectives in accordance with an agreed programme of work.

Pooled Budgets**Older People, Physical Disabilities & Equipment Pool**

29. As shown in the table below the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£4.937m. Including the +£0.686m overspend brought forward from 2009/10, the Council elements are forecast to overspend by +£1.298m (a decrease of -£0.529m since the last report). The Primary Care Trust (PCT) element is projected to overspend by +£3.639m (an increase of +£0.530m since the last report). As noted previously the PCT has made a payment to the Council to cover the overspend on their elements in 2009/10.

Original Budget 2010/11	Latest Budget 2010/11		Forecast Variance January 2011	Variance December 2010	Change in Variance
£m	£m		£m	£m	£m
		Council Elements:			
		Older People			
53.052	51.417	Care Homes	+0.123	+0.292	-0.169
28.818	29.293	Community Support Purchasing Budget	-0.132	+0.353	-0.485
81.870	80.710	Total Older People	-0.009	+0.645	-0.654
		Physical Disabilities			
2.450	2.450	Care Homes	+0.570	+0.609	-0.039
4.652	4.616	Community Support Purchasing Budgets	+0.575	+0.446	+0.129
7.102	7.066	Total Physical Disabilities	+1.145	+1.055	+0.090
		Equipment			
1.169	1.169	Forecast in-year variance	+0.162	+0.127	+0.035
90.141	88.945	Total Forecast in year variance – Council Elements	+1.298	+1.827	-0.529
		PCT elements:			
17.917	23.760	Older People	+2.313	+1.878	+0.435
4.047	4.047	Physical Disabilities	+1.071	+1.008	+0.063
0.312	0.311	Equipment	+0.255	+0.223	+0.032
22.276	28.118	Total Forecast in-year variance – PCT Elements	+3.639	+3.109	+0.530
112.417	117.063	Total	+4.937	+4.936	+0.001

Council Elements

30. The Older Persons budget is underspending by -£0.009m a decrease of -£0.654m since the last report. This reflects the effect of the quota system that was introduced for both Internal and External Home Support which has reduced the projected overspend in these areas. However, this has had an adverse impact on income which has fallen below budget.
31. As previously reported additional funding is being provided by the Oxford Radcliffe Hospital Trust and the PCT to relieve pressures on delayed transfers of care. Additional funding was also provided via the PCT from the Department of Health allocation for reablement linked to hospital discharge. The impact of this additional funding has been included in the report. It is expected that this funding will be supplemented by the additional resource from the National Health Service (NHS) for adult social care announced by the Department of Health at the beginning of January 2011. This is not yet reflected in the report.
32. The Physical Disabilities Budget is forecast to overspend by +£1.145m on Residential and Nursing Beds plus External and Internal Home Support. The increase of +£0.090m since the last report is largely due to the savings from packages transferred to the Older People part of the pool being lower than originally calculated and the transfer of a high cost patient from Continuing Health Care.

Primary Care Trust Elements

33. The PCT element of the pool is forecast to overspend by +£3.639m, an increase of +£0.530m on the previous forecast. The PCT is responsible for the funding of this overspend and payment will be made before the end of the financial year.

Equipment

34. The Equipment budget is currently forecast to overspend by +£0.417m an increase of +£0.067m on the previous month. The Council's element of this overspend is +£0.162m and the PCT's element is +£0.255m.

Learning Disabilities Pool

35. The Learning Disabilities Pooled Budget is forecast to overspend by +£1.587m as shown in the table on the next page.

Original Budget £m	Latest Budget £m		Variance January 2011 £m	Variance December 2010 £m	Change in Variance £m
		Council Contribution			
9.688	9.673	Residential Services	+0.828	+0.489	+0.339
17.421	17.426	Supported Living	-0.043	+0.065	-0.108
15.307	15.285	Community Support	+0.148	+0.282	-0.134
42.416	42.384	Council Total	+0.933	+0.836	+0.097
		PCT Contribution			
7.236	7.251	Residential Services	+0.620	+0.366	+0.254
13.010	13.064	Supported Living	-0.032	+0.049	-0.081
11.432	11.459	Community Support	+0.066	+0.118	-0.052
31.678	31.774	PCT Total	+0.654	+0.533	+0.121
74.146	74.158	Total	+1.587	+1.369	+0.218

36. The forecast has increased by +£0.218m largely due to a reduction of £0.228m in the efficiency savings expected to be achieved this financial year and lower than expected savings resulting from client deaths. A detailed recovery plan has been agreed by Joint Management Group which will deliver both the 2011/12 budget and address the 2010/11 overspending which will be carried forward into 2011/12.

Community Safety

37. The Fire & Rescue Service is forecasting an underspend of -£0.420m an increase of -£0.187m from the last report. The retained duty system (RDS) is now forecasting an underspend of -£0.060m. The move from an overspend earlier in the year is a combination of management action taken to control non emergency expenditure and a lower level of actual emergency call outs compared to forecast. Variances against this budget will be returned to Council balances.
38. The employers' side of the NJC has reached agreement in principle with the Fire Brigades Union in respect of its Employment Tribunal cases relating to the Part-time Workers (Prevention of Less Favourable Treatment) Regulations. The aim is to pay those retained firefighters who are entitled to compensation before the end of March. A provision of £0.225m was included in the 2009/10 accounts for the estimated cost of this compensation. Any additional cost can be covered by the RDS or other Fire and Rescue Service underspends.
39. As set out in paragraph 5 the underspend includes -£0.072m of New Dimensions Grant which will be requested to be carried forward to 2011/12 for the continuation of the New Dimensions Training Programme.
40. As part of the national Fire Control project, mobile data terminals (MDTs) have been installed in all fire engines. This enables firefighters to have up to date operating procedures and risk information to deal with incidents. It will also allow fire control to mobilise and communicate using data rather than

voice, allowing efficiency savings. Fire Grant will provide some funding for the extra operating costs of this technology but it will not cover all aspects. The full cost from 2011/12 onwards is still being assessed by fire and rescue authorities. In order to ensure that there is adequate funding for next year, a request will be made to carry forward some of this year's underspend for that purpose.

41. Safer Communities is forecasting an underspend of -£0.020m which relates to the Local Area Agreement (LAA) reward grant that will not be fully utilised in 2010/11. This underspend will be requested as a carry forward to 2011/12 to be used as agreed by the Safer Communities Partnership.

Environment & Economy: -£0.308m, or -0.43%, in – year directorate underspend

Highways and Transport

42. The service is forecasting an underspend of -£0.015m compared to -£0.922m in the last report after taking account of not drawing down on the Parking Account to maintain the balance on the reserve and a planned transfer of £1m relating to pension costs. An action plan to deliver £0.987m additional road maintenance work including patching, defects and minor structural repairs by 31 March 2011 has now been agreed. However with the few months remaining until the end of the financial year, together with a need for favourable weather conditions and the extra operational capacity required to allow work to be completed, there is a risk that it will not be possible to complete all of the planned work. Updates will be provided in future reports.

Sustainable Development

43. Planning Implementation are underspending by -£0.203m, an increase of -£0.009m since last month. The Oxford Station project has been costed at £0.150m leaving £0.156m which will be requested as a carry forward to 2011/12.
44. Waste Management is forecasting a break-even position after the estimated underspend of -£1.738m has been transferred to reserves as previously reported. The underspend has increased by -£0.237m since the last report mainly due to a further decrease in tonnage being disposed of (4 kilo tonnes at £0.140m). Some of this is due to the van permitting scheme now being in operation and a now confirmed level of diversion credits (reduced by £0.140m) being payable to the district following agreement at the last Oxfordshire Waste Partnership meeting. The additional underspend will be transferred to the Waste Management reserve to support the funding of costs relating to the waste treatment project.
45. Other underspends in Sustainable development total -£0.124m. Carry forward requests relating to underspends in this area may be included in future reports.
46. Property Asset Management are forecasting an underspend of -£0.096m. This includes an underspend of -£0.140m on rates which will be returned to balances at the end of the financial year.

Oxfordshire Customer Services:-£0.853m, or -60.58%², in – year directorate underspend

47. An underspend of -£0.350m is forecast for the services previously included as part of Shared Services, an increase of -£0.210m since the last report. Learning & Development is now forecasting an underspend of -£0.100m, resulting from a combination of vacant posts, income from schools and other non pay underspends. The remaining increase in Shared Services is largely explained by savings relating to the business strategy which are starting to be delivered in advance of April 2011 together with part year vacancies and additional income. A request will be made to carry forward some or all of this underspend to provide funding for the external partnering and other continuous improvement projects which will contribute to delivery of the business strategy.
48. The Implementing International Financial Reporting Standards (IFRS) project continues to underspend by -£0.030m. This will be requested as a carry forward to 2011/12. Any unspent budget will be returned to balances at the end of the project.
49. The Learning and Development Plan is forecast to underspend by -£0.065m due to slippage in delivering some of the training courses. A request will be made to carry this forward for delivery of the plan next year.
50. Meals supplied by Food with Thought are 4.4% above target to the end of January 2011. Management action is being taken to control inflationary pressures on food costs. Food with Thought is currently forecasting a trading surplus of £0.260m although there is a potential pressure on repair and maintenance costs. This will be transferred to the reserve and used for future investment in the service. QCS Cleaning is on target to break-even.
51. ICT is now forecasting an underspend of -£0.400m because two large, complex projects will not be completed until the first or second quarters of 2011/12. The service will therefore be requesting to carry forward the underspend to enable the projects to be completed next year.
52. The first of the two projects is the construction of the Council's Disaster Recovery Centre which was due for completion in March 2011. A review by Property Asset Management determined that the existing site was unsuitable and an alternative option to locate at Kidlington Fire Service HQ was recommended. Construction costs are now being determined and are estimated to be £0.170m. Work is now scheduled for completion by July 2011.
53. The remainder of the underspend relates to a project that links several workstreams aimed at reducing the future costs of Oxfordshire Community Network (OCN) against a picture of fast changing technology options and the advent of superfast broadband in Oxfordshire. It is now expected that the various workstreams will be complete by May/June 2011.

² Compared to Net Expenditure

54. The Adult Learning Service continues to report an overspend of +£0.082m which will be carried forward to 2011/12. The service has a recovery programme in place to repay the overspend by March 2013 as planned.

Oxfordshire Buckinghamshire Partnership

55. The Oxfordshire Buckinghamshire Partnership administers the graduate teacher training programme which is funded by the Teacher Development Agency (TDA). OCS administers the scheme on behalf of the Partnership. In previous years, any underspend of the grant was accounted for as a receipt in advance. This year, following changes to accounting regulations following the introduction of International Financial Reporting Standards (IFRS), this is no longer the correct accounting treatment. As the grant is held by the Partnership, not the Council, it is proposed that a new earmarked reserve is set up this year to hold the balance at 31 March (current forecast £0.5m).

Chief Executive's Office: -£0.732m, or -6.73%, in – year directorate underspend

Business Support

56. Business Support is forecasting an underspend of -£0.154m an increase of -£0.084m since the last report. Redundancy costs for the whole directorate are £0.549m. These costs will be off set by the underspends throughout the directorate noted in the paragraphs below.

Law and Governance

57. Legal Services continues to forecast an overspend of +£0.100m. The overspend reflects an increase in Counsel and legal fees and a reduction in external income from Section 106 and other fee earning work. Democratic Services continues to forecast an underspend of -£0.100m. Part of this will be requested as a carry forward to fund costs associated with Educational Appeals in 2011/12. The carry forward is required to implement the findings of the Admission Appeals Review that will make admission appeals a more electronic based and efficient process. The funding will also support the existing process in the meantime which has seen a significant increase in the number of statutory education appeals heard.
58. The Coroner's Service is forecasting an underspend of -£0.070m an increase of -£0.045m. Any variance against this service will be returned to Council balances at the end of the year.

Strategy and Communications

59. An underspend of -£0.539m is forecast by these services, an increase of -£0.134m since the last report. This will be used to off-set redundancy costs in the Chief Executive's Office.

Human Resources

60. Human Resources is forecasting an underspend of -£0.180m an increase of -£0.060m. A carry forward request will be made to enable the completion of the two year funding for the Apprenticeship Scheme and the employment of a Performance and Engagement Lead.

Corporate Finance & Internal Audit

61. Corporate Finance & Internal Audit continue to underspend by -£0.258m. This includes an underspend of -£0.168m on the External Audit fee which as previously reported will be returned to balances at year end.

Redundancy Costs

62. Redundancy costs of £3.241m are included in the forecasts in this report. The table below shows the breakdown between directorates and how the costs are being funded. Updates will be provided monthly.

Directorate	Redundancy Costs		Total Redundancy Costs
	Funded by Directorate	Funded by Efficiency Reserve	
	£m	£m	£m
CYPF			
- National Strategies	0.600		
- Equality & Diversity Achievement Service	0.522		1.152
- Student Support	0.030		
S&CS			
- Restructure of Adult Social Care		0.468	
- Cultural & Community Development		0.049	0.517
- Community Safety		0.067	0.067
Oxfordshire Customer Services (ICT)	0.282	0.287	0.569
Chief Executive's Office	0.549		0.549
E&E	0.205	0.182	0.387
Total	2.188	1.053	3.241

Virements and Supplementary Estimates

63. The virements requested this month are set out in Annex 2a with virements previously approved in Annex 2b and 2c and virements to note in Annex 2d. Annex 2e shows the cumulative virements to date and their status in respect of requiring Council approval where larger than £0.5m. There are no new requests for supplementary estimates this month.

Savings Monitoring

64. As reported previously the total savings planned in 2010/11 were £35.5m. Of that £29.3m was to be achieved by directorates with an additional saving of £6.2m relating to inflation. Directorates are currently forecasting to achieve £28.3m by the end of the year. In addition savings of £6.2m relating to inflation are being achieved. The total savings forecast to be achieved are £34.5m, as shown in the table on the next page:

Directorate	Planned Savings £m	Savings Achieved £m
Children, Young People & Families	6.451	6.451
Social & Community Services	11.514	10.471
Environment & Economy	7.606	7.606
Oxfordshire Customer Services	3.103	3.103
Chief Executive's Office	0.670	0.670
Subtotal Directorate Savings	29.144	28.301
Inflation	6.200	6.200
Total	35.544	34.501

65. It is important to note that the savings are included in the overall position reported elsewhere so need to be seen in that context. A further update will be provided in the Provisional Outturn Report for 2010/11.

Bad Debt Write Offs

66. There were 281 general write offs to the end of January 2010 totalling £122,138. Most of these were very small and not economically effective to recover. As noted throughout the year the largest to date is £74,667 and reflects a Section 106 debt in connection with a planning obligation which was agreed to be written off by Cabinet on 18 May 2010. In addition Client Finance have written 109 debts totalling £54,894.

Strategic Measures

67. The average cash balance during January 2011 was £236.4m and the average rate of return was 1.00%. It is expected that the budgeted income for deposits of £1.9m will be achieved.
68. AG Deutsche Zentral-Genossenschaftsbank has been removed from the lending list due to a change in the bank's credit rating. Also the lending period has been reduced from 3 months to 1 months for Clydesdale Bank, National Australia Bank and Commonwealth Bank of Australia due to changes to the credit ratings for Australian banks. The current lending list is included in annex 7.

Part 2 - Balance Sheet

Reserves

69. Reserves have increased by £1.036m to £68.627m since the last report. The variation is mainly due to the increase of £0.688m in the Carryforward reserve due to the change in overall forecast position. The other variations have been discussed elsewhere in the report and include the additional contribution to the Waste Management reserve.

School Balances

70. Budget submissions for 2010/11 have now been received from all 289 schools and the updated position will be considered by Schools Forum on 10 March 2011. Submissions for 286 schools have been verified by the

CYP&F Schools' Support Team. As shown in the table below 247 schools are budgeting to be in surplus, and 42 in deficit in 2010/11. Deficit plans totalling £1.429m have been agreed for 40 of those schools with a further two, with a total deficit of £0.101m outstanding. The net budgeted surplus is £5.884m.

Budget Plans	Surplus Plans		Deficit Plans		Total	
	No of Schools	£m	No of Schools	£m	No of Schools	£m
Nursery	12	-0.248	0	0	12	-0.248
Primary	202	-4.933	30	+0.443	232	-4.491
Secondary	22	-1.476	10	+0.947	32	-0.529
Special	11	-0.757	2	+0.141	13	-0.616
Total Surplus(-) /Deficit (+)	247	-7.414	42	+1.530	289	-5.884

71. Budget monitoring submissions compared to these plans have also been received from 283 schools with 6 outstanding. 244 schools are forecasting a surplus compared to budget in 2010/11. 39 schools, including 11 secondaries, are forecasting a deficit compared to their budgeted position. This has reduced by four compared to the last returns which reflected the position at the end of September 2010, but reflects 19 schools now showing surplus balances offset by 15 now showing deficit balances.

Balances

72. General balances are £13.256m. Calls on balances in year, excluding the allocation of Performance Reward Grant, total £1.5m. Included in the report are further underspends totalling £0.378m that will potentially be returned to balance. These relate to the Audit Fee (paragraph 61), Rates (paragraph 46) and the Coroner's Service (paragraph 57).

Part 3 –Capital Monitoring

73. The capital monitoring position set out in Annex 6, shows forecast expenditure for 2010/11 of £88.2m (excluding schools local capital), a decrease of £0.8m compared to the latest capital programme agreed by Council on 15 February 2011. The table on the next page summarises the variations by directorate and the main variations by scheme are explained in the following paragraphs.

Directorate	Latest Capital Programme (Position as at end of Dec '10, approved by Council Feb '11) £m	Forecast Expenditure (Position as at end of January 2011) £m	Forecast Variation £m
Children, Young People & Families	56.2	56.1	-0.1
Social & Community Services	6.7	6.5	-0.2
Environment & Economy - Transport	19.9	19.6	-0.3
Environment & Economy - Other	5.3	5.1	-0.2
Oxfordshire Customer Services	0.9	0.9	0
Chief Executive's Office	0	0	0
Total Directorate Programmes	89.0	88.2	-0.8
Schools Capital/ Devolved Formula	11.9	11.9	0
Earmarked Reserves	0.1	0.1	0
Total Capital Programme	101.0	100.2	-0.8

Children, Young People & Families

74. The forecast spend for Children, Young People & Families is now £56.1m (excluding schools local capital). The last report noted that work was on hold at Marlborough School, Woodstock as the contractor was in administration. Works have now restarted with a new contractor at both Marlborough School and Fitzwaryn School, Wantage.

Social & Community Services

75. The forecast spend for Social & Community Services is now £6.5m. Slippage of £0.2m has occurred on the Oxfordshire Records Office, as the start was delayed for business re-engineering to enable the project to remain within the budget provision.

Environment & Economy – Transport

76. The forecast spend for the Transport Programme is now £19.6m, which is a reduction of £0.3m compared to the approved capital programme.
77. £0.2m provision for abortive costs for Access to Oxford has been removed as these are now being funded from revenue. The forecast for capitalised salaries has reduced by £0.3m due to the reduced amount of time able to be charged to capital projects. These reductions are partly offset by a £0.2m increase in the cost of London Road Phase 3.
78. There is also £0.3m slippage on the Council's contribution to Network Rail's Potash Bridge (including associated carriageway resurfacing works)

scheme. Work was originally expected to be complete in March 2011, however minor delays with the bridgework before Christmas and complications with the design work required for the adjacent embankments have delayed this until July 2011. Due to these delays the overall cost of the project is also expected to increase by an estimated £0.350m, which can be contained within the current bridges capital allocation. The Council can compensate for the slippage by bringing forward additional carriageway schemes.

Environment & Economy - Other

79. The forecast spend for this programme is £5.1m, which is a reduction of £0.2m compared to the last approved capital programme. The Backlog Maintenance Programme has been reduced by £0.2m due a reduction in the estimated level of contributions to be received from schools.

Actual Expenditure

80. As at the end of January actual capital expenditure for the year to date was £53.1m (excluding schools local spend), which is an increase of £6.0m from last month. This is 60% of the total forecast expenditure of £88.2m, which is still around 4% below the expected position compared to the profile of expenditure in previous years. Committed spend is 85% of the forecast.

Part 4 – Funding Changes & Other Financial Issues

Winter Maintenance

81. The council received notification from Department for Transport on 23 February 2011 of exceptional funding for Road Maintenance. This money, whilst not strictly a ring fenced grant, is conditional on agreeing a declaration ensuring that the Council will spend the money on Highways maintenance and that it would be in addition to the funding currently budgeted. The national total is £100m but the individual authority allocations have yet to be announced. The Council is expecting its share to be in the order of £1.1m based on the allocation method proposed.
82. Given the Leader of the Council's proposal at Council on 15 February 2011 that if additional funding comes to the authority it would be spent on Highways, authorisation is sought to confirm that this grant will be used for Highways Maintenance. When the final figure is known it will be reported along with proposals for the detailed usage. However, we are likely to receive the funding in the last few days of the financial year so this will cause a significant underspend which will need to be requested as a carry forward to 2011/12.

2011/12 Pay Award

83. The Local Government Employers (LGE) announced on 17 February 2011 that it would be freezing all Green Book pay grades. When setting the budget the assumption was made that the LGE were likely to freeze green book pay, but that there was a possibility that a payment of £250 could be accepted for staff paid under £21,000. £0.381m was included in various cost centres where the lower paid staff were employed.

84. A virement is therefore proposed to remove this additional funding and transfer it to the Efficiency Reserve. This will be used as a contingency given the rise in inflation and concerns over rising oil and fuel prices.

RECOMMENDATIONS

85. **The Cabinet is RECOMMENDED to:**
- (a) note the report and approve the virement requests as set out in annex 2a;**
 - (b) Agree to use the exceptional funding from the Department of Transport on additional Highways Maintenance as set out in paragraphs 81 and 82;**
 - (c) Agree the removal the additional funding relating to the pay award for employees earning less than £21,000 and transfer £0.381m to the Efficiency Reserve as set out in paragraphs 83 and 84.**
 - (d) Agree the creation of the Oxfordshire Buckinghamshire Partnership reserve as set out in paragraph 55.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports 31 January 2011

Contact Officers: Kathy Wilcox, Principal Financial Manager
Tel: (01865) 323981
Lorna Baxter, Assistant Head of Finance (Corporate Finance)
Tel: (01865) 323971

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