

**CABINET – 22 JUNE 2010****PROVISIONAL REVENUE & CAPITAL OUTTURN 2009/10 AND  
REQUESTS FOR CARRY FORWARDS****Report by the Chief Finance Officer****Introduction**

1. This report presents the provisional revenue and capital outturn for 2009/10, identifies and explains how actual expenditure and income for the year compares to the budgeted position, and includes proposals for the allocation of revenue carry forwards in 2010/11. Figures shown in the report reflect those included in the Council's Statement of Accounts for 2009/10 which will be submitted to Audit Committee on 30 June 2010, prior to audit. However, for reporting and presentational purposes some figures may vary.
2. 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 <sup>1</sup>	11.145	+0.645	+6.14
58.291 <sup>2</sup>	Reserves	36.752 <sup>3</sup>	60.764	+24.012	+65.33%

3. The detail for each Directorate is summarised within the report and individual reports for each Directorate are available in the Members' Resource centre.

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

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

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

<sup>3</sup> Per February 2010 Financial Monitoring Report to Cabinet on 20 April 2010.

4. The following Annexes are attached and referenced in the report:

Annex 1	Provisional Revenue Outturn (Summary and by Directorate)
Annex 2 (a)	Proposed carry forwards to 2010/11
Annex 2 (b)	Proposed virement of 2009/10 underspends to other budget heads.
Annex 3	Specific Grants and Area Based Grant
Annex 4	Earmarked Reserves and Provisions
Annex 5	General Balances
Annex 6	On and Off – Street Parking Account – Statement of Income and Expenditure for 2009/10
Annex 7	Shared Services Cash Flow forecast
Annex 8	Savings achieved in 2009/10
Annex 9	Unit cost and activity monitoring
Annex 10	Provisional Capital Outturn (Summary and by Directorate)

## Part 1 – Provisional Revenue Outturn

### Summary

5. Annex 1 shows the provisional revenue outturn by Directorate. This is 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
<b>Final Approved Budget</b>	<b>874.918</b>	<b>-496.082</b>	<b>378.836</b>
Provisional Outturn	946.193	-568.341	377.852
<b>Total Variation</b>	<b>+71.275</b>	<b>-72.259</b>	<b>-0.984</b>
Less items funded corporately from balances (see paragraphs 7 & 8)	-0.062	0.000	-0.062
Less City Schools Reorganisation <sup>4</sup>	-0.775	0.000	-0.775
<b>Directorate Variation</b>	<b>+70.438</b>	<b>-72.259</b>	<b>-1.821</b>

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

<sup>4</sup> The net cost of the city schools reorganisation will be carried forward reflecting the agreed payback arrangements. This is accounted for in the general balances total.

**Directorate Variations (Annex 1 column 11)**

7. Explanations of the major variances from budget for each Directorate are provided in the subsequent paragraphs. The Directorate outturn of -£1.821m compares to a forecast overspend of +£3.619m in the last Financial Monitoring Report to the end of February 2010, a change of -£5.440m. Of that -£2.735m, reflects Supplementary Estimates that were still subject to approval at the end of February 2010.

Original Budget 2009/10 £m	Directorate	Latest Budget 2009/10 £m	Provisional Outturn Variance 2009/10 £m	Forecast Variance February 2010 £m	Outturn Variance %
98.277	Children, Young People & Families	97.288	-0.775	+0.793	-0.80
166.800	Social & Community Services	167.145	+0.736	+0.772	+0.44
68.631	Environment & Economy	71.229	-0.406	+0.149	-0.57
29.908	Community Safety & Shared Services	30.598	-0.805	-0.494	-2.63
9.426	Corporate Core	12.576	-0.571	+2.399	-4.54
<b>373.042</b>	<b>Total</b>	<b>378.836</b>	<b>-1.821</b>	<b>+3.619</b>	<b>-0.48</b>

<b>Plus:</b>			
Plus: City Schools Reorganisation	+0.775	+0.775	
Plus: Reallocation of Dedicated Schools Grant		+2.101	
ICT Refresh		+1.500	
<b>Total</b>	<b>-1.046</b>	<b>+7.995</b>	
Provisional Outturn variation as per Annex 1 (column 11)			

<b>Memorandum Accounts:</b>			
Older People, Physical Disabilities & Equipment Pooled Budget	+2.106 <sup>5</sup>	+2.509	
Learning Disabilities Pooled Budget	-0.101	-0.192	

<sup>5</sup> +£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).

**Variations Returned to Council (Annex 1 Column 10)**

8. Certain variations are excluded from Directorate carry forwards because they represent variations to budgets which are recognised to be outside the control of the Directorate and are therefore funded from balances. The following variations are returned to, or calls on, balances in 2009/10. The total call on balances is +£0.062m.

Directorate	Variation	Calls on £m	Returns to £m
Environment & Economy	Non – domestic rates (for whole Council)	+0.115	
Community Safety	Retained Firefighters (paragraph 62) Firefighter Pension Scheme – ill health retirements (budget not spent)	+0.211	-0.044
Corporate Core	External Audit Fee Coroner's Services		-0.202 -0.018
<b>Total</b>		<b>+0.326</b>	<b>-0.264</b>

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

9. The outturn position excludes the variance of +£0.775m relating to the City Schools Reorganisation for which there is a planned repayment scheme for the recovery up to 2011/12. As indicated during the year the final position includes the use of £2.101m Dedicated Schools Grant (DSG), along with contributions from reserves of £1.523m. Whilst this funding is 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.

	Final Approved Budget 2009/10 £m	Provisional Outturn Variance £m	Variation to Final Approved Budget %	February 2010 Variance £m	Change since February £m
Young People and Access to Education	23.817	-0.398	-1.67	-0.047	-0.351
Children & Families	27.665	+3.252	+11.75	+3.955	-0.703
Raising Achievement Service	9.717	-0.923	-9.50	-0.164	-0.759
Commissioning, Performance & Quality Assurance	36.985	-0.604	-1.63	-0.850	+0.246
Schools	-0.896	-1.327 <sup>6</sup>	+148.00	-1.326	-0.001
<b>Annex 1 Total</b>	<b>97.288</b>	<b>0.000</b>	<b>0.00</b>	<b>+1.568</b>	<b>-1.568</b>
Less City Schools Reorganisation		-0.775		-0.775	
<b>Total</b>	<b>97.288</b>	<b>-0.775</b>	<b>-0.775</b>	<b>+0.793</b>	<b>-1.568</b>

<sup>6</sup> +£0.775m planned overspend on City Schools Reorganisation less £2.101m Dedicated Schools Grant.

YOUNG PEOPLE & ACCESS TO EDUCATION

10. The total underspend in Young People and Access to Education is -£0.398m, an increase of -£0.351m since the February report. The underspend and movement largely relates 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.
11. Connexions (within the Youth Support Service) has a year-end underspend of -£0.188m. This service is funded through Area Based Grant so the underspend is being requested to be carried forward to allow the contractor liability for 2010/11 to be met.

CHILDREN & FAMILIES

12. The final outturn variation for Children & Families is an overspend of +£3.252m. This has decreased by £0.703m since the February report. Of this position a net overspend of +£0.172m relates to services funded by Dedicated Schools Grant (DSG).

Placements

13. Consistent with the national picture, there has been a significant rise in care proceedings following with the Baby P case and an associated increase in court ordered parenting assessments. In 2009/10 there has been a rise of 22% entering care, and in line with the Children Act 2008, more children and young people aged 16 or more are also staying in care for longer periods with more participating in further and higher education.
14. There has been a larger number of placements at higher average cost in 2009/10. For example, there was a requirement for 603 secure/remand placement days, costing an average of £5,000 per week. None were required in 2008/09. In addition, the number of placement days for parent and baby, costing an average of £2,800 per week was 2,225 compared to 277 in 2008/09.
15. As a result of these service pressures the budget overspent by +£1.825m, although this had decreased by £0.285m since the last report. Income received from the PCT in March was partly offset by additional expenditure. £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 is significantly overspent, this reserve has been applied in this area. After taking account of the contribution from reserves, the remaining overspend is +£1.246m.
16. In February 2010 Cabinet agreed a supplementary estimate of £0.300m to cover the pressures arising from the Southwark Judgement. This has offset all the pressures arising in 2009/10 relating to the reclassification of existing clients.
17. The authority currently has 63 Special Guardianship Orders (SGOs) in place. Twelve were new in 2009/10 with a further eight still in progress. There is a +£0.237m overspend on this budget.

18. There is a +£0.171m overspend relating to the foster care service. This includes pressure on legal costs of £0.090m reflecting a significant increase in care proceedings during the year. The service has now revised its eligibility criteria for legal costs.

#### Asylum Seekers

19. An overspend of +£1.049m was carried forward from 2008/09 in relation to the cost of supporting asylum seeking children. During 2009/10 Special Circumstances Grant relating to 2008/09 and prior years was received totalling £0.459m bringing the residual unfunded balance to +£0.590m. A further pressure of +£1.039m relates to costs incurred in 2009/10 where the grant received was again significantly less than the costs incurred.
20. At the end of 2008/09 a contribution to reserves of £1.0m was made with the intention of offsetting asylum pressures. By utilising this reserve in 2009/10 the pressure relating to previous years can be fully offset along with part of the current year pressure. The remaining overspend is +£0.629m. It is proposed that this overspend will be carried forward and the service will apply for Special Circumstances Grant. It is unclear whether the authority will receive any grant.
21. In addition to the main asylum pressure there is an overspend of +£0.225m on homelessness relating to families without recourse to public funds. Costs relate to emergency and temporary accommodation and fostering expenses. The authority cannot obtain grant funding for these clients as they do not meet the terms and conditions of the grant but the Council is obliged to support them.
22. There is a +£0.160m overspend on the Leaving Care budget. This pressure (not previously reported) relates to an increase in client numbers.
23. Pressures and savings agreed in previous Service & Resource Planning processes for Children & Families have been allocated to the Head of Service cost centre. Previous reports forecast that the pressure in this area would be +£0.850m. However, due to the pressures being managed and reported in the relevant service area the final overspend is +£0.262m.

#### DSG Funded Services (Children & Families)

24. Nursery Education Funding (NEF) is £0.546m in excess of the budget. The overspend arises from an increase in the number of 3 year olds in 2009/10 together with the full time offer for all children in their final foundation stage in the private, voluntary and independent sector. Part of this pressure can be offset by -£0.374m of underspends on DSG in other areas within Early Years, including the unspent Early Years Development Fund. In future years this funding will continue to be used to offset the pressures on NEF.

#### RAISING ACHIEVEMENT SERVICE

25. The outturn for the Raising Achievement Service is an underspend of -£0.923m. This has increased by -£0.759m since February and relates to the Ethnic Minority Achievement Service (EMAS) and Oxfordshire Education

Business Partnership (OEBP) variances, and also the achievement of more Oxfordshire Quality Schools Association (OQSA) income.

26. The underspend of -£0.336m on EMAS relates to unspent Performance Reward Grant received in 2007/08. A request for this to be carried forward is included in Annex 2a.
27. Over a number of years, the OEBP have accumulated a balance of -£0.325m as a result of generating additional income alongside the funding they received from the Learning & Skills Council. The Directorate Leadership Team agreed that this balance will be used to contribute to the overall year end position.
28. Throughout the year it has been reported that the service area as a whole would not be able to achieve its full school subscription (OQSA) income target of £0.970m. £0.284m income was generated so the shortfall is £0.686m. This pressure is being managed across the whole directorate in 2010/11.
29. The School Development (LA element) Area Based Grant is underspent by -£0.848m. On a one-off basis this underspend will be used to offset the OQSA income shortfall but in future the service is planning to fully utilise this grant as part of their savings plans in order to release core funding.
30. Outdoor Education Centres have overspent by +£0.142m. This has arisen 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 (CPQA)

31. The provisional outturn for CPQA is an underspend of -£0.604m. This has reduced by £0.246m since the February monitoring report as a result of increased overspends relating to the Head of Service staffing costs and business efficiencies, and also pressures in support service recharges.
32. The Children's Information & Integration Programme (ChIIP) overspent by +£0.339m. The overspend relates to ongoing project costs, including support for Frameworki and contractual payments. Additional funding has been agreed by 2010/11.
33. There is an underspend of -£0.318m on the Premature Retirement Compensation budget due to the number of cases being brought to the Severance Panel. The underspend is being requested as a carry forward to meet anticipated ongoing committed costs in 2010/11 following the agreed budget saving of £0.750m as part of the Service & Resource Planning process.
34. Home to School Transport underspent by -£1.491m. -£0.371m relates to an underspend on Area Based Grant funding due to a lack of take up of the Extended Rights for Free Travel scheme and an underspend on the Sustainable Travel budget. The other savings have been achieved by the Integrated Transport Unit (part of the Environment & Economy directorate)

through route changes and favourable contract retenderings. Costs have also been lower this year due to contractors not charging the service for days when schools were closed as a result of snow and concessionary income has been higher than expected. 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.

35. Throughout the year the directorate has been forecasting an overspend on a number of cross directorate issues. At the year-end the position is +£0.639m and relates to advertising and interim cover costs associated with the Director and Head of CPQA posts, budget transfers for Unison, Staff Care Services increased telephone costs.
36. 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 has decreased to +£0.304m. It is proposed to carry forward this amount forward until it has been repaid by 2011/12.

#### DEDICATED SCHOOLS GRANT (DSG) (Non – Delegated)

37. The balance on the non–delegated DSG contingency (i.e. unspent DSG) was £4.281m. Of this £2.101m has been used to aid the overall Directorate position by charging eligible costs that would otherwise have been met from Council funding against the grant.
38. An overspend of +£0.870m on schools' repair and maintenance was carried forward from 2008/09. Over a number of years costs had been coded incorrectly and were not charged against delegated school budgets. During 2009/10 there was a reduced overspend of +£0.319m. A review of the costs is continuing and the processes involved are being improved to ensure that costs are coded correctly. In the 2009/10 accounts the total overspend of +£1.189m will be funded by unspent DSG. When the money is recouped in future years it will be available to spend on other DSG funded activities.
39. After taking into account the above, an underspend on DSG of £0.991m remains for which a receipt in advance has been made. -

#### Use of Underspends and DSG to offset overspends in 2009/10

40. Annex 2a and 2b show underspends of £6.100m (including total underspends of -£3.999m on Council funding and £2.101m DSG) being used to offset overspends of the same amount. Some of these adjustments are larger than £0.500m and these will require Council approval on 14 September 2010. Cabinet is recommended to recommend that Council approve the application of the underspends to the proposed alternative uses.



**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 %	February 2010 Variance £m	Change since February £m
Community Services	12.674	+0.311	+2.45%	+0.363	-0.052
Adult Social Care	129.874	+0.418	+0.32%	+0.343	+0.075
Major Projects & Supporting People	0.541	+0.001	+0.18%		+0.001
Strategy & Transformation	24.056	+0.006	+0.02%	+0.066	-0.060
<b>Total</b>	<b>167.145</b>	<b>+0.736</b>	<b>+0.44%</b>	<b>+0.772</b>	<b>-0.036</b>

COMMUNITY SERVICES

41. The total overspend for Community Services is +£0.311m. Within that, the overspend for Adult Learning has decreased from +£0.259m as at the end of February 2010 to +£0.233m. The reserve of £0.117m has now been fully utilised. As reported previously radical changes to the service are being implemented as part of a four year action plan to balance the service to the funding available and repay supplementary estimates of £0.181m. The recovery plan has been revised to take account of the final 2009/10 overspend. It is still anticipated that the service will be able to repay the supplementary estimate and bring the budget into balance by the end of 2012/13.
42. The Music Service overspend of +£0.122m is unchanged from the last report. A four year Music Service Change Programme has been drawn up to bring the service to a break – even position over this period so as with Adult Learning this overspend will also be carried forward to be recovered in future years.

ADULT SOCIAL CARE

43. The total overspend for Adult Social Care is +£0.418m. This includes the +£0.790m overspend on the Council's elements of the Older People's & Physical Disabilities Pooled Budgets as set out in paragraphs 49 to 53 below. At the end of February the service area was forecasting an overspend of +£0.343m. Before including the overspend on the Pool the year end underspend would have been -£0.372m. The underlying movement in the service area, before the overspend on the Pool was included, is -£0.715m. -£0.392m of this movement relates to Services for All Client Groups which is underspent by -£0.440m as follows:

	£m
Sensory Impairment Service	-0.072
Service Agreements	-0.090
Employment Services	-0.031
Adult Placement Services	-0.056
Asylum Seekers	-0.045
Direct Payments	-0.062
Adult Protection & Mental Capacity	-0.085
One off funding projects	-0.237
Occupational Therapy & Equipment	+0.224
Emergency Duty Team	+0.014
<b>Total</b>	<b>-0.440</b>

44. It is proposed 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.
45. There is an overspend of +£0.484m on Services for Older People. This has increased by £0.704m compared to the position reported in the February Monitoring Report. This is mostly due to the inclusion of the overspend of +£0.790m on the Older People's and Physical Disabilities Pooled Budget in this budget. The additional expenditure brought into this budget has been partially offset by higher than forecast income in March.
46. The main reasons for the overspend of +£0.484m are a net overspend of +£0.097m for residential services (including the overspend on the OP & PD pool), an overspend of +£0.538m on Care Management Teams, overachievement of income for Fairer Charging of -£0.144m due to higher client numbers throughout the year and an underspend of -£0.031m on Section 117 Reassessments.
47. Learning Disabilities is overspent by +£0.371m, a reduction of £0.096m compared to the February forecast. The movement is mainly due to additional income from the PCT in respect of salary costs and to higher than forecast client income in March. The net overspend is largely due to underachievement of income of +£0.288m. +£0.201m of this is due to adjustments made in 2009/10 in respect of income accrued in 2008/09 for two clients who were initially treated as full cost payers as they had failed to provide information for a financial assessment. The completion of the financial assessments during 2009/10 reduced the contributions significantly.
48. As set out in Annex 2b, a total underspends of -£1.744m are being requested to be vired to overspends or carried forward for other purposes. These include a virement of £0.589m from SC2\_2a Contribution to Older People's Pool, and a virement of £0.538m to SC2\_2b Care Management Teams. As the total and these individual requests are over £0.5m Council approval will be required.

POOLED BUDGETSOlder People's & Physical Disabilities Pooled Budget

49. As shown in the table 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			February 2010 Variance £m	Change since February £m
			OP	PD	Total		
		<b>OCC Elements</b>					
89.907	88.767	Forecast in-year variance	0.052	0.561	0.613	0.104	0.509
		<b>PCT elements</b>					
23.965	30.451	Forecast in-year variance	3.060	-2.010	1.050	2.075	-1.025
	1.129	Use of Reserve					
<b>113.872</b>	<b>120.347</b>	<b>Total OP&amp;PD</b>	<b>3.112</b>	<b>-1.449</b>	<b>1.663</b>	<b>2.179</b>	<b>-0.516</b>
1.657	1.658	Equipment Pool	0.443		0.443	0.330	0.113
<b>115.529</b>	<b>122.005</b>	<b>Total - OP, PD &amp; Equipment Pool</b>	<b>3.555</b>	<b>-1.449</b>	<b>2.106</b>	<b>2.509</b>	<b>-0.403</b>

50. The Council element of the pool overspent by +£0.613m, an increase of +£0.509m compared to the February forecast. This was mainly due to increased expenditure on Residential and Nursing Homes because of the inclusion of 53 weeks of costs in 2009/10. External Home Support also cost more than expected previously because of increased client numbers.
51. The overspend on the PCT element of the pool was +£1.050m, a reduction of £1.025m on the February forecast. 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. The increased spending was due to an increase in the level of provisions in relation to Continuing Health Care and higher than forecast spending on Continuing Health Care spot placements (including arrears), Medication Only Visits and Funded Nursing Care.
52. The +£1.316m overspend on the PCT element of the pool after taking account of their share of the Equipment Pool will be carried forward and form the first call on the PCT contribution in 2010/11. The total overspend of £0.790m on the Council element of the pool has been brought into the Services for Older People budget in the revenue account which has contributed to an overspend of £0.484m.

53. An overspend of +£0.383m is reported on equipment. Previous report note that February was the fifth consecutive month when the forecast overspend had been reduced. The Council share of the overspend is +£0.117m and the PCT share +£0.266m.

Learning Disabilities Pooled Budget

54. The year end position on the Learning Disabilities Pooled Budget is an underspend of -£0.101m. As set out in paragraph 134 this has been transferred to reserves. Efficiencies of £4.274m have been 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 %	February 2010 Variance £m	Change since February £m
Transport	41.713	-0.098	-0.23	+0.331	-0.429
Sustainable Development	25.312	-0.566	-2.24	-0.306	-0.260
Property Services	-0.906	+0.119	+13.13	-0.016	+0.135
Business Improvement	5.110	+0.139	+2.72	+0.140	-0.001
<b>Total</b>	<b>71.229</b>	<b>-0.406</b>	<b>-0.57</b>	<b>+0.149</b>	<b>-0.555</b>

TRANSPORT

55. 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 is -£0.098m or -0.23% of the final budget. Within that the variation on the Oxfordshire Highways budget of £25.2m was -£0.450m.

SUSTAINABLE DEVELOPMENT

56. An underspend of -£0.566m is reported for Sustainable Development. This has increased by -£0.260m compared to February. -£0.471m of the underspend relates 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 as shown in the table and also in Annex 9:

Waste Type	Budgeted Tonnes	%	Actual Tonnes	%	Variation Tonnes
Landfilled	197,800	58	155,880	53	-41,920
Recycled/Composted	130,595	47	140,763	42	+10,168
<b>TOTAL</b>	<b>328,395</b>		<b>296,643</b>		<b>-31,752</b>

57. Some of this variation can be explained by Schedule 2 customers, for example, charities, who became the authority's responsibility part way through 2009/10 landfilling substantially less than estimated. In addition, and as seen nationally, there has been a more general change of behaviour as a result of the current economic climate. The proportion of landfilled waste compared to total waste disposed of is also less than target. This is mainly due to the success of food and green waste disposal in the County.
58. As noted in paragraph 46 of the report to Cabinet on 20 April 2010, £0.650m has already been agreed to be transferred to reserves to support the funding of the Waste Recycling Strategy. 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 is required to offset variations elsewhere in the Directorate a further £0.293m will now be transferred to the reserve, taking the total to £0.943m.
59. The rest of Sustainable Development underspent by -£0.206m. As reported previously -£0.153m of that relates to the West End Project.

#### PROPERTY SERVICES

60. The final overspend in Property Services is +£0.119m. This has increased by £0.135m since the February report. Previously it had been assumed, further to paragraph 28 of the monitoring report to Cabinet on 20 October 2009, that the final overspend of +£0.215m on the Better Offices Programme, resulting from cost and funding changes in respect of the original business case, would be a call on balances at year end. However, due to the overall position across Environment & Economy at year end the Directorate have 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 has been funded from balances in line with Council policy.

#### BUSINESS IMPROVEMENT

61. The final overspend of +£0.139m for Business Improvement has not moved significantly from the previously reported position and relates 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 %	February 2010 Variance £m	Change since February £m
Fire & Rescue	23.808	-0.085	-0.36	+0.011	-0.096
Emergency Planning	0.398	-0.035	-8.80	-0.020	-0.015

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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	+0.015	-0.003
Shared Services	2.765	-0.627	-22.68	-0.420	-0.207
<b>Total</b>	<b>30.598</b>	<b>-0.805</b>	<b>-2.63</b>	<b>-0.494</b>	<b>-0.311</b>

FIRE & RESCUE SERVICE

62. The Fire & Rescue Service underspent by -£0.085m. Within that the total overspend against the retained firefighters' pay budget is +£0.347m. This includes a provision of £0.225m for the cost of a backdated settlement of a national dispute (see paragraph 152). 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. This year, the directorate has been able to use underspends totalling -£0.136m to cover part of the variance, leaving +£0.211m to be met from balances.

SHARED SERVICES

63. Underspends in Shared Services comprise:

	£m
Learning & Development Plan	-0.247
International Financial Reporting Standards project	-0.124
Other services (additional recharges and external income)	-0.256
<b>Total</b>	<b>-0.627</b>

64. Annex 7 shows the latest cash flow forecast for the original business case. The 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. All other financial targets in the original business case will be met:

- Gross savings of £4.5m per annum have now been delivered
- Contributions will be made to the Council's efficiency savings of £2.173m in 2010/11 and £2.477m per annum from 2011/12
- the loan of £4.2m from the capital programme to fund Shared Services project costs will be repaid in full by March 2011 (£3m has already been repaid in March 2010).

65. 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 <sup>7</sup> £m	Provisional Outturn Variance £m	Variation to Final Approved Budget %	February 2010 Variance £m	Change since February £m
Business Support	1.237	-0.031	-2.51%	-0.020	-0.011
ICT	2.204	+0.029	1.32%	+2.650	-2.621
Strategic Human Resources & Organisational Development	0.320	-0.217	-67.81%	-0.206	-0.011
Finance & Procurement	0.195	-0.122	-62.56%	-0.075	-0.047
Legal & Democratic Services	3.247	-0.010	-0.31%	+0.130	-0.140
Partnerships	0.180	-0.070	-38.89%		-0.070
Policy Unit	0.363	-0.122	-33.61%	-0.050	-0.072
Communications & Marketing	0.184	-0.028	-15.22%	-0.030	0.002
Change Fund	0.226				
Corporate & Democratic Core	4.420				
<b>Total</b>	<b>12.576</b>	<b>-0.571</b>	<b>-4.5%</b>	<b>+2.399</b>	<b>-2.970</b>

<sup>7</sup> Budgets are net of recharges to other Directorates.

ICT

66. The February forecast was for an overspend of £2.650m:

	£m
<b>Government Connect:</b> implementation of an accredited and secure network between central government and local authorities. Completed in 2009/10 year in order to comply with government policy and allow access to the secure government network.	0.480
<b>SAP Upgrade:</b> The upgrade to the new version of SAP was completed in August 2009 but cost £0.480m more than budgeted.	0.480
<b>Better Offices Programme (BOP):</b> unbudgeted ICT costs associated with the BOP.	0.250
<b>Foxcombe Court Re-build:</b> overspend of £0.240m associated with a major refresh of IT.	0.240
<b>Oxfordshire Community Network (OCN);</b> reflects continuing growth of the OCN network and increasing costs above the rate of inflation.	0.400
<b>IT Maintenance;</b> pressure relating to growth in the number of applications and hardware supported and quantity of data stored.	0.300
<b>Other</b>	0.100
<b>Redundancies</b> arising from Phase 1 of the ICT Establishment Review.	0.400
<b>TOTAL</b>	<b>2.650</b>

67. Council agreed a supplementary estimate of £2.250m on 6 April 2010. As agreed by the Efficiencies Board the actual redundancy cost of £0.362m has been met from the Efficiencies Reserve. An action plan is in place to control costs in 2010/11. This includes a restructure of the ICT budget, devolving budgets to managers, a further review of the establishment and changes to service level agreements with directorates to ensure that all projects are fully funded.
68. The agency agreement with Oxford City Council for the provision of ICT services had gross revenue expenditure of £0.772m and net cost of zero. This excludes expenditure of £1.298m charged to the capital programme<sup>8</sup>. This has been treated as a soft loan with 20% per annum amortised over five years. Oxford City Council's contribution was £0.260m in 2009/10.

STRATEGIC HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT

69. The apprenticeship scheme has a planned underspend of -£0.065m. This reflects a six month delay in the scheme starting, so the underspend will be required to cover costs from April 2011 to September 2011. The remaining -£0.141m underspend is mainly in Organisational Development (OD) and there is a request to carry this forward for the Council's OD agenda. This will build on the momentum of the Lead Oxfordshire programme.

<sup>8</sup> This replaces the £1.500m estimated revenue cost reported previously.



LEGAL & DEMOCRATIC SERVICES

70. There is a movement of -£0.140m between the February forecast and the final underspend of -£0.010m. This is partly because the February forecast excluded the effect of supplementary estimate of £0.060m for two legal cases each costing over £0.025m which was approved by Cabinet on 20 April. The remaining difference of -£0.080m reflects the improved legal trading account position at year-end. Fee earning income towards the end of the year was higher than expected and expenditure on counsel was lower than forecast.

**Use of Carry Forwards from 2008/09 and Previous Years**

71. £2.119m carry forwards from 2008/09 to be used in 2009/10 and subsequent years were set out in the Financial Monitoring Report to Cabinet on 23 June 2009. In addition £0.309m carry forwards from previous years were agreed for use in 2009/10 through the Financial Monitoring Report to Cabinet on 23 June 2009.
72. Following the receipt of grant funding in 2009/10 there was a remaining overspend of £0.590m on Asylum Seekers in Children, Young People & Families. As noted in paragraph 20 this has been offset by the use of the reserve created at the end of 2008/09. In addition an overspend of +£0.399m relating to the restructuring of the Directorate was carried forward from 2008/09. As noted in paragraph 36 and shown in Annex 2a, £0.304m of this will be carried forward to 2010/11 to be recovered in future years.
73. £0.107m held in the carry forward reserve relates to balances from 2007/08 that have not been utilised. Subject to approval through the Financial Monitoring Report to the end of April elsewhere on the agenda, £0.087m of this will be transferred to the Efficiency Savings reserve in 2010/11. A request has also been made to release the remaining £0.020m for use by Social & Community Services in 2010/11.

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

74. Under the Council's Financial Regulations, the Cabinet is responsible for approving all carry forwards. They will consider the allocation of carry forwards and determine whether they should be allocated to directorates or withheld in order to strengthen Council balances and enable resources to be allocated in future years when available funding is tight.
75. For 2010/11 overspends will only be allowed to be carried forward to the same budget head (where there are other underspends requested for carry forward) where there is a clear plan or rationale for recovering the overspend. Overspends carried forward are generally the first call against underspends carried forward within the Directorate.
76. Carry forwards of under spends, have been requested in writing through the Chief Finance Officer (with delegated officer approval) who has considered them, in consultation with the Cabinet Member for Finance, subject to an acceptable use and definite programme for expenditure. Directorates have either asked to carry forward underspends to the service in which they were generated or requested a virement of the carry forward to meet pressures in

other areas. In some cases the carry forward was planned and reflects the agreed use of one - off funding over more than one year.

77. The carry forward proposals for each Directorate were initially considered at Directorate Leadership Team meetings in April or May 2010. Annex 2a sets out the final over and underspends for each Service Area and shows the total proposed carry forwards after taking account of virements between service areas. Virements of underspends to different budget heads are requested in Annex 2b. As noted in paragraphs 40 and 48 some of the virements for Children, Young People & Families and Social & Community Services are larger than £0.5m and require approval by Council under the authority's Financial Regulations.
78. Taking into account overspends of +£2.749m that are proposed to be carried forward to be recovered in future years the total underspend available to carry forward is -£3.795m. The net total of -£1.046m is consistent with the underspend shown in column 12 of Annex 1 and the table at paragraph 7. The following table summarises the proposed carry forwards by Directorate whilst the detailed requests are set out by Directorate in Annex 2a.

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
<b>Total CYP&amp;F</b>	<b>+1.708</b>	<b>-1.708</b>	<b>0.000</b>
Social & Community Services		-0.305	-0.305
Adult Learning	+0.233		+0.233
Music Service	+0.122		+0.122
OP & PD Pooled Budget <sup>9</sup>	+0.686		+0.686
<b>Total S&amp;CS</b>	<b>+1.041</b>	<b>-0.305</b>	<b>+0.736</b>
Environment & Economy		-0.406	-0.406
Community Safety		-0.805	-0.805
Corporate Core		-0.571	-0.571
<b>Total (as per Annex 2a)</b>	<b>+2.749</b>	<b>-3.795</b>	<b>-1.046</b>

### Strategic Measures

79. The year end position on the Strategic Measures budget is an underspend of -£0.649m. This includes an underspend of -£0.442m on the interest paid on various sums which are included within the Council's cash balance, including Developer Contributions. This is mainly due to the 7 day rate and Baxter Index (on which the interest amounts are calculated) being lower than anticipated in the budget. Interest earned on temporary surplus cash balances was -£0.300m higher than budgeted for. This is due to higher than

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

expected balances at the start of the financial year when interest rates were higher and a better than expected performance from our external fund managers. These were partly offset by an overspend of +£0.255m due to higher than budgeted principal repayments and interest paid on the outstanding debt. The net underspend has been added to balances.

80. The Provisional Outturn Report for 2008/09 included an amount which represented the element of potential lost deposit and associated interest on amounts placed with Landsbanki. At present Local Authority deposits with Landsbanki have "Preferred Creditor status". If this position is held, following the legal case currently being heard in Iceland, then the Council expects to receive 95% of the original deposit back in instalments over the next eight financial years. If not, it is expected the Council will receive 38% of the original deposit over the next eight financial years. CIPFA recommend that Local Authorities base their estimated impairments on the assumption that we will continue to be eligible for "Preferred Creditor status". The 2009/10 accounts therefore show an impairment of 5p in every £1.00.
81. The Treasury Management Outturn report for 2009/10, which covers all of the related activities in detail, will be considered by Cabinet on 20 July 2010.

#### **Bad Debt Write Offs**

82. 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. during the year. A further write off of £0.111m relates to an overpayment to Sedgemoor Children's Services. Cabinet agreed to write off this debt in January 2010.
83. After taking account of ad hoc write offs of £0.005m, total write offs for the year were £0.230m.

#### **Specific & Area Based Grants**

84. Details of specific government grants and Area Based Grant received in 2009/10 and the associated expenditure are included at Annex 3a.

	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 <sup>10</sup>	
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	
<b>Total Grant funding available for 2009/10</b>	<b>453.096</b>	<b>27.058</b>
2009/10 Grant Expenditure	443.487	25.577
<b>Balance remaining at 31 March 2010</b>	<b>9.609</b>	<b>1.481</b>

#### Specific Grants

85. Receipts in advance totalling £10.662m have been raised and include £5.569m relating to Standards Fund grant within CYP&F. In S&CS £0.837m relates to Supporting People grant and £1.148m is Social Care Reform Grant. The funding will be carried forward and used in 2010/11.
86. £2.101m Dedicated Schools Grant has been used to support the overall CYP&F position as noted in paragraph 38.

#### Area Based Grant

87. The variation of £1.481m relates to CYP&F, where £0.188m is requested to be carried forward to meet commitments relating to Connexions in 2010/11 (see paragraph 11). The take up of Extended Rights to Free Travel was much lower than expected and £0.319m has been used to support the overall Directorate position along with £0.848m of School Development Grant (see paragraph 29).

#### **Savings**

88. The table shows the total budgeted savings for each Directorate and compares this to the actual outturn. Annex 8 provides a further breakdown by Service Area and, where material, an explanation of the variance. 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.

<sup>10</sup> £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.

## CA6

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
<b>TOTAL</b>	<b>-21.626</b>	<b>-19.622</b>	<b>2.004</b>

89. CYP&F achieved savings of £2.335m. Of the £0.620m variation to their budgeted saving, £0.304m relates to savings to be made as a result of the directorate restructuring. As there are still costs associated to the restructuring to be repaid (see paragraph 36) it was not possible to make the savings in 2009/10. Savings of £0.562m were achieved within Children & Families despite the additional pressure on services in 2009/10. Young People and Access to Education made savings of £1.113m, but were unable to make planned savings of £0.181m from DSG funded services.
90. S&CS made savings of £10.101m. There is a shortfall of £0.949m compared to a target of £10.031m in Adult Social Care where savings have been delayed or have proved unachievable in a number of areas.
91. E&E have achieved -£0.203m more savings than budgeted. Within Transport the Park & Ride ancillary income target of £0.250m was not realised and there is also a shortfall of £0.320 within Property Services due to an overspend on Repairs and Maintenance. However, additional savings of -£0.831m within Sustainable Development, relating to Waste Management and the reduced level of tonnage disposed of, have offset this.
92. The £0.885m savings target for CS&SS has been achieved in full. Of this £0.773m relates to Shared Services savings and represents the balance of the business case target of £4.5m.
93. Within Corporate Core ICT achieved an efficiency saving of £0.243m from a target of £0.881m resulting in the overall directorate shortfall of £0.638m. This relates to ICT.

## Part – 2 Consolidated Provisional Capital Outturn

### Summary Programme Expenditure

94. 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.
95. 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 table on the next page. For completeness year end accounting adjustments are summarised as other adjustments but included in detail in Annex 10.

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
<b>Directorate Total</b>	<b>89.2</b>	<b>89.8</b>	<b>86.1</b>	<b>82.3</b>	<b>-6.9</b>	<b>-8</b>	<b>-7.5</b>	<b>-8</b>	<b>-3.8</b>	<b>-4</b>
Schools Capital	11.2	12.1	12.1	11.7	0.5	4	-0.4	-3	-0.4	-3
<b>Total Capital Programme Expenditure</b>	<b>100.4</b>	<b>101.9</b>	<b>98.2</b>	<b>94.0</b>	<b>-6.4</b>	<b>-6</b>	<b>-7.9</b>	<b>-8</b>	<b>-4.2</b>	<b>-4</b>
Other adjustments <sup>11</sup>	1.7	2.0	2.0	6.8						
<b>Total Capital Expenditure</b>	<b>102.1</b>	<b>103.9</b>	<b>100.2</b>	<b>100.8</b>						

<sup>11</sup> Detail shown in Annex 10.

96. 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.
97. The variation between the latest programme (agreed at 9 February 2010 Council) and the final outturn was -£7.9m or 8%. -£7.5m of this variation is attributable to the directorate programme and -£0.4m to schools capital/devolved formula. The variation compared to the latest forecast position was -£4.2m or 4%.
98. Further comments explaining the key movements within each directorate are set out below. A detailed analysis of the variations by scheme is shown in Annex 10.

### **Children, Young People & Families**

99. 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 the following projects/programmes:
- Launton £0.8m - temporarily delayed pending outcome of primary locality review process.
  - Woodstock, Marlborough (Science) £1.6m - slippage due to environmental issues and scheme being divided into 3 phases.
  - Chipping Norton (Science) £1.0m - prolonged negotiations in the design and tendering processes.
  - Thornbury House Children Home £0.5m - delayed due to environmental issues, project slipped to 2010/11. Further delays incurred due to extended cold weather period in undertaking Great Crested Newt trapping and new access right complications.
  - Flexibility of Childcare Programme £1.9m - due to the setting of unrealistic timescales to agree individual projects including the approval process and funding agreement with external providers.
100. The overall programme was compensated by the Oxford Academy scheme of £2.3m due to financial profiling.
101. Compared to the latest Capital Programme there was an underspend of -£3.1m or -8%. This includes a a reduction of -£2.4m or -6% since the last forecast. This was due to:
- Slippage not forecast on the schemes listed above - Chipping Norton (£0.3m) and Flexibility of Childcare Programme (£0.2m).
  - Poor weather conditions delaying progress - Charlton-on-Otmoor (£0.2m) and Woodstock, Marlborough - Science (£0.3m).
  - Underspends on numerous schemes in the retention part of the programme (£0.5m).
  - Bayard's School £0.2m - delayed due the extended consultations to planning objections despite earlier positive consultation.

### **Social & Community Services**

102. 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 including:
- Museums Resource Programme £0.4m - delayed due to planning.
  - Bicester Care Home £0.4m - delays caused by newts, badgers, wet weather and drainage.
  - Learning Disabilities - supported living programme £0.3m – work on this scale has not been done and expectations of how much could be delivered were too high.
  - Abingdon Resource Centres £0.4m - delay to the start of Phase 3 due to need to reduce project costs to stay within budget
  - Adult Social Care system review £0.7m - delayed due to resource being required to work on other urgent projects.
103. The variation compared to the latest Capital Programme was a reduction of -£1.0m or -17%.

### **Environment & Economy - Transport**

104. 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%.
105. The large variation on the ITS programme is mainly due to the re-profiling of the Didcot Station Forecourt project which reduced the 2010/11 forecast by £3.5m. Other changes in the ITS programme were due to delays to design processes following public consultations (London Rd Phase 3, Controlled Parking Zones, Highfield Area Traffic Management and Fairfax Road cycle link).
106. There was an increase in available resources for Highways Maintenance of £2.2m due to additional Transport Asset Management Plan (TAMP) and detrunking grants and the use of £1.5m accelerated funding. This was fully utilised in year to bring forward area maintenance schemes and principal road design work but partly offset by an underspend of £1.6m (57%) on the bridges programme.
107. The variation compared to the latest Capital Programme was a reduction of £1.7m or 7%. £0.9m of that related to the bridges programme as set out above.

### **Environment & Economy - Other**

108. Total capital expenditure was £14.9m. The variation compared to the original Capital Programme was a reduction of £0.1m or 1%.
109. 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.

110. The variation compared to the latest Capital Programme was a reduction of £1.3m or 8%.

### **Community Safety & Shared Services**

111. Total capital expenditure was £0.68m. The variation compared to the original Capital Programme is an increase of £0.4m or 178%. 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.
112. The variation compared to the latest Capital Programme is a reduction of £0.3m or 32%. Some minor projects were re-profiled to 2010/11 in the last quarter of the year as work had not yet commenced.

### **Corporate Core**

113. 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. This will be funded through prudential borrowing and will give a net revenue saving of £0.2m on interest payments from January 2010 to September 2012 when the current contract for SAP support ends.

### **Capital Programme Financing**

114. The table below summarises the outturn financing of the in-year capital programme and compares it to the financing planned in the latest capital programme.

Type of Financing	Original Planned Financing February 2009 £m	Latest Planned Financing February 2010 £m	Outturn Financing 2009/10 £m	Variance to Original Planned Financing £m	Variance to Latest Planned Financing £m
SCE(R) Formulaic Capital Allocations - Credit Approval	27.9	29.7	29.7	+1.8	0.0
SCE(R) Formulaic Capital Allocations – Grant	8.2	4.2	4.5	-3.7	+0.3
Grants & Contributions	48.7	50.0	52.0	+3.3	+2.0
Revenue Funding	0.6	1.3	1.2	+0.6	-0.1
Prudential Borrowing	8.8	9.8	8.7	-0.1	-1.1
Capital Receipts	7.6	6.9	0.0	-7.6	-6.9
<b>Total Capital Programme Financing</b>	<b>101.8</b>	<b>101.9</b>	<b>96.1</b>	<b>-5.7</b>	<b>-5.8</b>
Revenue Funding of year end adjustments			4.7		
<b>TOTAL</b>			<b>100.8</b>		

115. Use of other grants and contributions has been maximised and consequently there was a reduced level of prudential borrowing required (closer to the original amount planned) and no draw down of capital balances.
116. The number of property disposals for the year was 7 with a total value of £7.3m. There were 11 receipts with a total estimated value of £7.2m forecast in the original disposals programme for 2009/10. 8 of these receipts with a total estimated value of £6.6m slipped to future years. However, 3 receipts totalling £6.0m slipped from 2008/09 into 2009/10.
117. A repayment of £3.0m from Shared Services into the capital reserve was brought forward to 2009/10.
118. Advice from our external auditors is that Homes for Older People (HOPs) lease premiums should have been treated as revenue pre-payments rather than capital receipts in prior years. An adjustment has been made to reduce unapplied capital receipts by £9.0m in 2009/10. The lease premiums relating to prior years have been added to the capital reserve (£2.9m). The remaining £6.1m will be replaced by prudential borrowing funded by future lease premiums.

### **Part 3 – Balance Sheet**

#### **General Balances**

119. There have been a number of changes affecting the Council's general balances during the year. These have been reported as part of the monthly financial monitoring reports to Cabinet and are shown in full at Annex 5.
120. The provisional outturn position for general balances is £11.145m (after the planned City Schools overspend) as at 31 March 2010. In addition the revenue element of the Performance Reward Grant of £2.017m that will be distributed in 2010/11 has been accounted within balances taking the total to £13.162m.
121. As part of the 2010/11 budget agreed by Council on 9 February 2010 £1.975m has been 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.
122. Cabinet is recommended to agree the changes to general balances since the last monitoring report as shown in the table on the next page.

	£m
Forecast position per February monitoring report (net of City Schools)	+10.578
Net calls on balances variations outside Directorates' control (para 8)	-0.062
Variation on Strategic Measures (para 79)	+0.649
Reduction in Provision for doubtful debts (impairment allowance) and other final accounts adjustments	-0.020
<b>Total Balances Available 31 March 2010</b>	<b>+11.145</b>
Add Local Area Agreement (LAA) Performance Reward Grant accounted for in 2009/10	+2.017
<b>Total Balances (net of City Schools) 31 March 2010</b>	<b>+13.162</b>

### Earmarked Reserves

123. Details of the movements on earmarked reserves in 2009/10 are set out in Annex 4 and summarised in the table below:

	2009/10			
	Balance 1 April 2009 £m	Forecast Contributions From Reserve £m	Movement 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
<b>Total</b>	<b>52.345</b>	<b>-31.529</b>	<b>39.678</b>	<b>60.764</b>

### Children, Young People & Families

124. In 2008/09 £1.0m was placed in the CYP&F General Reserve for use against Children's Social Care. In addition £0.523m of the carry forward from 2008/09 was added to the reserve during 2009/10. At the year end the whole reserve was drawn down and used to offset pressures relating to placements and asylum seekers (see paragraphs 15 and 20).
125. During the year a number of new reserves have been created. These are Building Schools for the Future (£0.042m), Oxfordshire Rural Children's Centre (£0.008m), Safeguarding Board (£0.075m), Youth Support Service – Computer System (£0.075m) and residential centres (£0.016m).

### School Balances

126. All schools need to retain a certain level of balances and the above figures are a mixture of committed balances, allowable uncommitted balances and

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excess balances The movement in school balances<sup>12</sup> from 2008/09 to 2009/10 is as follows:

	Balances 31 March 2009	Movement	Balances 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
<b>TOTAL</b>	<b>13.056</b>	<b>-2.364</b>	<b>10.692</b>

127. The number of schools with deficits and surpluses and the total value is:

	Number of Schools 31 March 2009		Change		Number of Schools 31 March 2010	
	Deficit Balance	Surplus Balance	Deficit Balance	Surplus Balance	Deficit Balance	Surplus Balance
Primary	37	207	4	-4	41	203
Secondary	10	22	1	-1	11	21
Special	0	13	1	-1	1	12
<b>Total</b>	<b>47</b>	<b>242</b>	<b>6</b>	<b>-6</b>	<b>53</b>	<b>236</b>

	Balances 31 March 2009		Movement		Balances 31 March 2010	
	Deficit Balance £m	Surplus Balance £m	Deficit Balance £m	Surplus Balance £m	Deficit Balance £m	Surplus Balance £m
Primary	-967	9.840	-0.128	-1,376	-1.095	8.464
Secondary	-1.769	4.183	0.268	-463	-1.501	3.720
Special	0	1.769	-0.032	-590	-0.032	1.179
<b>Total</b>	<b>-2.736</b>	<b>15.792</b>	<b>0.108</b>	<b>-2,429</b>	<b>-2.628</b>	<b>13.363</b>

128. 11 Secondary Schools had a total deficit of £1.501m, and 21 a total surplus of £3.720m. The largest surplus or deficit held by an individual school is as follows:

<sup>12</sup> Balances related to monies held by schools on behalf of partnerships, for example, are excluded.

	Largest Individual Surplus £m	Largest Individual Deficit £m
Primary School	0.228	-0.104
Secondary School	0.645	-0.587
Special School	0.330	-0.032

#### Reducing Balances in 2010/11

129. During the year, as reported in the financial monitoring report to the end of September 2009, schools estimated their balances at the end of March 2010 to be £5.6m. This suggested that overall balances would reduce by at least £7.4m or by 57%. The actual reduction is £2.3m.
130. A series of protocols have been put in place to improve forecasting in 2010/11. The use of SAP from 1 April 2010 and the introduction of standardised reports and improved processes will also provide more accurate information for 2010/11.

#### Social & Community Services

131. As reported throughout the year the Adult Learning Reserve of £0.117m has been fully utilised in year to meet part of the overspend.
132. As reported to Cabinet on 16 February 2010, £0.500m of the Section 117 reserve was utilised in year to make an additional contribution to the Older People's and Physical Disabilities Pooled budget. This reserve was set up to meet potential future claims in respect of refunds to clients under the S117 of the Mental Health Act. The balance at 31 March 2010 is £0.273m.
133. An annual contribution of £0.243m has been made to the ICT/Digitisation Project reserve. £0.223m has been utilised in year.
134. The £0.650m balance on the Pooled Budget reserve as at 1 April 2009 was utilised in year. A contribution of £0.101m has been made in respect of the underspend on the Learning Disabilities Pool at year end.
135. A new reserve (£0.048m) has been created to hold unutilised balances on personal budgets under Self Directed Support.

#### Environment & Economy

136. As noted in paragraph 58, Waste Management underspends of - £0.943m have been transferred to reserves. This is in addition to £0.695m budget not required for the purchase of LATS credits in 2009/10. The total contribution to the reserve is £1.681m, increasing the total available to fund the Waste Recycling Centre Strategy to £2.516m. New reserves have been created for Carbon Reduction (£0.060m), Transport (£0.250m), and Tourism Signs (£0.089m).

137. Annex 6 shows the movement on the On – Street Parking Account. The table below shows the movement on the On and Off – Street Parking accounts and reflects the contributions to and from reserve shown in Annex 4.

	£m
<b>Parking Account balance 31 March 2009</b>	<b>1.847</b>
Less drawdowns and the cost of Off-Street Parking (contribution from reserve).	-1.396
Net 2009/10 On-Street Parking Surplus (contribution to reserve) <sup>13</sup>	1.126
<b>Estimated Parking Account balance 31 March 2010</b>	<b>1.577</b>
Parking Account movement	-0.270

#### Community Safety & Shared Services

138. The Shared Services Funding Reserve was opened in 2006/07 with a starting balance of £4.224m transferred from the capital programme. £3m has been repaid this year and the balance of £1.224m will be repaid in March 2011.
139. The movements in the Food with Thought Reserve include the surpluses and deficit transferred from the trading accounts and other funding from reserves. This included a contribution of £0.268m to the capital programme for the refurbishment of school kitchens and dining areas.
140. Two new reserves have been created. Securing Water Supplies (£0.027m) has been set up by Fire & Rescue to manage fluctuations from year to year in expenditure on fire hydrant repairs. Shared Services has created a Development Reserve (£0.142m) to provide funding for system development work to facilitate further continuous improvement and efficiency savings.

#### Corporate Core

141. The following table summarises movements in the Change Fund:

	£m
Total fund 1 April 2009	1.055
Budget 2009/10	0.806
<b>Total funds</b>	<b>1.861</b>
Expenditure on projects 2009/10	0.602
<b>Balance 31 March 2010</b>	<b>1.259</b>

Sixteen projects were financed by the Change Fund in 2009/10 and a further £1.241m is committed to these projects for 2010/11 onwards.

142. £0.261m of the Elections Reserve was used to fund the cost of the 2009 council election and to contribute to the IT and training costs of newly elected members.
143. The ICT reserves were used to fund the development of IT in schools (£0.362m), the SAP for Schools project (£0.160m). The £0.807m balance of the IT Development Fund which was transferred to reserves in 2008/09, and

<sup>13</sup> Expenditure of £2.657m and income of £3.783m in 2009/10.

was the remaining balance of the £3m fund set up for major ICT projects was fully utilised in 2009/10, along with £0.298m savings arising from the re-negotiated contract for SAP maintenance and support.

144. A new reserve has been created in Finance & Procurement for the CIPFA trainee scheme (£0.013m).

#### Corporate Reserves

145. As part of the 9 February 2009 Service & Resource Planning report, Council agreed to the creation of a new reserve from 2009/10 for Local Authority Business Growth Incentive (LABGI) funding. After taking account of funding unused at the end of 2009/10, which has been transferred back to the reserve, the total balance as at 31 March 2010 is £0.791m. This will be used in 2010/11 and future years as set out in the MTFP for 2010/11 – 2014/15.
146. 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. As set out in paragraph 67, £0.362m has been used to fund redundancy costs in ICT. The balance as at 31 March 2010 was £1.519m.

#### **Provisions**

##### Social & Community Services

147. The Older People's Pool provision which was set up to deal with a liability resulting from a backlog in the processing of Continuing Care Clients has been reduced as clients have been dealt with. £0.563m has been utilised in 2009/10 and the balance was £0.756m as at 31 March 2010.
148. £0.113m of the Section 117 provision has been utilised in year. The remaining provision has been reviewed and the remaining balance of £0.013m has been transferred to the Section 117 Reserve.

##### Community Safety and Shared Services

149. As a result of an Employment Tribunal decision with respect to a wide range of issues affecting payments to retained firefighters, the Fire & Rescue Service has created a provision of £0.225m for the cost of compensation payments, backdated to July 2000.

#### **RECOMMENDATIONS**

150. **The Cabinet is RECOMMENDED to:**
- (a) **note the provisional revenue and capital outturn set out in the report;**
  - (b) **approve the carry-forwards and virements as set out in Annex 2;**

- (c) **recommend Council to approve the virements greater than £0.5m for Children, Young People & Families and Social & Community Services Directorates as set out in Annex 2b;**
- (d) **approve the changes to balances as set out in the table at paragraph 122;**
- (e) **agree that the surplus in the On-Street Parking Account at the end of the 2009/10 financial year, so far as not applied to particular eligible purposes in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, be carried forward in the account to the 2010/11 financial year (paragraph 137); and**
- (f) **approve the creation of new reserves as set out in Annex 4 and paragraphs 125, 135, 136, 140 and 144.**

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Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate reports

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