

CABINET – 16 NOVEMBER 2010

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 six months of actuals to the end of September 2010. Parts 1 and 2 include projections for revenue, balances and reserves. The Capital Monitoring is included at Part 3.
2. As part of the Council's Business Strategy, a new Directorate structure will be fully implemented by 1 April 2011. Work continues on the restructure and the intention is to report in the new structure, where appropriate and subject to any further changes, from the report to the end of November 2010. This will be considered by Cabinet on 25 January 2011. This report includes the virement requests for changes to be implemented from January 2011.

Summary Revenue Position

3. The in – year Directorate forecast is an underspend of -£0.270m, or -0.07% compared to a budget of £384.355m as shown in the table below. The in-year forecast excludes an overspend of +£0.013m on services funded from Dedicated Schools Grant (DSG) and +£0.178m relating to the City Schools Reorganisation which was carried forward from 2009/10 as planned.

Original Budget 2010/11 £m		Latest Budget 2010/11 £m	Forecast Outturn 2010/11 £m	Variance Forecast September 2010 £m	Variance Forecast September 2010 %
99.050	Children, Young People & Families (CYP&F)	96.530	95.746	-0.784	-0.81
183.657	Social & Community Services (S&CS)	176.669	178.466	+1.797	+1.02
70.408	Environment & Economy	71.910	70.971	-0.939	-1.31
28.122	Community Safety & Shared Services	28.406	28.270	-0.136	-0.48
9.578	Corporate Core	10.840	10.632	-0.208	-1.92
390.815	In year Directorate total	384.355	384.085	-0.270	-0.07

Plus: Overspend on DSG		+0.013	
Plus : Planned overspend on City Schools Reorganisation		+0.178	
Total Variation		-0.079	-0.02

4. Forecasts include the impact of in – year grant reductions notified during 2010/11.
5. As set out in Annex 5 and paragraph 62 & 63, general balances are forecast to be £13.078m after calls on balances proposed in this report and the allocation of Performance Reward Grant to services. Taking into account the forecast Directorate underspend (-£0.270m), the Council elements of the overspend on the Pooled budgets (+£2.014m), the transfer of the remaining grant reduction shortfall (£0.266m), and the adjustment that will be made to replace £0.241m relating to Performance Reward Grant, the consolidated revenue balances forecast as at 31 March 2011 is £11.841m.
6. 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.
7. The following Annexes are attached:

Annex 1 (a-e)	Forecast Revenue Outturn by Directorate
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	Activity & Unit Cost Monitoring
Annex 7	Capital Programme Monitoring
Annex 8	Capital Grants Monitoring
Annex 9	Treasury Management Lending List

Part 1 - Revenue

8. The forecast revenue outturn by Directorate based on the position to the end of September 2010 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): -£0.784m, or -0.81% in – year Directorate underspend

9. CYP&F are forecasting an in-year Directorate underspend of -£0.784m, or - 0.81%, (-£0.593m total underspend after taking account of an overspend of +£0.013m on services funded from Dedicated Schools Grant and the planned overspend of +£0.178m remaining in respect of the City Schools reorganisation).

Young People & Access to Education

10. Young People & Access to Education (YP&AE) is overspending by +£0.278m on services funded by the Council. This has decreased by -£0.028m since the last report as a result of the inclusion of the supplementary estimate for the pay band changes for Educational Psychologists of £0.021m that was agreed by cabinet on 21 September 2010.

Children and Families

11. Current forecasts show an underspend in the region of -£0.600m based on a flat-line projection before accounting for new clients entering the service part way through the financial year. Work is still on-going to establish what level of spend is affordable in light of current placements and for new cases that may arise during the year. Taking into account an estimate for new clients, a break-even position is reported.
12. As in previous years, the Council has claimed Special Circumstances grant. Notification of whether the council was successful in receiving any grant was expected in October but this has been delayed and is now expected in late November 2010. An overspend of +£0.629m was carried forward from 2009/10 but is not included in the forecast because the Directorate also carried forward sufficient underspends to offset this pressure should the claim for Special Circumstances Grant be unsuccessful. If, however, the Special Circumstances Grant is successful this funding will be available for an alternative purpose.
13. A number of young people have had their application for asylum refused by the Home Office. These are known as All Rights Exhausted (ARE) cases. It has previously been reported that the Directorate had consulted these clients about the withdrawal of funding and payments were anticipated to cease in September 2010. However, on 14 October 2010 the Court of Appeal ruled that local authorities must remain responsible for young people who are ARE even though the National Asylum Support Service doesn't support them. The pressure on the service is currently being quantified and will need to be managed in year and, for future years, considered as part of the Service & Resource Planning process.

Raising Achievement Service

14. Raising Achievement Service are forecasting an overspend of +£0.007m. This includes an overspend of +£0.300m in Primary and Secondary National Strategies. The funding for this service is due to end in 2011. The staff have been notified that the project will be ending in March 2011. The service is projecting to be underspent by -£0.300m which will be used to offset part of the anticipated redundancy costs of £0.600m.
15. The Equality and Diversity Achievement Service¹ is predicting an underspend of -£0.248m. This has been achieved by the restructuring of the Ethnic Minority Achievement Service and the Advisory Service for the Education of Travellers. The service is proposing to achieve these savings on an ongoing basis in line with the Medium Term Financial Plan.

Commissioning, Performance & Quality Assurance (CPQA)

16. CPQA are forecasting an underspend of -£1.069m. As previously reported within the total there is an underspend of -£1.280m on Home to School Transport.

¹ Formerly the Ethnic Minority Achievement Service (EMAS) and Advisory Service for the Education of Travellers (ASET)

Dedicated Schools Grant (DSG) Funded Services

17. Services funded by DSG are forecast to overspend by +£0.013m, a reduction of £0.200m since last month. The previous report included an overspend of +£0.132m relating to Meadowbrook College. This has now reduced to a breakeven position because DSG funding from the Success Project is being transferred to this area.

Social & Community Services: +£1.797m, or +1.02%, in – year directorate overspendCommunity Services

18. The forecast overspend in Community Services is +£0.143m. A decrease of -£0.075m since the last report due to a recruitment freeze and additional income from courses in Adult Learning. The overspends in Adult Learning (+£0.082m) and the Music Service (+£0.061m) will be carried forward. Both services have recovery programmes in place to repay the overspends, Adult Learning by March 2013 and the Music Service over the next three years.

Social Care for Adults

19. Social Care for Adults is forecasting on overspend of +£1.537m. This includes +£0.303m relating to Older People Care Management and is mainly due to the cost of additional staff required for safeguarding work, to reduce waiting lists and delayed transfers of care and meet other performance targets. The service is working to reduce the level of overspend by the end of the year. Savings may be achieved in this area as a result of the restructuring being carried out to implement fully self-directed support. The overspend also reflects all legal costs for Adult Social Care where the budget is currently predicted to overspend by +£0.162m.
20. Fairer Charging and Residential Client Income is forecast to be underachieved by +£0.701m. The underachievement has increased by +£0.188m since the last report due to changes in the bed based model being introduced to control expenditure in the Older People's Pooled Budget. This will be monitored closely over the next few months and updates will be provided in future reports.
21. The Mental Health service is forecasting an overspend of +£0.374m. The increase of +£0.064m since the last report is due to increases in residential placements and in-patient transfers. The overspend includes the transfer of two very high cost Section 117 clients from Continuing Health Care. It has been agreed that these clients should be receiving social care so, as such, fall under the Council's responsibility.

Supporting People

22. The Supporting People Administration Grant of £0.320m, which was part of the Area Based Grant, has been withdrawn as part of the in-year grant reductions agreed by Council on 27 July 2010. It was agreed by Cabinet on 21 September 2010 that the uncommitted element of £0.138m from the AIDS/HIV grant should be used partly to alleviate the pressures caused by the loss of grant income. Investigations to identify sources of funding for the shortfall are ongoing and the service is reviewing how the administration of this programme can be combined with similar functions to achieve efficiency

savings. An additional saving of £0.065m has been identified within Strategy and Transformation to contribute to the shortfall, which leaves a current overspend of +£0.117m.

Pooled Budgets

Older People, Physical Disabilities & Equipment Pool

23. As shown in the table below the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£4.473m. This includes overspends of +£2.001m carried forward from 2009/10. The Council element of the pool is forecast to overspend by +£1.686m (a decrease of -£0.311m since the last report) and the Primary Care Trust (PCT) element overspend by +£2.787m (an increase of +£0.469m since the last report). Action is being taken to reduce the County Council's overspend as set out below, but this is leading to an increase in waiting lists and is having a detrimental effect on delayed transfers of care. The Council and the PCT are working closely together to achieve the best outcome for clients within the available resources.

Original Budget 2010/11	Latest Budget 2010/11		Forecast Variance September 2010	Variance August 2010	Change in Variance
£m	£m		£m	£m	£m
		Council Elements:			
		Older People			
53.052	51.417	Care Homes	+0.221	+0.205	0.016
28.818	29.871	Community Support Purchasing Budget	-0.096	+0.091	-0.187
81.870	81.288	Total Older People	+0.125	+0.296	-0.171
		Physical Disabilities			
2.450	2.450	Care Homes	+0.779	+0.792	-0.013
4.652	4.616	Community Support Purchasing Budgets	+0.948	+1.009	-0.061
7.102	7.066	Total Physical Disabilities	+1.727	+1.801	-0.074
1.169	1.169	Equipment			
		Forecast in-year variance	-0.166	-0.100	-0.066
90.141	89.523	Total Forecast in year variance – Council Elements	+1.686	+1.997	-0.311
		PCT elements:			
17.917	23.760	Older People	+1.697	+1.455	+0.242
4.047	4.047	Physical Disabilities	+0.617	+0.395	+0.222
0.312	0.312	Equipment	+0.473	+0.468	+0.005
22.276	28.119	Total Forecast in-year variance – PCT Elements	+2.787	+2.288	+0.469
112.417	117.466	Total	+4.473	+4.315	+0.158

Council Elements

24. The Older Persons budget is now close to balance following action to limit the number of care home placements and the number of hours of home support available each week. However, this has had an impact on the number of delayed transfers of care. As explained to Adult Services Scrutiny Committee on 26 October 2010, the County Council is working closely with NHS Oxfordshire (the Primary Care Trust) and the various hospitals to reduce the number of delays within the resources available.
25. The Government has recently announced an additional £77m to boost reablement services in England. This will mean approx. £0.750m for Oxfordshire and work is in hand to release this as soon as possible. This funding will be used to pay for long term care for approximately 80 patients who are waiting to transfer from the reablement service. This will increase the capacity of the Enablement Service to cope with more people who are currently delayed and ensure that more people are able to cope without any care at all. In addition, the County Council has agreed with the Oxford Radcliffe Hospitals Trust that they will provide funding of £0.360m which will fund care homes placements for the remainder of this financial year for those currently waiting in hospital for such placements. There will be financial implications next year for the County Council's element of the older persons budget. This will need to be managed within the resources available.
26. The Physical Disabilities Budget is forecast to overspend by +£1.727m on Residential and Nursing Beds and External and Internal Home Support. This is due to the full year effect of placements made in 2009/10 and an increase in client numbers. To reduce expenditure in this area, strict quotas will be applied to the number of placements and packages agreed during the year. However, because of the low turnover of clients, savings in this part of the budget are more difficult to achieve. A recovery action plan has been put in place to reduce the over-spend. In addition, the potential longer term implications are being considered in the Directorate's Service and Resource planning work.

Primary Care Trust Elements

27. The PCT element of the pool is forecast to overspend by +£2.787m, an increase of £0.469m on the previous forecast. This is mainly due to an increase in the number of clients receiving Funded Nursing Care, some of whom had arrears for several months. There are also an additional two high cost Continuing Health Care clients with Physical Disabilities. The overspend also reflects the transfer of costs for Section 117 clients to the Council.

Equipment

28. The Equipment budget is currently forecast to overspend by +£0.307m, a decrease of £0.061m on the previous month. The Council's element of this is an under-spend of -£0.166m and the PCT's element is an overspend of +£0.473m based on the areas for actual equipment spend.

Learning Disabilities Pool

29. The Learning Disabilities Pooled Budget is forecast to overspend by +£0.416m as shown in the table below.

Original Budget £m	Latest Budget £m		Variance September 2010 £m	Variance August 2010 £m	Change in Variance £m
		Council Contribution			
9.688	9.673	Residential Services	+0.074	+0.038	+0.036
17.421	17.426	Supported Living	+0.019	+0.010	+0.009
15.307	15.276	Community Support	+0.235	+0.302	-0.067
42.416	42.375	Council Total	+0.328	+0.350	-0.022
		PCT Contribution			
7.236	7.251	Residential Services	+0.056	+0.028	+0.028
13.010	13.064	Supported Living	+0.014	+0.008	+0.006
11.432	11.453	Community Support	+0.018	+0.008	+0.010
31.678	31.768	PCT Total	+0.088	+0.044	+0.044
74.146	74.143	Total	+0.416	+0.394	+0.022

30. The forecast includes £2.884m of commitments agreed from April to September 2010, and the £0.300m full year effect of two high cost packages agreed in 2009/10. It also reflects the full year effect of savings on packages made during 2009/10 and new efficiency savings of £1.041m already achieved this financial year and further efficiency savings of £2.000m which are expected to be achieved. The shortfall in income of £0.211m which currently sits outside of the pool is included in the forecast.

Environment & Economy: -£0.939m, or -1.31%, in – year directorate underspend

Transport

31. A breakeven position is reported for Transport. Following the operational restructure of Highways & Transport, reflecting the new contract arrangements, the financial structure is being put in place. Once all transactions made to date in 2010/11 have transferred into the new structure and managers are able to forecast effectively, more accurate projections will be possible. It is anticipated that this will be in place by December. An overspend is not anticipated.

Sustainable Development

32. The underspend in Planning Implementation has increased from -£0.010m to -£0.039m since the last report. There is also an underspend of -£0.306m including -£0.153m carried forward from 2009/10. This reflects the delay caused by the freezing of the New Growth points funding linked to the West End Partnership. The directorate is considering other re-generation projects in line with priorities. Further details will be included in future reports along with proposals to use this funding for an alternative purpose.
33. Waste Management is forecasting an underspend of -£0.902m, an increase of -£0.126m since the last report. Landfill is underspending by -£0.525m (-£0.344m due to reduced tonnage and -£0.181m due to better pricing) and

Recycling/composting by -£0.251m (-£0.200m due to reduced tonnage and -£0.051m due to better pricing).

Waste Type	Budgeted Kilo Tonnes	Forecast Kilo Tonnes
Landfill	143	139
Recycling/Composting	152 ²	144
TOTAL	295	283

34. It is anticipated that the waste management underspend, together with a contribution from the Waste Management general reserve, will be used to meet the cost of a premium relating to foreign exchange rate risk of the Waste Treatment procurement should the market conditions be appropriate. This premium would ensure that an exchange rate is fixed at the time of signing the contract, guaranteeing a value for money position should the exchange rate become less favourable. The council maintains the foreign exchange rate risk until such time as planning permission is granted and financial close on the contract is made.

Property Services

35. Property Services has a forecast underspend of -£0.098m. This includes an underspend of -£0.214m on the rents budgets which is partially due to a one – off rent free period at Signal Court in Eynsham (Countryside Service). This is offset by an overspend of +£0.073m relating to the cost liability for The Charter in Abingdon.

Community Safety & Shared Services:-£0.136m, or -0.48%, in – year directorate underspend

Fire & Rescue Service

36. The forecast overspend against the retained duty system (RDS) budget has reduced from +£0.100m to +£0.040m since the last report. The forecast for this budget will inevitably change during the year as it is not possible to estimate the number of emergency call outs with any degree of accuracy.
37. The forecast underspend against the budget for wholetime firefighters has increased from -£0.193m to -£0.220m. Part - year savings from previous vacancies and the effect of newly appointed staff receiving lower salaries than the previous post holders are the main reasons for the underspend. This will be used to offset the RDS overspend. Fire & Rescue will only seek to use the option of meeting the cost of RDS emergency call outs from Council balances if the pressure cannot be managed within Fire & Rescue.
38. On 21 July 2010 Cabinet approved a carry forward of £0.117m to address recommendations with respect to training arising from last year's Health & Safety Executive inspection. Some of the expenditure required to develop the training competency framework will not be incurred until next year. A request

² The budgeted tonnage for Recycling/Composting has been amended to reflect the taking out of a double count of green waste credits paid to districts which is already included in the composting tonnage.

will be made to carry forward £0.080m to next year so that this project can be completed.

Trading Standards

39. As previously reported Trading Standards is forecasting an overspend of +£0.080m. The overspend can be managed using underspends expected in other services within Community Safety.

Shared Services

40. An underspend of -£0.050m forecast for Shared Services remains unchanged from the last report.
41. Meals supplied by Food with Thought were 4% ahead of target in September. Meal numbers are slightly below target for the year to date due to school closures and inset days not allowed for in the forecast for the early part of the year although the service expects to be ahead of target by the end of the year. Management action is being taken to control inflationary pressures on food costs, including a change to the menu in November. The programme of kitchen refurbishment was completed during the summer school holiday. QCS Cleaning is on target to break-even.

Shared Services Business Case

42. All savings included in the original Shared Services business case have now been delivered. The delays in setting up the Shared Services Centre in 2007 rather than 2006 have meant that the project has been reporting until this year that the full cumulative gross savings target of £27m by March 2014 would be delivered approximately nine months late. Shared Services is now delivering the original gross annual savings target of £4m and with effect from this year is delivering further continuous improvement savings as set out in the current Medium Term Financial Plan (£0.4m this year rising to £0.6m per annum from 2012/13). When these additional savings are added, Shared Services will meet its business case target (gross savings) by September 2013. This is demonstrated in the table below.

Shared Services	To 2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m
Business Case					
Cumulative Savings	-11.100	-15.100	-19.100	-23.100	-27.100
Cumulative Costs	11.500	13.000	14.600	16.200	17.800
Net saving	0.400	-2.100	-4.500	-6.900	-9.300
Actuals & Forecast					
Cumulative Savings	-9.800	-14.800	-19.900	-25.000	-30.200
Cumulative Costs	9.800	12.200	14.200	16.100	18.000
Net saving	0.000	-2.600	-5.700	-8.900	-12.200
Cumulative Variance	-0.400	-0.500	-1.200	-2.000	-2.900

Corporate Core: -£0.208m, or -1.92%, in – year directorate underspendBusiness Support

43. Business Support includes the Initiatives Fund which is used to pay for cross service projects and one off pressures in the Chief Executive's Office. It is being used this year to fund a document manager project, office accommodation work at County Hall and the staff conference. The current forecast is that there will be a balance at the end of the year of approximately £0.100m.

ICT

44. ICT is continuing to forecast a nil variance against budget. The planned reduction in establishment will be completed by December. Staffing levels are sufficient to maintain current service commitments but there is no capacity for additional development work. Pressures arising from Government Connect are now less than previously anticipated. Increases in Microsoft licensing charges will be a pressure next year rather than this year and will be managed by controlling the size of the desktop estate. Maintenance costs with other suppliers have been reduced as has the cost of server and storage support provided by third party suppliers. A moratorium on non essential hardware refresh this year is also helping to keep ICT within budget.
45. Redundancy costs, following the re-structure of ICT, currently stand at £0.246m. Approval has been given for these costs to be met from the Efficiencies Reserve. Employer pension costs resulting from these redundancies will total £0.108m.

Legal & Democratic Services

46. As previously reported, there are continuing pressures on the legal services budget, in particular in the safeguarding children and planning areas. The service is now forecasting an overspend in the region of +£0.250m an increase of +£0.050m since the last report. This includes two cases which are likely to cost over £0.025m – a major village green application (£0.085m) and a significant child protection case (£0.034m). Cabinet is asked to approve a supplementary estimate of £0.119m for these two cases. This is in accordance with the Council's policy of providing additional funding for legal cases which exceed £0.025m. If Cabinet approves the supplementary estimate, the forecast overspend would reduce to +£0.131m.

Human Resources & Customer Services

47. The Council's Apprenticeship Scheme commenced in September 2009 and ends in September 2011. An underspend of -£0.050m will need to be carried forward to fund the element that falls into 2011/12.
48. A carry forward of £0.105m from 2009/10 was approved to fund a two year contract for a Performance & Engagement lead. The contract started in August 2010 so a request will be made to carry forward £0.070m to 2011/12 for completion of the contract.
49. Following Cabinet approval on 21 September 2010, £1.000m has been transferred from the ICT Development Fund to the Efficiencies Reserve to provide additional funding for the business strategy. The remaining £1.000m

has been transferred to the customer services reserve to be used when required by the project.

50. The Customer Services project is on track to deliver at least its budgeted savings this year of £0.046m and is likely to be slightly over target. The one off budget of £0.847m for project development including the procurement of a Customer Relationship Management system will not be spent in full this year. The unspent balance (current estimate £0.550m) will be transferred to the customer services reserve.

Finance & Procurement

51. As previously reported Finance and Procurement are expecting to underspend by -£0.238m. This includes an underspend of -£0.168m on the External Audit fee. As in past years and due to the uncontrollable nature of this budget, the balance will be returned to balances at year end.

Virements and Supplementary Estimates

52. 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.
53. Virements requested this month include temporary virements relating to the part year effect of the restructuring of the Care Management budgets to reflect the introduction of Personal Budgets under the new arrangements for Self Directed Support. The full year changes will be included in the Service and Resource Planning Reports to Cabinet and Council.
54. Other virements include the final phase of the Transport restructuring and changes relating to the Business Strategy. These are not policy changes as there is no change to the service provision. The remaining changes that relate to the Business Strategy will be made through the Service and Resource Planning process.

Supplementary Estimates

55. As set out in paragraph 46, Annex 2f includes the supplementary estimate requests that relate to the legal costs that have cost over £0.025m.

Grants Monitoring

56. Changes to Specific Grants since the last report total -£25.591m which includes the removal of the £27.070m grant from the Young Peoples Learning Agency (YPLA) which relates to passported funding to Further Education Colleges. The Council ceased to have responsibility for passporting these funds on 31 July 2010, with the payments now being made directly to the Colleges from the YPLA.
57. Other Changes include an additional £0.345m Standards Fund allocation, and new funding including Diploma Formula Grant (£0.600m) and various 14-19 Grants (£0.395m).

58. Changes to Area Based Grant since the last report total £0.091m. This includes new funding for Child Poverty Local Duties (£0.062m) and Petitions (£0.022m).

Activity Monitoring

59. Continuing the approach taken in 2009/10, activity and unit costs will be monitored every six months in 2010/11 and will focus on areas of high risk and where over/under spends are likely to occur. Annex 6 sets out the areas being monitored.

Bad Debt Write Offs

60. There were 164 general write offs to the end of September 2010 totalling £98,122.86. Most of these were very small and not economically effective to recover. The largest was £74,667.09 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 wrote off 74 debts totalling £28,328.33.

Strategic Measures

61. The average cash balance during September 2010 was £241.067m and the average rate of return was 0.80%.
62. There have not been any changes to the Treasury Management lending list since the last report but, for completeness, the current list is included at Annex 9.

Part – 2 Balance Sheet

Reserves

63. Reserves have increased by £3.140m to £64.374m since the last report. The majority of the variation relates to the transfer of the £2.000m from the ICT Development Fund to the Customer Services Reserve and the Efficiency Reserve that was approved by Cabinet on 21 September 2010. The rest of the increase relates to £0.550m also transferred to the Customer Services Reserve and the increase in the Carryforward reserve which relates to change from an overspend of +£0.241m reported to Cabinet on 19 October to the underspend of -£0.270m reported in this report. As reported last month, £0.627m has been transferred from the Building Schools for the Future Reserve to the Efficiency Reserve. .

Balances

64. General balances are forecast to be £13.078m. After taking into account the forecast Directorate underspend (-£0.270m) and the Council elements of the overspend on the Pooled budgets (+£2.014m), the transfer of the remaining grant reduction shortfall (£0.266m) and the adjustment that will be made to replace £0.241m relating to Performance Reward Grant the consolidated revenue balances forecast as at 31 March 2011 is £11.841m.
65. Calls on balances as shown in Annex 5 reflect the supplementary estimate requests set out in paragraph 55.

Part 3 –Capital Monitoring

66. The summary capital monitoring position set out in Annex 7 shows that the forecast expenditure for 2010/11 is £100.400m (excluding schools local capital). There have been no changes to the forecast outturn compared to the latest Capital Programme, which was approved by Cabinet on 19 October 2010 and reflected the forecast year-end outturn position as at the end of August 2010.

Capital Grants

67. The revised 2010/11 Play Pathfinder capital grant allocation has been confirmed as £0.862m. This is a reduction from the original allocation of £1,313. The grant determination letter, giving specific terms and conditions is still to be forwarded to Local Authorities. The ring-fence attached to the grant has been removed.

Actual Expenditure

68. As at the end of September, actual capital expenditure was £27.200m, which is an increase of £6.600m from last month. This is 27% of the total forecast expenditure of £100.400m, which is around 7% below the expected position for this period compared to the profile of actual expenditure in previous years.
69. The uncertainty around levels of capital funding has adversely impacted the planned delivery of the programme. However, progress of some grant funded schemes should now begin to improve, because in-year reductions in levels of grant funding have now been confirmed enabling projects to proceed (e.g. Children's Centres). Expenditure will therefore be back-loaded towards the end of the year, which increases the risk of slippage into 2011/12.

Capital Programme Review Update

70. No further projects have been released from the moratorium.

RECOMMENDATIONS

71. **The Cabinet is RECOMMENDED to:**
- (a) **note the report and approve the virements as set out in annex 2a;**
 - (b) **approve the Supplementary Estimate requests as set out in annex 2f and paragraph 46;**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to 30 September 2010

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November 2010