

## CABINET – 21 DECEMBER 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 seven months of actuals to the end of October 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. Cabinet approved the virement requests for changes to be implemented from January 2011 on 16 November 2010. The remaining changes to fully implement the Business Strategy will be made through the Service and Resource Planning process.

#### Summary Revenue Position

3. The in – year Directorate forecast is an underspend of -£0.440m, or -0.11% compared to a budget of £385.596m as shown in the table below. The in-year forecast excludes an underspend of -£0.181m 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 October 2010 £m	Variance Forecast October 2010 %
99.050	Children, Young People & Families (CYP&F)	96.936	96.405	-0.531	-0.55
183.657	Social & Community Services (S&CS)	177.147	178.852	+1.705	+0.96
70.408	Environment & Economy	72.172	71.281	-0.891	-1.23
28.122	Community Safety & Shared Services	28.426	28.076	-0.350	-1.23
9.578	Corporate Core	10.915	10.542	-0.373	-3.42
<b>390.815</b>	<b>In year Directorate total</b>	<b>385.596</b>	<b>385.156</b>	<b>-0.440</b>	<b>-0.11</b>

Less: Underspend on DSG		-0.181	
Plus: Planned overspend on City Schools Reorganisation		+0.178	
<b>Total Variation</b>		<b>-0.443</b>	<b>-0.11</b>

4. Forecasts include the impact of in – year grant reductions notified during 2010/11.
5. As set out in Annex 5 general balances are unchanged at £13.078m. Taking into account the forecast Directorate underspend (-£0.440m), the Council elements of the overspend on the Pooled budgets (+£2.830m), 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 £11.195m.
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	Capital Programme Monitoring
Annex 7	Schemes released from moratorium

## **Part 1 - Revenue**

8. The forecast revenue outturn by Directorate based on the position to the end of October 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): -£0.531m, or -0.55% in – year Directorate underspend**

9. CYP&F are forecasting an in-year Directorate underspend of -£0.531m, or - 0.55%, (-£0.534m total underspend after taking account of an underspend of -£0.181m 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 +£0.286m on services funded by the Council.

#### 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 continues to be reported.

12. The Asylum Service is forecasting an overspend of +£0.562m. As previously reported, an overspend of +£0.629m was carried forward from 2009/10. This is not included in the forecast as the Directorate also carried forward sufficient underspends to offset this pressure should the claim for Special Circumstances Grant be unsuccessful.
13. Last month the service received confirmation of the Leaving Care grant for 2009/10. This was £0.063m lower than the anticipated amount accounted for at the end of 2009/10. On 22 November 2010 formal notification was also received of the Unaccompanied Asylum Seeking Children grant. This was £0.065m higher than expected and more than offsets the additional pressure on the Leaving Care grant. The service will also receive £0.306m of Special Circumstances grant. After taking account of these notifications there is a remaining pressure of £0.321m to offset against the underspend carried forward.
14. For 2010/11, there have been a number of changes to the rates payable for clients and further changes to the criteria which have to be met for clients to qualify for funding, which has meant that expenditure is again higher than the income that can be received. The latest grant instructions also state that 'there will be no additional payments to any local authority above these standard daily rates', which implies that no Special Circumstances grant will be available for 2010/11 or future years.
15. 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 service is forecasting to support 25 ARE clients this year. 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

16. Raising Achievement Service are forecasting a breakeven position overall. The funding for Primary and Secondary National Strategies is due to end in 2011. Anticipated redundancy costs of £0.600m will be offset against an in – year underspend of -£0.300m leaving a net overspend of +£0.300m. This is offset by underspends elsewhere in the service.

#### Commissioning, Performance & Quality Assurance (CPQA)

17. CPQA are forecasting an underspend of -£1.373m. This has increased by £0.304m since the last report and includes an underspend of -£1.500m on Home to School Transport. This has increased since the last report due to greater certainty around the number of additional routes for the remainder of the year allowing for the removal of contingency plus reduced vehicle purchases.

Dedicated Schools Grant (DSG) Funded Services

18. Services funded by DSG are forecast to underspend by -£0.181m, a reduction of £0.194m since last month. The underspend on Out of County placements has increased by £0.109m; this reflects adjustments in the forecasts for the number of children in the service. The forecast in this area is subject to change due to the results of tribunals and the level of income received from other service areas. Also the Special Needs Advisory Support Teachers Service is now forecasting an underspend of -£0.055m.

**Social & Community Services: +£1.705m, or +0.96%, in – year directorate overspend**Community Services

19. As previously reported the forecast overspend in Community Services is +£0.143m. 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

20. Social Care for Adults is forecasting an overspend of +£1.456m. This includes +£0.298m 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.
21. The overspend also reflects all legal costs for Adult Social Care where the budget is currently predicted to overspend by +£0.160m.
22. Fairer Charging and Residential Client Income is forecast to be underachieved by +£0.605m. The underachievement has decreased by -£0.096m since the last report due to increased income from Nursing and Residential Care. This includes the collection of arrears and increased income from Threshold clients. The implementation of the increased charges for Day Services has been delayed to allow a consultation process to be carried out. The revised charges will be applied from 1 December 2010. This will be monitored closely over the next few months and updates will be provided in future reports.
23. The Mental Health service is forecasting an overspend of +£0.321m and has decreased by -£0.053m since the last report. The previous forecast had assumed that a number of clients would be transferred from hospital wards to social care placements where the costs would be met by the Council. These transfers are now not expected to take place. The total overspend reflects 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

24. The Supporting People Administration Grant of £0.320m was 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 £0.149m 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 +£0.106m.

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

25. As shown in the table below the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£6.307m. This includes overspends of +£2.001m carried forward from 2009/10. The Council element of the pool is forecast to overspend by +£2.207m (an increase of +£0.521m since the last report) and the Primary Care Trust (PCT) element overspend by +£4.100m (an increase of +£1.313m since the last report).

<b>Original Budget 2010/11</b>	<b>Latest Budget 2010/11</b>		<b>Forecast Variance October 2010</b>	<b>Variance September 2010</b>	<b>Change in Variance</b>
<b>£m</b>	<b>£m</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>
		<b>Council Elements:</b>			
		<b>Older People</b>			
53.052	51.417	Care Homes	+0.312	+0.221	+0.091
28.818	29.871	Community Support Purchasing Budget	+0.097	-0.096	+0.193
<b>81.870</b>	<b>81.288</b>	<b>Total Older People</b>	<b>+0.409</b>	<b>+0.125</b>	<b>+0.284</b>
		<b>Physical Disabilities</b>			
2.450	2.450	Care Homes	+0.823	+0.779	+0.044
4.652	4.616	Community Support Purchasing Budgets	+0.823	+0.948	-0.125
<b>7.102</b>	<b>7.066</b>	<b>Total Physical Disabilities</b>	<b>+1.646</b>	<b>+1.727</b>	<b>-0.081</b>
		<b>Equipment</b>			
<b>1.169</b>	<b>1.169</b>	Forecast in-year variance	<b>+0.152</b>	<b>-0.166</b>	<b>+0.318</b>
<b>90.141</b>	<b>89.523</b>	<b>Total Forecast in year variance – Council Elements</b>	<b>+2.207</b>	<b>+1.686</b>	<b>+0.521</b>
		<b>PCT elements:</b>			
17.917	23.760	Older People	+2.972	+1.697	+1.275
4.047	4.047	Physical Disabilities	+0.958	+0.617	+0.341
0.312	0.312	Equipment	+0.170	+0.473	-0.303
<b>22.276</b>	<b>28.119</b>	<b>Total Forecast in-year variance – PCT Elements</b>	<b>+4.100</b>	<b>+2.787</b>	<b>+1.313</b>
<b>112.417</b>	<b>117.642</b>	<b>Total</b>	<b>+6.307</b>	<b>+4.473</b>	<b>+1.834</b>

Council Elements

26. The overspend on the Older Persons budget has increased by +£0.284m since the last report due to an increase in clients and cost of care packages agreed. Action to limit the number of care home placements and the number of hours of home support available each week was taken earlier in the year. However, this had an impact on the number of delayed transfers of care. 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. In recent weeks there has been a steady reduction in the level of delays but more work is required to reduce this figure still further.
27. As noted in the last report, the Government announced an additional £77m for reablement services in England. Oxfordshire's allocation has now been confirmed as £0.703m. Some of the resources are being used to pay for the long term care for patients who are waiting to transfer from the reablement service. Other elements will be used to reduce delays in the most effective way. Further updates will be provided in future reports.
28. 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 ongoing 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.
29. The Physical Disabilities Budget is forecast to overspend by +£1.646m 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 are being 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

30. The PCT element of the pool is forecast to overspend by +£4.100m, an increase of £1.313m on the previous forecast. This is due to the inclusion of the PCT's overspend from 2009/10 in the forecast spend. An additional contribution in respect of this overspend is expected to be made shortly to the Council by the PCT. The overspend is net of the transfer of costs for Section 117 clients to the Council.

Equipment

31. The Equipment budget is currently forecast to overspend by +£0.322m an increase of +£0.015m on the previous month. The allocation of the overspend between the two parties has changed this month in accordance with the contributions made. This more accurately reflects the use of the equipment. The Council's element of this overspend is +£0.152m and the PCT's element is +£0.170m.

### Learning Disabilities Pool

32. The Learning Disabilities Pooled Budget is forecast to overspend by +£0.998m as shown in the table on the next page.

Original Budget £m	Latest Budget £m		Variance October 2010 £m	Variance September 2010 £m	Change in Variance £m
		<b>Council Contribution</b>			
9.688	9.673	Residential Services	+0.295	+0.074	+0.221
17.421	17.426	Supported Living	+0.087	+0.019	+0.068
15.307	15.285	Community Support	+0.241	+0.235	-0.006
<b>42.416</b>	<b>42.384</b>	<b>Council Total</b>	<b>+0.623</b>	<b>+0.328</b>	<b>+0.295</b>
		<b>PCT Contribution</b>			
7.236	7.251	Residential Services	+0.221	+0.056	+0.165
13.010	13.064	Supported Living	+0.066	+0.014	+0.052
11.432	11.459	Community Support	+0.088	+0.018	+0.070
<b>31.678</b>	<b>31.774</b>	<b>PCT Total</b>	<b>+0.375</b>	<b>+0.088</b>	<b>+0.287</b>
<b>74.146</b>	<b>74.158</b>	<b>Total</b>	<b>+0.998</b>	<b>+0.416</b>	<b>+0.582</b>

33. The forecast includes commitments agreed during the year, 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, new efficiency savings already achieved this financial year and further efficiency savings which are expected to be achieved. A review of the forecast efficiency savings and confidence limits has been completed and has resulted in a reduction of £0.618m in the forecast savings. This has been partially offset by reductions in the forecast income shortfall which currently sits outside the pool and by additional spend.

### Environment & Economy: -£0.891m, or -1.23%, in – year directorate underspend

#### Transport

34. Transport are forecasting to underspend by -£0.773m. This includes an underspend of -£0.300m relating to the Integrated Transport Unit, as the purchase of new vehicles has been temporarily suspended. Bus Subsidy contracts are also underspending by -£0.500m. This reflects better prices negotiated for contract renewals and other contract efficiencies.
35. Previous reports have assumed the forecast of a breakeven position for the Highways Delivery budget and have noted that the new transport contract mobilised from the beginning of September. Due to outstanding issues relating to the implementation of new processes there is a risk of an underspend in this area and updates will be included in future reports
- #### Sustainable Development
36. The underspend in Planning Implementation has increased from -£0.039m to -£0.118m 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.

37. The underspend forecasted Waste Management has increased to -£1.397m. As previously reported the underspend will be transferring to the waste management reserve and 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. After taking account of this transfer Waste Management is forecasting a breakeven position.
38. Landfill is underspending by -£0.819m mainly due to better landfill rates and Recycling/composting by -£0.167m mainly due to an increase in activity. Credits payable to districts for diverting waste for green waste are predicted to underspend by -£0.250m reflecting the time delay this year in the implementation of revised collection processes. In addition to this the income forecast has increased by £0.126m due to an increase in royalty income from sites.

Waste Type	Budgeted Kilo Tonnes	Forecast Kilo Tonnes
Landfill	143	137
Recycling/Composting	152 <sup>1</sup>	151
<b>TOTAL</b>	<b>295</b>	<b>283</b>

#### Property Services

39. Property Services has a forecast underspend of -£0.080m. This includes an underspend of -£0.212m 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 +£0.081m relating to the cost liability for The Charter in Abingdon.

#### **Community Safety & Shared Services:-£0.350m, or -1.23%, in – year directorate underspend**

#### Fire & Rescue Service

40. The retained duty system (RDS) budget is now forecast to breakeven. An increase in call outs during the winter months has been factored into the forecast but there is a risk that this could be higher if there is a spell of severe weather.
41. The forecast underspend against the budget for wholetime firefighters has decreased from -£0.220m to -£0.210m. 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.

<sup>1</sup> 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.



42. The training budget underspend has increased from -£0.080m to -£0.150m. As previously reported £0.080m will be requested as a carry forward to address the issues arising from the Health and Safety Executive Inspection. It is proposed that the remaining underspend will be transferred to the Breathing Apparatus Reserve. This is to provide funding for the implementation of the replacement of Technical Bulletin 1/97 (a National Code of Practice) which is expected to require all personnel to attend refresher training in the use of breathing apparatus and new procedures. Communities and Local Government (CLG) has not yet issued an implementation date but it is expected to be within the next two years.
43. The government has provided fire and rescue authorities with specialist New Dimensions vehicles for use in major emergencies. Most running costs will be funded by the government but some will need to be paid for by the fire authority. A budget was provided this year of £0.025m but as the assets will not now transfer to the Council from CLG until January, it is unlikely that the budget will be required this year. It is recommended that the underspend should be transferred to a new reserve for New Dimensions. This reserve will be used for one off unbudgeted costs, for instance a major repair to a vehicle where Fire & Rescue is deemed to be liable.

#### Trading Standards

44. Trading Standards is forecasting an overspend of +£0.035m a decrease of -£0.045m since the last report. The overspend can be managed using underspends expected in other services within Community Safety.

#### Shared Services

45. An underspend of -£0.160m forecast for Shared Services an increase of -£0.110m since the last report. This includes approximately £0.060m of the one off budget for Implementing Financial Reporting Standards (IFRS) which is unlikely to be required. This will be returned to balances.
46. Meals supplied by Food with Thought were slightly below target in October due to school closures for INSET days. Meal numbers are below target for the year to date but the service expects to catch up by the end of the year. Management action is being taken to control inflationary pressures on food costs. This includes the introduction of a new menu in November. QCS Cleaning is on target to break-even.

### **Corporate Core: -£0.373m, or -3.42%, in – year directorate underspend**

#### Business Support

47. 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

48. As previously reported ICT continues 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.

#### Legal & Democratic Services

49. 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 +£0.130m a decrease of -£0.120m since the last report. The forecast includes the supplementary estimate agreed by Cabinet on 16 November 2010 for the two cases which cost over £0.025m – a major village green application (£0.085m) and a significant child protection case (£0.034m).

#### Human Resources & Customer Services

50. As previously reported Human Resources are continuing to forecast an underspend of -£0.120m for which a request to carry forward will be made to enable the completion of the two year funding for the Apprenticeship Scheme and the employment of a Performance and Engagement Lead.

#### Finance & Procurement

51. Finance and Procurement are expecting to underspend by -£0.258m an increase of -£0.020m since the last report as a result of Corporate Finance achieving planned savings early and savings from vacant posts. 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. There are no new requests for supplementary estimates this month.

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

53. There were 192 general write offs to the end of September 2010 totalling £114,768.47. 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 £31,149.55.

#### **Strategic Measures**

54. The average cash balance during September 2010 was £245.223m and the average rate of return was 0.81%.

55. There have not been any changes to the Treasury Management lending list since the last report.

## Part – 2 Balance Sheet

### Reserves

56. Reserves have increased by £1.962m to £66.257m since the last report. The majority of the variation relates to the transfer of the £1.367m to the Waste Management Reserve which will be used to meet the cost of a potential premium relating to foreign exchange rate risk of the Waste Treatment procurement should the market conditions be appropriate as discussed in paragraph 36.

### Balances

57. General balances remain unchanged at £13.078m. Taking into account the forecast Directorate underspend (-£0.440m), the Council elements of the overspend on the Pooled budgets (+£2.830m), 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 £11.195m.

## Part 3 –Capital Monitoring

58. The capital monitoring position set out at Annex 6, shows forecast expenditure of £99.5m in 2010/11 (excluding schools local capital), a decrease of £0.9m compared to the latest capital programme. The table below summarises the variations by directorate and the main variations by scheme are explained in the following paragraphs.

Directorate	Latest Capital Programme (Position as at end of Aug '10, approved by Cabinet Oct '10)	Forecast Expenditure (Position as at end of October 2010)	Forecast Variation
	£m	£m	£m
CYP&F	59.4	59.4	0
S&CS	11.6	11.7	+0.1
E & E – Transport	22.6	21.7	-0.9
E & E – Other	5.6	5.5	-0.1
Community Safety & Shared Services	0.4	0.4	0
Corporate Core	0.8	0.8	0
<b>Total Directorate Programmes</b>	<b>100.4</b>	<b>99.5</b>	<b>-0.9</b>
Schools Capital/ Devolved Formula	11.9	11.9	0
Earmarked Reserves	0.1	0.1	0
<b>Total Capital Programme</b>	<b>112.4</b>	<b>111.5</b>	<b>-0.9</b>

**Children, Young People & Families**

59. CYP&F are forecasting to spend £59.4m in 2010/11 (excluding schools local capital). There is no change forecast compared to the latest capital programme.
60. While the overall in-year expenditure position remains unchanged, due to the moratorium further slippage of £0.5m is being reported against Witney Young People's Centre and there are further reductions in forecasts totalling £0.5m, on schemes at Didcot Young People's Centre, Northern House, Madley Brook and Fitzwaryn School. These have been offset by bringing forward £0.7m at Oxford Academy.
61. The overall forecast on the Flexibility of Childcare Programme has also increased by £0.3m. All major projects except one under the Sure Start Programme have now been contractually committed. Due to the length of time taken for the revised allocations to be confirmed a number of projects are due to finish close to the grant spending deadline (31st March 2010) or early in 2011/12. At the moment there is sufficient other funding included for those schemes which is able to be carried forward to meet the liabilities in 2011/12. However, should schemes slip further or into 2011/12 then this could generate a pressure in utilising the entire available grant by 2010/11.

**Social & Community Services**

62. The forecast expenditure for Social & Community Services has now increased by £0.1m to £11.7m.
63. A new capital project regarding Health & Wellbeing (£0.2m) has been added to the programme which is funded from the Performance Reward Grant. Following project approval the spend profile at Oxfordshire Records Office has been accelerated by £0.3m. This is offset by further slippage of £0.2m on the Mental Health Programme and of £0.2m on the Learning Disabilities Supported Living Loans Programme.

**Environment & Economy – Transport and Other**

64. The forecast spend for the Transport Programme is now £21.7m. This is a decrease of £0.9m when compared to the latest capital programme.
65. The reduction in the forecasts reflects Cogges Link Road (£0.3m) where advanced overhead electricity cable works which were brought forward to be undertaken this summer but have now been deferred back to next year again. The start of the construction work on Didcot Station forecourt has been delayed until the next financial year leading to a £0.5m reduction in forecast expenditure in 2010/11.
66. Overall the forecast spend on the Highways Maintenance has not changed but there are some offsetting over and underspends within this area.
67. The forecast spend for Other schemes is £5.5m, which is a decrease of £0.1m when compared to the latest capital programme. This is due to some small underspends released on the Better Offices Programme (BOP) as projects draw to a close.

**Community Safety & Shared Services and Corporate Core**

68. The forecasts for these programmes remain at the previously reported levels of £0.4m and £0.8m respectively.

**Actual Expenditure**

69. As at the end of October actual capital expenditure was £35.4m, which is an increase of £8.2m from last month. This is 36% of the total forecast expenditure of £99.5m, which is still around 7% below the position for the same period last year.

70. Even if there is further significant slippage it is not anticipated that there will be difficulties utilising in-year supported borrowing allocations, as the overall financing of the capital programme can be managed to deal with this. For example, by deferring the use of flexible non-timelimited capital resources (such as revenue reserves).

**Capital Programme Review Update**

71. As agreed in the report to Cabinet on 20 July 2010, uncommitted capital schemes held in the moratorium cannot go ahead without specific Cabinet approval. Where an urgent decision is required Cabinet agreed to delegate authority to release specific schemes to the Chief Executive and Chief Finance Officer after consultation with the Leader of the Council and Cabinet Member for Finance.

72. The first phase of the SS Philip & James School scheme (Fencing) has been released from the moratorium as it is being funded from S106 contributions.

73. £0.1m funding previously released under the capital programme moratorium for the Better Ways to School is now not forecast to be required, and has therefore been returned.

74. A number of schemes that need to be progressed urgently have also now been approved to be released from the moratorium under delegated authority as set out in paragraph 70. A list of these schemes is included at Annex 7.

**RECOMMENDATIONS**

75. **The Cabinet is RECOMMENDED to:**
- (a) **note the report and approve the virement requests as set out in annex 2a;**
  - (b) **approve the creation of the New Dimensions reserve as set out in paragraph 42, and the transfer to reserves set out in paragraphs 41 and 42; and**

- (c) **note the schemes released from the capital moratorium under the delegated authority of the Chief Executive & Chief Finance Officer as set out in paragraph 71 to 73 and Annex 7.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to 31 October 2010

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