

# **STRATEGY AND PARTNERSHIPS SCRUTINY COMMITTEE**

**THURSDAY 17 MARCH 2011**

## **FINANCIAL MONITORING OVERVIEW**

### **COMMENTARY BY THE CABINET MEMBER FOR FINANCE**

1. The last Financial Monitoring Overview to Strategy and Partnerships Scrutiny Committee on 14 January 2011 set out the Council's financial position at the end of the first seven months of 2010/11. This report provides a commentary on the financial monitoring for the following three months and is consistent with the Financial Monitoring Report to the end of January considered by Cabinet on 15 March 2011. Each of the monthly reports to Cabinet are available on the Council's website and the most recent Directorate reports upon which the Cabinet reports are based are available in the Members' Resource Centre.
2. Part 1 sets out the forecast revenue position, Part 2 the Balance Sheet. Part 3 provides an update on the Capital Programme and Monitoring and Part 4 provides an update on funding changes and other financial issues.
3. As part of the Council's Business Strategy, a new Directorate structure will be implemented by March 2011. Reports have been in the new structure where this is in place since the report to Cabinet on 25 January 2011. There may be further refinement required in 2011/12 but the remaining changes to fully implement the Business Strategy have been made through the Service & Resource Planning process.
4. The next report to Strategy and Partnerships Scrutiny Committee on 21 July 2011 will be a summary of the Provisional Outturn Report. This will set out the final position for 2010/11 and the agreed use of carry forwards in 2011/12. To support the implementation of the Business Strategy the expectation is that any underspends will generally be placed into the Efficiency Reserve to contribute to savings. This approach is reflected in the Financial Monitoring Reports to Cabinet which note where there are expected carry forward requests relating to funding for a specific project spanning more than one year, for example. As such any requests to carry forward underspends will only be approved on an individual and exceptional basis.

#### **International Financial Report Standards (IFRS)**

5. From 2010/11 all local authority accounts are required to be prepared using International Financial Reporting Standards (IFRS). This is part of a wider public sector move to comply with international accounting standards and replaces the Statement of Recommended Practice (SORP).
6. The basis for recognising grants and contributions relating to capital and revenue expenditure has changed under IFRS. They have to be accounted for on an accrual basis, and recognised immediately in the Council's accounts as income. The only exception is where the grant or contribution is subject to a "condition" that has not been satisfied – ie. the grant or contribution would need to be returned if it is not used for the specified purpose.

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7. Since the 2010/11 accounts will need to be consistent with the IFRS – based code, the forecast position for 2010/11 has now been updated to reflect this requirement. The table below sets out the anticipated unspent elements of grants now reported. These will be carried forward and considered as part of the carry forward requests in the Provisional Outturn Report to Cabinet on 21 June 2011.

<b>Grant/Directorate</b>	<b>Underspend £m</b>
Dedicated Schools Grant	-1.116
<b>Total Children, Young People &amp; Families (CYP&amp;F)</b>	<b>-1.116</b>
Social Care Reform Grant	-0.976
National Dementia Strategy Grant	-0.031
New Dimensions Training Grant	-0.072
<b>Total Social &amp; Community Services (S&amp;CS)</b>	<b>-1.079</b>

8. Other than future variations on Dedicated Schools Grant it is expected that this will be a one off issue in 2010/11, as only a small number of ringfenced grants remain in Directorate budgets in 2011/12. The CYP&F Management Accounting team are continuing to look at the contributions within the Directorate to establish whether further underspends need to be reported in this way to comply with terms and conditions of the grant.

### **Part 1 - Revenue**

9. To enable comparison to previous 2010/11 reports, the table on the next page has been adjusted to show the forecast Directorate position before and after the changes relating to IFRS. The in-year Directorate forecast underspend excluding the impact of the grant underspends is -£2.725m, or -0.71% compared to a budget of £385.745m. The total variation after taking account of the grant underspends and overspends on the Council elements of the Pooled Budgets is an overspend of -£0.494m or -0.13%. The in-year forecast excludes an underspend of -£1.116m on services funded from Dedicated Schools Grant (DSG). This will need to be carried forward with its use in 2011/12 agreed by the Schools Forum.

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	Latest Budget 2010/11	Forecast Outturn 2010/11	Variance Forecast January 2011 (including non- DSG Grant underspends)	Variance Forecast January 2011 (including non- DSG Grant underspends)	Variance Forecast January 2011 (excluding non-DSG Grant underspends)	Variance Forecast January 2011 (excluding non-DSG Grant underspends)
	£m	£m	£m	%	£m	%
Children, Young People & Families	96.767	95.788	-0.979	-1.01	-0.979	-1.01
Social & Community Services	204.486	203.554	-0.932	-0.46	+0.147	+0.07
Environment & Economy	72.215	71.907	-0.308	-0.43	-0.308	-0.43
Oxfordshire Customer Services	1.408	0.555	-0.853	-60.58	-0.853	-60.58
Chief Executive's Office	10.869	10.137	-0.732	-6.73	-0.732	-6.73
<b>In year Directorate total)</b>	<b>385.745</b>	<b>381.941</b>	<b>-3.804</b>	<b>-0.99</b>	<b>-2.725</b>	<b>-0.71</b>
Add: Overspend on Council Elements of Pooled Budgets <sup>1</sup>			+2.231		+2.231	
<b>Total Directorate variation including Pooled Budgets</b>			<b>-1.573</b>	<b>-0.41</b>	<b>-0.494</b>	<b>+0.13</b>
Less: Underspend on DSG			-1.116		-1.116	
<b>Total Variation</b>			<b>-2.689</b>	<b>-0.70</b>	<b>-1.610</b>	<b>-0.16</b>

<sup>1</sup> These will be included as part of the Outturn position at year end.

SYP6

10. If the effect of the IFRS changes is excluded the comparable position reported for January has reduced by -£2.285m from a -£0.440m underspend as forecast at the end of October to a -£2.725m underspend as shown in the table below.

	Forecast Variance (excluding grant underspends) as at:			
	31 October 2010 <i>(reported to Cabinet on 21 December 2010)</i> £m	30 November 2010 <i>(reported to Cabinet on 25 January 2011)</i> £m	31 December 2010 <i>(reported to Cabinet on 16 February 2011)</i> £m	31 January 2011 <i>(reported to Cabinet on 15 March 2010)</i> £m
Directorate				
CYP&F	-0.531	-0.062	-0.763	-0.979
S&CS	+1.705	+1.622	+0.702	+0.147
Environment & Economy	-0.891	-0.919	-1.166	-0.308
Community Safety & Shared Services/Oxfordshire Customer Services	-0.350	-0.118	-0.178	-0.853
Corporate Core/Chief Executive's Office	-0.373	-0.488	-0.596	-0.732
<b>Directorate in-year forecast over/underspend</b>	<b>-0.440</b>	<b>+0.035</b>	<b>-2.001</b>	<b>-2.725</b>
<b>Change compared to previous month</b>		<b>+0.475</b>	<b>-2.036</b>	<b>-0.724</b>

**Children Young People & Families: -£0.979m or -1.01% in-year directorate underspend**

Children and Families (-£0.350m underspend)

11. An underspend of -£0.350m is now forecast in the Children and Families Service compared to a break-even position reported previously. This includes an underspend of -£0.662m on Placements which will be used to off-set the overspend on Asylum.

12. The Asylum Service is forecasting an overspend of +£0.531m. The improvement since January reflects the service not receiving any contract amendment penalties from ending and then restarting the contracts relating to All Rights Exhausted (ARE) clients.

13. An underspend of -£0.290m is now forecast in the Family Support and Assessment Service which is mainly due to delays in recruitment to posts or where vacancies have not been filled.

Raising Achievement Service (+£0.404m overspend)

14. The Raising Achievement Service are forecasting an overspend of +£0.404m (excluding DSG), an increase of +£0.410m since the last Strategy and Partnerships Scrutiny Committee report. Outdoor Education Centres are now reporting a breakeven position and the underlying underspend in the Equality and Diversity Achievement Service now stands at -£0.261m.

Commissioning, Performance & Quality Assurance (-£1.277m underspend)

15. As reported throughout the year there is an underspend of -£1.397m on Home to School Transport. It is not expected that a further saving will be made in 2011/12 as the budget has been reduced as part of the Directorate savings.

Dedicated Schools Grant (DSG) Funded Services (-£1.116m underspend)

16. There is an underspend of -£0.500m in Early Learning and Childcare. Primary and Secondary Strategies are also reporting an underspend of -£0.426m. As mentioned in paragraph 7 any DSG underspend will be requested as a carry forward to 2011/12 and the use of funding will be considered by Schools Forum.

**Social & Community Services: -£0.932m, or -0.46%, in-year directorate underspend including IFRS grant adjustments (+£0.147m or +0.07% overspend excluding grant adjustments)**

Social Care for Adults (+£0.535m overspend)

17. The overspend in this area has decreased by -£0.921m since the last report. Older People Care Management is now forecasting an overspend of +£0.012m a decrease of -£0.286m. This reflects the new structure following the implementation of Self-Directed Support taking effect from December 2010. The forecast includes £0.149m funding from the Social Care Reform Grant. £0.468m redundancy costs are now being met from the Efficiency Reserve, and one off funding of £0.250m from the Section 117 Reserve has been used to support the forecast position.
18. An overspend of +£0.039m is forecast for the Alert Service, an increase of +£0.114m since the last report. This is after taking account of a virement approved by Cabinet on 16 February 2011 requesting to transfer the £0.250m provided for the rollout of the Bicester Resource Centre to this area. There remains an on going pressure in this area for future years and the service is working on an action plan.
19. Fairer Charging and Residential Client Income is forecast to be underachieved by £0.504m. This reflects the quota system introduced to control expenditure within the Pooled Budgets as noted in paragraph 23.
20. The Mental Health service is now forecasting an overspend of +£0.149m, a reduction from +£0.321m in the previous report to Strategy and Partnerships Scrutiny Committee.

Strategy & Transformation and Supporting People (-£0.966m underspend)

21. The service is underspending by -£0.966m, a decrease of -£1.072m since the last report. In accordance with IFRS as set out in paragraph 7 the forecast includes an underspend of -£0.976m on the Social Care Reform Grant which will be requested to be carried forward to 2011/12. The Transforming Adult Social Care programme will come to a close on 31 March 2011. The programme will deliver against the agreed elements but there are on-going support requirements to support future efficiencies. Should the carry forward request be agreed the underspend will be used in 2011/12 to meet these objectives in accordance with an agreed programme of work.

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

22. As shown in the table below, which includes a comparison to the variation in the previous report as at the end of October, the forecast outturn on the Older People, Physical Disabilities and Equipment Pooled Budgets is an overspend of +£4.937m. Including the +£0.686m overspend brought forward from 2009/10, the Council elements are forecast to overspend by +£1.298m while the Primary Care Trust (PCT) element is forecast to overspend by +£3.639m. The PCT will make a payment in respect of their share of the overspend before the end of the financial year.

<b>Original Budget 2010/11</b>	<b>Latest Budget 2010/11</b>		<b>Forecast Variance January 2011</b>	<b>Variance October 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: Older People</b>			
53.052	51.417	Care Homes	+0.123	+0.312	-0.189
28.818	29.293	Community Support Purchasing Budget	-0.132	+0.097	-0.229
<b>81.870</b>	<b>80.710</b>	<b>Total Older People</b>	<b>-0.009</b>	<b>+0.409</b>	<b>-0.418</b>
		<b>Physical Disabilities</b>			
2.450	2.450	Care Homes	+0.570	+0.823	-0.253
4.652	4.616	Community Support Purchasing Budgets	+0.575	+0.823	-0.248
<b>7.102</b>	<b>7.066</b>	<b>Total Physical Disabilities</b>	<b>+1.145</b>	<b>+1.646</b>	<b>-0.501</b>
1.169	1.169	<b>Equipment</b> Forecast in-year variance	+0.162	+0.152	+0.010
<b>90.141</b>	<b>88.945</b>	<b>Total Forecast in-year variance – Council Elements</b>	<b>+1.298</b>	<b>+2.207</b>	<b>-0.909</b>
		<b>PCT elements:</b>			
17.917	23.760	Older People	+2.313	+2.972	-0.659
4.047	4.047	Physical Disabilities	+1.071	+0.958	+0.113
0.312	0.311	Equipment	+0.255	+0.170	+0.085
<b>22.276</b>	<b>28.118</b>	<b>Total Forecast in-year variance – PCT Elements</b>	<b>+3.639</b>	<b>+4.100</b>	<b>-0.461</b>
<b>112.417</b>	<b>117.063</b>	<b>Total</b>	<b>+4.937</b>	<b>+6.307</b>	<b>-1.370</b>

Council Elements

23. The total overspend on the Older People budget has decreased by -£0.418m to -£0.009m since October, having increased to +£0.645m at the end of December, due to the transfer of the cost of people aged over 65 from the physical disabilities pooled budget. The reduction reflects the quota system introduced for both Internal and

External Home Support which has reduced the projected overspend in these areas. As noted in paragraph 19, this has, however, had an adverse impact on income.

24. Additional funding is being provided by the Oxford Radcliffe Hospital Trust and the PCT to relieve pressures on delayed transfers of care. Additional funding was also provided via the PCT from the Department of Health allocation for reablement linked to hospital discharge. The impact of this additional funding has been included in the report and it is expected that this funding will be supplemented by the additional resource from the National Health Service (NHS) for adult social care announced by the Department of Health at the beginning of January 2011, which is not yet reflected in either this or the Cabinet reports.
25. The Physical Disabilities Budget is forecast to overspend by +£1.145m on Residential and Nursing Beds and External and Internal Home Support. The decrease of -£0.501m is largely due to the implementation of a recovery action plan which has transferred cost to Older People, offset by the transfer of a high cost patient from Continuing Health Care.

### Learning Disabilities Pool

26. The Learning Disabilities Pooled Budget is forecast to overspend by +£1.587m.

Original Budget £m	Latest Budget £m		Variance January 2011 £m	Variance October 2010 £m	Change in Variance £m
		<b>Council Contribution</b>			
9.688	9.673	Residential Services	+0.828	+0.295	+0.533
17.421	17.426	Supported Living	-0.043	+0.087	-0.130
15.307	15.285	Community Support	+0.148	+0.241	-0.093
<b>42.416</b>	<b>42.384</b>	<b>Council Total</b>	<b>+0.933</b>	<b>+0.623</b>	<b>+0.310</b>
		<b>PCT Contribution</b>			
7.236	7.251	Residential Services	+0.620	+0.221	+0.399
13.010	13.064	Supported Living	-0.032	+0.066	-0.098
11.432	11.459	Community Support	+0.066	+0.088	-0.022
<b>31.678</b>	<b>31.774</b>	<b>PCT Total</b>	<b>+0.654</b>	<b>+0.375</b>	<b>+0.279</b>
<b>74.146</b>	<b>74.158</b>	<b>Total</b>	<b>+1.587</b>	<b>+0.998</b>	<b>+0.589</b>

27. The forecast has increased by +£0.589m largely due to a reduction of £0.228m in the efficiency savings expected to be achieved this financial year and lower than expected savings resulting from client deaths. A detailed recovery plan has been agreed by Joint Management Group which will deliver both the 2011/12 budget and address the 2010/11 overspending which will be carried forward into 2011/12.

### Community Safety (-£0.440 underspend)

28. The Fire & Rescue Service is forecasting an underspend of -£0.420m and the retained duty system (RDS) -£0.060m. The move from an overspend earlier in the year is a combination of management action taken to control non emergency expenditure and a

lower level of actual emergency call outs compared to forecast. Variances against the RDS budget will be returned to Council balances in line with Council policy.

29. As set out in paragraph 7 the underspend includes £0.072m of New Dimensions Grant which will be requested to be carried forward to 2011/12 for the continuation of the New Dimensions Training Programme.

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

Highways & Transport (-£0.015m underspend)

30. The underspend at the end of January was -£0.015m compared to -£0.891m in the previous report. This is after not drawing down as planned on the Parking Account to maintain the balance on the reserve and a planned transfer of £1m relating to pension costs associated with the new transport contract. An action plan to deliver £0.987m additional road maintenance work including patching, defects and minor structural repairs by 31 March 2011 has now been agreed. However with the few weeks remaining until the end of the financial year, together with a need for favourable weather conditions and the extra operational capacity required to allow work to be completed, there is a risk that it will not be possible to complete all of the planned work. Costs incurred as a result of the bad weather in December 2010 are included in the forecast position.

Sustainable Development (-£0.327m underspend)

31. Waste Management is forecasting a break-even position after the estimated underspend of -£1.738m has been transferred to reserves as detailed in the previous report. The underspend has increased by -£0.341m since the last report mainly due to a further decrease in tonnage being disposed of. Some of this is due to the van permitting scheme now being in operation and an update to level of diversion credits (reduced by £0.140m) being payable to the district Councils following agreement by the Oxfordshire Waste Partnership. The additional underspend will be transferred to the Waste Management reserve to support the funding of costs relating to the waste treatment project.

Property Asset Management (-£0.096m underspend)

32. The underspend includes -£0.140m on non-domestic rates which will be returned to balances at the end of the financial year.

**Oxfordshire Customer Services: -£0.853m in-year directorate underspend**

33. An underspend of -£0.350m is forecast for the services previously included as part of Shared Services, an increase of -£0.190m since the last report. Learning & Development is now forecasting an underspend of -£0.100m, resulting from a combination of vacant posts, income from schools and other non pay underspends. The remaining increase in Shared Services is explained by savings relating to the business strategy, starting to be delivered in advance of April 2011 together with part year vacancies and income from schools and elsewhere. A request will be made to carry forward some or all of this underspend to provide funding for the external partnering and other continuous improvement projects which will contribute to delivery of the business strategy.
34. Meals supplied by Food with Thought are 4.4% above target to the end of January 2011, an increase of 0.4% since the end of October. Management action is being taken



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to control inflationary pressures on food costs. Food with Thought is currently forecasting a trading surplus of £0.260m although there is a potential pressure on repair and maintenance costs. This will be transferred to the reserve and used for future investment in the service. QCS Cleaning is on target to break-even.

35. ICT is now forecasting to underspend of -£0.400m because two large, complex projects will not be completed until the first or second quarter of 2011/12. The service will therefore be requesting a carry forward to enable the projects to be completed. The first of the two projects is the construction of the Council's Disaster Recovery Centre which was due for completion in March 2011. A review by Property Asset Management determined that the existing site was unsuitable and that an alternative option was to locate at Kidlington Fire Service HQ. Construction costs are now being determined and are estimated to be £0.170m, with work now scheduled to be completed by July 2011.
36. The remainder of the underspend relates to a project that links several workstreams aimed at reducing the future costs of Oxfordshire Community Network (OCN) against a picture of fast changing technology options and the advent of superfast broadband in Oxfordshire. It is now expected that the project will be complete by May/June 2011.
37. Adult Learning continues to report an overspend of +£0.082m which will be carried forward to 2011/12 as part of a planned recovery programme in place to repay the overspend by March 2013.

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

38. Legal Services is forecast to overspend by +£0.100m. This reflects an increase in Counsel and legal fees and a reduction in external income from Section 106 and other fee earning work. Democratic Services is forecasting an underspend of -£0.100m. Part of this will be requested as a carry forward to fund costs associated with a move towards improving the efficiency of the Educational Appeals process in 2011/12.
39. Human Resources is forecasting an underspend of -£0.180m. A carry forward request will be made to enable the completion of the two year funding for the Apprenticeship Scheme and the employment of the Performance and Engagement Lead. An underspend of -£0.168m on the Audit Fee will be returned to balances at year end. Within Strategy & Communications there are savings relating to vacant posts and reduced activity (-£0.539m). Redundancy costs throughout the directorate totalling £0.549m will be offset against these underspends.

### **Redundancy Costs**

40. Redundancy costs of £3.241m are included in the current forecasts. The table on the next page shows the breakdown between directorates and how the costs are being funded.

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

### Virements and Supplementary Estimates

41. Virements requested since October have in the main reflected structure changes required to implement of the Council's Business Strategy. There have been no further supplementary estimates requested since the last report.

### Savings Monitoring

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

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

43. It is important to note that the savings are included in the overall position reported elsewhere so need to be seen in that context.

### Bad Debt Write Offs

44. There were 281 general write offs to the end of January 2011 totalling £122,138. Most of these were very small and not economically effective to recover. As previously reported the largest to date is £74,667 and reflects a Section 106 debt in connection

with a planning obligation which was agreed to be written off by Cabinet on 18 May 2010. In addition Client Finance wrote off 109 debts totalling £54,894.

### Strategic Measures

45. The average cash balance for January 2011 was £236.4m and the average rate of return was 1.00%. In December the balance was £214.7m and the rate of return 0.98% and in November the balance was £235.9m and the average rate of return 0.87%. It is expected that the budgeted income for deposits of £1.9m will be achieved.

## Part 2 – Balance Sheet

### Reserves

46. In the last Strategy and Partnerships Scrutiny Committee report reserves were £66.257m and have since increased to £68.627m at the end of January. Changes during this period include an increase in the carry forward reserve reflecting the underspend position now forecast, an increase in the forecast transfer of underspends to the Waste Reserve offset by the use of the Efficiency Reserve to fund redundancy costs in 2010/11.

### School Balances

47. Budget submissions for 2010/11 have now been received from all 289 schools and the updated position will be considered by Schools Forum on 10 March 2011. Submissions for 286 schools have been verified by the CYP&F Schools' Support Team. As shown in the table below 247 schools are budgeting to be in surplus, and 42 in deficit in 2010/11. Deficit plans totalling £1.429m have been agreed for 40 of those schools with a further two, with a total deficit of £0.101m outstanding. The net budgeted surplus is £5.884m.

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

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

### Balances

49. General balances were £13.078m as at the end of October 2010 and have increased to £13.256m as at the end of January 2011. Changes since the last report reflect underspends expected to be returned to balances in line with Council Policy. Since forecast balances are higher than the risk assessed level of £12.5m the 2011/12 budget includes an additional one – off contribution from balances.

### Part 3 - Capital Monitoring

50. The capital monitoring position as at the end of January shows forecast expenditure of £88.2m for 2010/11 (excluding schools local capital). This is a decrease of £0.8m compared to the latest capital programme which was approved by Council on 15 February 2011.
51. The table below summarises the forecast 2010/11 variations against the programme agreed in February 2011:

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

#### Actual Expenditure

52. As at the end of January actual capital expenditure was £53.1m, or 60% of the total forecast expenditure of £88.2m (excluding schools local spend). This is still around 4% below the expected position compared to the profile of expenditure in previous years. Committed spend is 85% of the forecast.

### Part 4 – Funding Changes & Other Financial Issues

#### Winter Maintenance

53. On 23 February 2011, the Council received notification from the Department for Transport of exceptional funding for Road Maintenance. Whilst not strictly a ring fenced grant, this funding is conditional on agreeing a declaration ensuring that the Council will spend it on Highways maintenance and that it will be used in addition to the funding currently budgeted. The national total is £100m but the individual authority allocations have yet to be announced. The Council is expecting its share to be in the order of £1.1m based on the allocation method proposed.
54. Given the Leader of the Council's proposal at Council on 15 February 2011 that if additional funding comes to the authority it would be spent on Highways, the report to Council on 16 March 2011 recommends Cabinet to confirm that this grant will be used for Highways Maintenance. When the final figure is known it will be reported along with proposals for the detailed usage. The funding is likely to be received in the last few days of the financial year. If so this will cause a significant underspend which will need

to be requested as a carry forward to 2011/12.

### **2011/12 Pay Award**

55. The Local Government Employers (LGE) announced on 17 February 2011 that it would be freezing all Green Book pay grades. When setting the budget the assumption was made that the LGE were likely to freeze green book pay, but that there was a possibility that a payment of £250 could be accepted for staff paid under £21,000. £0.381m was included in various cost centres where the staff affected were employed.
56. A virement is therefore proposed in the latest Cabinet report to remove this additional funding and transfer it to the Efficiency Reserve. This will be used as a contingency given the rise in inflation and concerns over rising oil and fuel prices.

### **Conclusion**

57. Excluding the effect of the IFRS changes the comparable forecast underspend has increased to -£2.725m at the end of January 2011 from -£0.440m at the end of October 2010. However, if the overspend on the Council's elements of the Pooled Budgets is taken into account there is a combined forecast overspend of -£0.494m. Whilst the overall position has improved since the previous report, there is significant and continuing pressure on the Pooled budgets in SCS which is being managed with the PCT. Given the risks in this area this will need to be monitored closely in 2011/12. The underspend in CYP&F reflects sustained action to reduce spend during this difficult economic period but given the volatility of this area there is a risk that it may be difficult to maintain this in 2011/12.
58. Capital expenditure is in line with the updated programme and reflects the impact of the Capital Programme Review, the moratorium on new schemes and in-year grant reductions.

Councillor Jim Couchman  
Cabinet Member for Finance

March 2011

January Financial Monitoring Report

CABINET - 15 March 2011

Budget Monitoring

Ref	Directorate	BUDGET 2010/11					Outturn Forecast Year end Spend/Income £000 (8)	Projected Year end Variation underspend - overspend + £000 (9)	Profiled Budget (Net) January 2011 £000 (10)	Actual Expenditure (Net) January 2011 £000 (11)	Variation to Budget January 2011 underspend - overspend + £000 (12)	Projected Year end Variance Traffic Light Indicator (13)
		Original Budget £000 (3)	Brought Forward from 2009/10 Surplus + Deficit - £000 (4)	Virements to Date £000 (5)	Supplementary Estimates to Date £000 (6)	Latest Estimate £000 (7)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	<b>Children, Young People &amp; Families</b>											
	Gross Expenditure	581,870	0	-16,042	498	566,326	564,231	-2,095	474,521	525,464	50,943	G
	Gross Income	-482,820	0	13,261	0	-469,559	-469,559	0	-393,738	-470,118	-76,380	G
	Net Expenditure	99,050	0	-2,781	498	96,767	94,672	-2,095	80,783	55,346	-25,437	A
	<b>Social &amp; Community Services</b>											
	Gross Expenditure	223,982	-716	16,868	170	240,304	239,372	-932	200,789	213,509	12,720	G
	Gross Income	-40,325	0	4,507	0	-35,818	-35,818	0	-30,258	-44,277	-14,019	G
	Net Expenditure	183,657	-716	21,375	170	204,486	203,554	-932	170,531	169,232	-1,299	G
	<b>Environment &amp; Economy</b>											
	Gross Expenditure	99,339	406	963	448	101,156	100,701	-455	84,297	73,551	-10,746	G
	Gross Income	-28,931	0	-10	0	-28,941	-28,794	147	-24,118	-24,296	-179	G
	Net Expenditure	70,408	406	953	448	72,215	71,907	-308	60,179	49,255	-10,924	G
	<b>Oxfordshire Customer Services</b>											
	Gross Expenditure	52,403	805	-865	20	52,363	51,510	-853	43,636	48,241	4,605	G
	Gross Income	-24,281	0	-26,674	0	-50,955	-50,955	0	-42,463	-49,938	-7,475	G
	Net Expenditure	28,122	805	-27,539	20	1,408	555	-853	1,173	-1,697	-2,870	R
	<b>Chief Executive's Office</b>											
	Gross Expenditure	38,569	571	-22,388	254	17,006	16,274	-732	18,874	19,628	754	A
	Gross Income	-28,991	0	22,854	0	-6,137	-6,137	0	-9,818	-11,323	-1,505	G
	Net Expenditure	9,578	571	466	254	10,869	10,137	-732	9,056	8,305	-751	R

## SYP6

### January Financial Monitoring Report

CABINET - 15 March 2011

### Budget Monitoring

Ref	Directorate	BUDGET 2010/11					Outturn Forecast Year end Spend/Income  £000 (8)	Projected Year end Variation  underspend - overspend + £000 (9)	Profiled Budget (Net) <i>January</i> 2011 £000 (10)	Actual Expenditure (Net) <i>January</i> 2011 £000 (11)	Variation to Budget  <i>January</i> 2011 underspend - overspend + £000 (12)	Projected Year end Variance Traffic Light Indicator  (13)
		Original Budget  £000 (3)	Brought Forward from 2009/10 Surplus + Deficit - £000 (4)	Virements to Date  £000 (5)	Supplementary Estimates to Date  £000 (6)	Latest Estimate  £000 (7)						
(1)	(2)											
	Less recharges to other Directorates	-88,704	0	0	0	-88,704	-88,704	0		0		
		88,704	0	0	0	88,704	88,704	0		0		
	<b>Directorate Expenditure Total</b>	907,459	1,066	-21,464	1,390	888,451	883,384	-5,067	822,116	880,393	58,277	G
	<b>Directorate Income Total</b>	-516,644	0	13,938	0	-502,706	-502,559	147	-500,394	-599,952	-99,558	G
	<b>Directorate Total Net</b>	390,815	1,066	-7,526	1,390	385,745	380,825	-4,920	321,722	280,441	-41,282	G

Less: DSG funded services underspend (included above)

1,116

1,116

Directorate variation net of DSG variation

**381,941**

**-3,804**

Add: OCC Elements of OP&PD and LD Pooled Budgets

2,231

In-Year Directorate Variation

**381,941**

**-1,573**