

CABINET – 19 OCTOBER 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 five months of actuals to the end of August 2010. Parts 1 and 2 include projections for revenue, balances and reserves.
2. The Capital Monitoring and programme update is included in Part 3. Changes to the forecast outturn are reported against the latest Capital Programme, which was approved by Cabinet on 20 July 2010 and reflected the forecast year-end outturn position as at the end of May 2010.
3. Part 4 includes the proposed changes to Fees and Charges for the Alert Service in Social and Community Services.
4. 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 monitoring report to the end of November 2010. This will be considered by Cabinet on 25 January 2011.

Summary Revenue Position

5. The in – year Directorate forecast is an overspend of +£0.241m, or +0.06% compared to a budget of £384.404m as shown in the table below. The in-year forecast excludes an overspend of +£0.213m 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 August 2010 £m	Variance Forecast August 2010 %
99.050	Children, Young People & Families (CYP&F)	96.588	96.003	-0.585	-0.60
183.657	Social & Community Services (S&CS)	177.334	179.050	+1.716	+0.97
70.408	Environment & Economy	71.850	71.098	-0.752	-1.05
28.122	Community Safety & Shared Services	28.406	28.426	+0.020	+0.07
9.578	Corporate Core	10.226	10.068	-0.158	-1.55
390.815	In year Directorate total	384.404	384.645	+0.241	+0.06

Plus: Overspend on DSG		+0.213	
Plus : Planned overspend on City Schools Reorganisation		+0.178	
Total Variation		+0.632	+0.16

6. Forecasts include the impact of in – year grant reductions notified during 2010/11.
7. As set out in Annex 5 and paragraph 64 & 65, general balances are forecast to be £13.197m after taking account of calls on balances proposed in this report and the allocation of Performance Reward Grant to services. After taking into account the forecast Directorate overspend (+£0.241m), the Council elements of the overspend on the Pooled budgets (+£2.346m), 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 £11.117m.
8. 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.
9. 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	Capital Programme Update
Annex 8	Treasury Management Lending List

Part 1 - Revenue

10. The forecast revenue outturn by Directorate based on the position to the end of August 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): -£0.585m, or - 0.60% in – year Directorate underspend

11. CYP&F are forecasting an in-year Directorate underspend of -£0.585m, or - 0.60%, (-£0.194m total underspend after taking account of an overspend of +£0.213m 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

12. Young People & Access to Education (YP&AE) is overspending by +£0.304m on services funded by the Council. This has increased by +£0.077m since the last report as a result of the impact of the cut in Area Based Grant funding (£0.065m) in Paramedical Services.
13. An overspend of +£0.021m in the Psychological Service relates to the backdated element of the pay band changes for Educational Psychologists for

the period September 2009 to March 2010. Due to the unavoidable and one-off nature of this pressure a supplementary estimate was requested in the last report and agreed by Cabinet on 21 September 2010. Due to the timing of the decision the effect will be included in the next report.

14. The Youth Service is still forecasting breakeven position. The service was due to receive Performance Reward Grant in 2010/11 and 2011/12, but this grant was subsequently reduced by 50%. As the revised spend plan is over two financial years, the service are now requesting to place £0.082m in an earmarked reserve to spend in 2011/12.

Children and Families

15. As previously reported this area is forecasting a break-even position. 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. Current forecasts based on the realigned budgets show an underspend in the region of -£0.400m based on a flat-line projection i.e. not accounting for new clients entering the service.

16. The final asylum grant claim for 2009/10 has now been submitted to the Home Office. There have been a number of changes to the rates payable for clients which has meant that expenditure is again higher than the income that can be received. As in previous years the Council has claimed Special Circumstances grant but given the current economic situation it is unclear what the outcome will be. Notification is now expected in mid October 2010. An overspend of +£0.629m was carried forward from 2009/10 but 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. If, however, the Special Circumstances Grant is successful this funding will be available for an alternative purpose.

Raising Achievement Service

17. The Outdoor Education Centres are forecasting an overspend of +£0.038m due to under achievement of income. Forecast bookings for autumn are now being finalised and are lower than predicted.

Commissioning, Performance & Quality Assurance (CPQA)

18. CPQA are forecasting an underspend of -£0.927m. Within the total there is an underspend of -£1.280m on Home to School Transport. This has increased by -£0.463m since the last report and reflects the inclusion of retendering savings on the special school contracts and a reduction in the contingency for pupil increases now that the 2010/11 school year has begun and there is more clarity about the routes for the remainder of the year.
19. It was previously reported to Cabinet that the 2010/11 revenue element of the Play Pathfinder grant had been reduced by -£0.096m (50%). However, due to commitments against this grant and the outstanding announcement on the capital element, the service originally only planned to reduce spend by -£0.025m, and the balance was replaced by Council funding. There has still been no further update from the Department for Education on the related capital funding. At the last Play Pathfinder Project Team meeting it was

agreed that two of the three redundancy notices would be upheld after previously being extended from end of August 2010 to end of September 2010 pending the outcome of the Spending Review. This decision was based on the 50% reduction in the revenue grant and being able to retain sufficient revenue funding to deliver whatever is left of the programme. The redundancy costs incurred will be met from within the wider Play & Participation budget. It is recommended that the supplementary estimate of £0.071m agreed in July 2010 is returned to balances.

Dedicated Schools Grant (DSG) Funded Services

20. Services funded by DSG are forecast to overspend by +£0.213m. This has decreased by £0.283m since the last report. There is an underspend of - £0.188m on Out of County placements due to change in the forecast for recharge income relating to Children Looked After (CLA). This position will be reviewed over the coming months especially since the number of CLA clients is currently lower than at the end of the previous financial year. There are no estimates for new cases included in the forecast so the year end position is likely to be within budget.

Social & Community Services: +£1.716m, or +0.97%, in – year directorate overspend

Community Services

21. The forecast overspend in Community Services is +£0.218m. This relates to overspends in Adult Learning (+ £0.157m) and the Music Service (+£0.061m). 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

22. Social Care for Adults is forecasting on overspend of +£1.392m. This includes +£0.449m 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 overspend also reflects all legal costs for Adult Social Care where the budget is currently predicted to overspend by +£0.160m. 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 fully implement self-directed support.
23. Fairer Charging and Residential Client Income is forecast to be underachieved by +£0.513m. This is due to changes in the bed based model being introduced to control expenditure in the Older People's Pooled Budget. This will reduce income and delays in implementing increased charges for day services and home support to allow consultation to take place. This will be monitored closely over the next few months and updates will be provided in future reports.
24. The Learning Disabilities Service is forecasting an overspend of +£0.048m. This includes a overspend of +£0.077m on the Supported Living Internal budget due to increasing numbers of clients using the service and the delivery

of planned efficiency savings. Discussions are taking place to reduce the level of overspend.

25. An under-achievement of income of £0.291m is predicted for the Learning Disabilities service (LD). Independent Living Fund (ILF) income is expected to fall by £0.200m due to eligibility criteria being revised nationally resulting in a reduced income stream to LD. The ILF have recently announced that no new applications will be accepted for the rest of the financial year. The shortfall of £0.100m has been transferred to the Learning Disabilities Pooled Budget. The on-going effect of this will be dealt with as part of the Service and Resource Planning Process.
26. The Mental Health service is forecasting an overspend of +£0.310m. The decrease of -£0.100m since the last report is due to reductions 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

27. 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 £0.149m from the AIDS/HIV grant should be used to partly 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

28. As shown in the table on the next page the Older People, Physical Disabilities and Equipment Pooled Budgets is forecast to overspend by +£4.315m. This includes overspends of +£2.001m carried forward from 2009/10. The Council element of the pool is forecast to overspend by +£1.997m and the Primary Care Trust (PCT) element overspend by +£2.318m. 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 £m	Latest Budget 2010/11 £m		Forecast Variance August 2010 £m	Variance July 2010 £m	Change in Variance £m
		Council Elements:			
		Older People			
53.052	51.417	Care Homes	+0.205	+0.315	-0.110
28.818	29.695	Community Support Purchasing Budget	+0.091	+0.156	-0.065
81.870	81.112	Total Older People	+0.296	+0.471	-0.175
		Physical Disabilities			
2.450	2.450	Care Homes	+0.792	+0.698	+0.094
4.652	4.616	Community Support Purchasing Budgets	+1.009	+0.920	+0.089
7.102	7.066	Total Physical Disabilities	+1.801	+1.618	+0.183
1.169	1.169	Equipment Forecast in-year variance	-0.100	-0.205	+0.105
90.141	89.347	Total Forecast in year variance – Council Elements	+1.997	+1.884	+0.113

17.917	23.760	PCT elements: Older People	+1.455	+1.066	+0.389
4.047	4.047	Physical Disabilities	+0.395	+0.801	-0.407
0.312	0.312	Equipment	+0.468	+0.420	+0.048
22.276	28.119	Total Forecast in-year variance – PCT Elements	+2.318	+2.288	+0.030

112.417	117.466	Total	+4.315	+4.172	+0.143
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Council Elements

29. The overspend on Older People includes overspends on Transitional Beds, Intermediate Care and Twelve Week Property Disregards which are partially offset by underspends on Care and Residential Homes. Further overspends are forecast on External Home Support and the Assessment and Enablement Service. The forecast includes an estimated +£1.143m in respect of Section 117 clients previously funded by Continuing Health Care who are now transferring to the Adult Social Care's responsibility. It also reflects the full year effect of the movement from residential to more expensive nursing beds. An overspend of +£0.686m brought forward from 2009/10, that needs to be recovered, is included in the forecast.
30. There forecast overspend for Older People has reduced by £0.175m to +£0.296m. However, in order to achieve this much smaller level of overspending compared with the position earlier in the year, it has been necessary to control the number of clients in receipt of services. The number of new Care Home placements per week has been reduced for the rest of the

year and will need to continue to reduce if the County Council is to make significant savings on this budget. The number of Intermediate Care beds will be reduced during the year as contracts come to an end. A quota system was introduced for both Internal and External Home Support which has significantly reduced the projected overspending on these budgets.

31. The Physical Disabilities Budget is forecast to overspend by +£1.801m on Residential and Nursing Beds plus External and Internal Home Support and is now the main cause of the overspending on the Council's share of this pooled budget. The overspending on the Physical Disabilities budget is due to the full year effect of placements made in 2009/10 and an increase in client numbers. The increase in forecast spend on Care Homes during the month is due to two additional Residential clients. The Physical Disabilities – External Home Support forecast spend has increased due to an additional eight clients. In order to reduce expenditure in this area, strict quotas have been 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 overspend.

Primary Care Trust Elements

32. The PCT element of the pool is forecast to overspend by +£2.318m, an increase of £0.030m on the previous forecast. The forecast reflects the transfer of £1.143m for Section 117 clients to the Council. It also includes an overspend of +£1.315m carried forward from 2009/10 for which the PCT is expected to make an additional contribution. The forecast includes efficiency savings that have yet to be specifically identified.

Equipment

33. The Equipment budget is currently forecast to overspend by +£0.368m. This is an increase of +£0.153m since last month and reflects the pattern of current spending on the new equipment contract. The Council's element is an underspending of -£0.101m, while the PCT element is forecast to overspend by +£0.469m based on actual expenditure to date.

Learning Disabilities Pool

34. The Learning Disabilities Pooled Budget is forecast to overspend by +£0.394m.

Original Budget £m	Latest Budget £m		Variance August 2010 £m	Variance July 2010 £m	Change in Variance £m
		Council Contribution			
9.688	9.673	Residential Services	+0.038	+0.180	-0.142
17.421	17.426	Supported Living	+0.010	+0.090	-0.080
15.307	15.276	Community Support	+0.302	+0.441	-0.139
42.416	42.375	Council Total	+0.350	+0.711	-0.361
		PCT Contribution			
7.236	7.251	Residential Services	+0.028	+0.135	-0.107
13.010	13.064	Supported Living	+0.008	+0.067	-0.059
11.432	11.453	Community Support	+0.008	+0.113	-0.105
31.678	31.768	PCT Total	+0.044	+0.315	-0.271
74.146	74.143	Total	+0.394	+1.026	-0.632

35. The forecast includes £1.631m of commitments agreed from April to July 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. The shortfall in income of £0.291m which currently sits outside of the pool is included in the forecast.
36. The reduction in the forecast spend since last month is mainly due to the inclusion of an additional £0.500m forecast efficiencies expected to be achieved over the next seven months along with a reduction in anticipated future panel spends of £0.300m. Off setting this is a reduction in the expected savings from client deaths of £0.150m.

Environment & Economy: -£0.752m, or -1.05%, in – year directorate underspend

Transport

37. As reported previously the new Transport contract commenced in April 2010 and was fully implemented by the end of September 2010. It is anticipated that any financial benefit will be re-invested into the service to support the potential for reducing the future year operating costs of the contract. There is however a risk of overspend due to in-year mobilisation costs, and if necessary management action will be taken to avoid this. Updates will be included in future reports.

Sustainable Development

38. Planning Implementation are forecasting an underspend of -£0.010m. 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.

39. Waste Management is forecasting an underspend of -£0.776m. Although district collection changes planned for this year have not all been realised activity data for the first four months of the year is showing an overall reduction to tonnage disposed of compared to the same period last year. This is greater than the national average, but weather conditions and greater local enforcement at Waste Recycling Centres may be contributing to the local position. Landfill is underspending by -£0.272m and Recycling/composting by -£0.504m.

Waste Type	Budgeted Kilo Tonnes	Forecast Kilo Tonnes
Landfill	143	139
Recycling/Composting	160	149
TOTAL	303	288

Property Services

40. Property Services are forecasting an underspend of -£0.095m. This includes an underspend of -£0.207m arising from a one – off rent free period relating to the relocation of the Countryside Service. This is offset by an overspend of +£0.072m relating to the cost liability for The Charter. Non – domestic rates for properties across the Council are expected to overspend by +£0.083m. In line with Council policy, the final rates overspend will be a call on balances at year end.

Community Safety & Shared Services: +£0.020m, or 0.07%, in – year directorate overspend

Fire & Rescue Service

41. The forecast overspend against the retained duty system (RDS) budget has reduced from +£0.140m to +£0.100m 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.
42. The forecast underspend against the budget for wholetime firefighters has increased from -£0.181m to -£0.193m. 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.
43. Since the last report a second early retirement payment has been made. The cost of these two payments is £0.083m in excess of the budget held for pension payments funded from revenue. This budget has always been treated as non controllable and any variances at year end have been met from balances. In recent years, the variances have been underspends. Fire & Rescue will absorb some or all of this cost this year if there are sufficient underspends elsewhere in the service. Otherwise, this will be a call on

balances and a supplementary estimate request will be included in a future report.

Trading Standards

44. Trading Standards is now forecasting an overspend of +£0.080m. An income generation saving of -£0.020m is unlikely to be delivered this year. Pay pressures arising from the re-structuring of the service and the cost of an interim manager explain most of the remaining +£0.060m overspend. Measures are being taken to reduce costs within the service. Completion of the restructure by the end of March 2011 will reduce pay costs next year and the intention is to seek additional grant funding. The overspend will as far as possible be managed within Community Safety as a whole.

Shared Services

45. Shared Services is forecasting an underspend of -£0.050m. This is largely due to savings from vacant posts, most of which have now been filled, together with some additional income.
46. Meals supplied by Food with Thought were slightly below target for the first four months of the year but numbers are expected to increase in September. Food with Thought will start providing meals to two additional schools from September. Management action is being taken to control inflationary pressures on food costs. This includes the introduction of a new menu in November. The programme of kitchen refurbishment was completed during the summer school holiday. QCS Cleaning is on target to break-even.

Corporate Core: -£0.158m, or -1.55%, in – year directorate underspend

ICT

47. ICT is continuing to forecast a nil variance against budget. There are several significant potential pressures on the service including the phased implementation of Government Connect, changes to Microsoft licensing agreements and the cost of specialist SAP support. Costs are being tightly controlled through a reduction in the size of the establishment, a review of maintenance and licensing agreements and a moratorium on non essential hardware refresh.
48. Redundancy costs, following the re-structure of ICT, currently stand at £0.248m. 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

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 +£0.200m. This includes three cases which are likely to cost over £0.025m – two major village green applications and a significant child protection case. The total costs of these cases are currently estimated to be £0.125m. When final costs are known supplementary estimates will be requested. If approved, the overspend would reduce to +£0.075m.

50. In light of overspends reported elsewhere, the Head of Legal & Democratic Services is reviewing with all directorates the use of legal services to consider further efficiency measures with the aim of delivering 10 - 15 % reductions on non-routine cases. The service is continuing to maximise income from developer agreements and legal work for other authorities.

Human Resources & Customer Services

51. 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.
52. 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.
53. The one off £2m budget for the development of Employee Self Service / Manager Self Service (ESS/MSS) and Customer Relationship Management (CRM) systems as agreed by Council on 9 February 2010, is no longer required this year. ESS/MSS has been put on hold and delivery of its objectives will be considered as part of the Council's Business Strategy. The customer services project will require £1m from this fund over the next three years to develop and deliver CRM. On 21 September, Cabinet agreed that £1m should be transferred to the Efficiencies Reserve to provide additional funding for the business strategy. A Customer Services reserve will be created to hold the remaining £1m until it is required. This will be reflected in Annex 4 and the Latest Budget from the September report.

Finance & Procurement

54. The External Audit fee is expected to be £0.168m below budget. As in past years due to the uncontrollable nature of this budget the balance this will be returned to balances at year end. Corporate Finance is forecasting an underspend of -£0.070m. This is as a result of achieving savings earlier than planned together with savings from vacant posts. An underspend of -£0.070m in Procurement is to be used to contribute towards the cost of automating accounts payable systems in Shared Services.

Virements and Supplementary Estimates

55. 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.

Supplementary Estimates

56. £0.071m relating to the grant funding for Play Pathfinder is not required by CYP&F and is being returned to balances as set out in paragraph 19.
57. The Oxfordshire Partnership originally earned £8.564m of Local Area Agreement (LAA) Performance Reward Grant, which was split equally between revenue and capital. Around half the funding was to be paid to external bodies and half to Council services or partnerships held in the Council's accounts. As reported to Cabinet on 20 July 2010, the total grant

was subsequently reduced by half to £4.282m. Of that £1.009m was held in balances at the end of 2009/10, and a further £1.157m was expected to be used to fund capital schemes. The £2.116m balance was planned to be paid to external partner organisations.

58. Subsequently these allocations have been updated to take account of an anticipated relaxation of the requirement to split expenditure equally between capital and revenue and a review of the use of the remaining funding. Annex 2f now includes supplementary estimate requests to allocate £1.250m to revenue. An adjustment will be made later in the year to replace the £0.241m that has effectively been temporarily drawn from balances pending formal notification about the allocation of grant funding to capital and revenue.

Specific Grants

59. Changes to specific grants since the last report total £4.309m. This includes additional Standards Fund grant of £4.398m in CYP&F. There are no further changes to Area Based Grant allocations this month.

Bad Debt Write Offs

60. There were 127 general write offs to the end of August 2010 totalling £94,066.39. Most of these were very small and no economically effective to recover. The largest was £74,667.09 and reflects the Section 106 debt in connection with a planning obligation was agreed to be written off by Cabinet on 18 May 2010. In addition Client Finance wrote off 59 debts totalling £26,894.78.

Strategic Measures

61. The average cash balance during August 2010 was £234.363m and the average rate of return was 0.75%.
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 8.

Part – 2 Balance Sheet

Reserves

63. Reserves have increased by £1.522m to £61.324m since the last report. The majority of the variation carry forward reserve reflects the reduction in the forecast overspend since the last report. Planned drawdown of £0.800m from the On – Street Car Parking Account is included in the variation. £0.185m has been added to the Building Schools for the Future reserve. It is anticipated that some of this reserve will be transferred to the Efficiency Reserve in the next report.

Balances

64. General balances are forecast to be £13.197m. After taking into account the forecast Directorate overspend (+£0.241m) and the Council elements of the overspend on the Pooled budgets (+£2.346m), 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 £11.117m.

65. Calls on balances as shown in Annex 5 reflect the proposed allocation of Performance Reward Grant as set out in paragraph 57 & 58. Council funding was originally used to replace the reduction in Play Pathfinder grant. As set out in paragraph 19 this is no longer required and CYP&F are returning this to balances.

Part 3 –Capital Monitoring and Programme Update

Capital Monitoring

66. The capital monitoring position set out in Annex 1, shows the forecast expenditure for 2010/11 is £100.4 m (excluding schools local capital), a decrease of £8.5m compared to the latest capital programme. The table on the next page summarises the variations by directorate and the main variations by scheme are explained in the subsequent paragraphs.
67. Forecast expenditure for 2010/11 is £29.8m lower than set out in the Programme approved by Council on 9 February 2010. Most significantly this reflects the in – year grant reductions and the impact of the moratorium as set out in the report and addenda to Cabinet on 20 July 2010.

Directorate	Latest Capital Programme (Position as at end of May '10, approved by Cabinet July '10) £m	Forecast Expenditure (Position as at end of August 2010) £m	Forecast Variation £m
CYP&F	62.9	59.4	-3.5
S&CS	12.0	11.7	-0.3
E&E – Transport	25.2	22.6	-2.6
E&E – Other	6.2	5.6	-0.6
Community Safety & Shared Services	1.6	0.4	-1.2
Corporate Core	1.0	0.8	-0.2
Total Directorate Programmes	108.9	100.4	-8.5
Schools Capital/ Devolved Formula	11.9	11.9	0.0
Earmarked Reserves	0.6	0.1	-0.5
Total Capital Programme	121.4	112.4	-9.0

Children, Young People & Families

68. Children, Young People & Families expect to spend £59.4m in 2010/11 (excluding schools local capital), a decrease of £3.5m when compared to the latest approved capital programme. There is a reduction of £1.5m compared to the position reported last month.
69. As set out in paragraphs 86 to 88 total reductions of £2.8m in the Sure Start Early Years and Children's Centre Grant have now been confirmed and are

incorporated within the August position. This has led to reduction of £1.2m in the in year forecast. There is a further £0.8m reduction in 2010/11 as the Wallingford Young People & Children's Centre, for which the total scheme cost was expected to be £1.0m is no longer proceeding. These reductions are partly offset by increases in forecasts including £0.2m on Thame Skills Centre (Lord Williams) due to cost pressures and £0.2m on Schools Access Initiatives.

Social & Community Services

70. The forecast expenditure for Social & Community Services has reduced by £0.3m to £11.7m.
71. £0.6m of the provision for new Extra Care Housing schemes has been re-profiled to 2011/12. This reflects a proposal to develop Extra Care Housing on the Thornbury site. This would be a replacement for the care home at Glebe House, Kidlington and form part of the Homes for Older People Phase 2 project.
72. £0.6m funding for Banbury Day Centre was released from the Capital Programme Moratorium last month and the project appraisal has now been approved. The spend profile has been revised and £0.4m has been re-profiled to 2011/12.
73. There are two new programmes approved for inclusion. £0.6m expenditure on Deferred Interest Loans has been agreed in the current year, to be funded by prudential borrowing. £0.2m programme of ICT developments funded by a new unringfenced grant of £0.3m has been added for Transforming Social Care. The balance of the grant (£0.1m) is to be used to improve the capital programme contingency position.

Environment & Economy – Transport

74. The Transport Programme is now forecast to spend £22.6m. This is a decrease of £2.6m when compared to the latest capital programme and a reduction of £3.0m compared to the forecast reported last month.
75. The spend profiles of projects which are currently "on hold" under the capital programme moratorium have been reviewed and re-profiled based on how much work it is estimated could take place if the scheme is released at the start of 2011. This has reduced the current year forecast expenditure by £3.4m.
76. The forecast for London Road Phase 3 has increased by £0.2m due to unforeseen ground conditions which have only been revealed as construction progresses.

Environment & Economy - Other

77. The forecast spend for this programme is £5.6m, which is a decrease of £0.6m when compared to the latest capital programme and a reduction of £0.7m compared to the forecast reported last month.
78. The spend profiles of projects which are currently "on hold" under the capital programme moratorium have been reviewed and re-profiled. This has

reduced the current year forecast spend by £0.6m (£0.5m on Carbon Reduction Programmes and £0.1m on Minor Works).

79. The in-year forecast spend for the prudentially funded energy conservation programme has reduced by £0.2m. Historic difficulties in gaining sign up to schemes have not been alleviated by carbon reduction requirements as expected.

Community Safety & Shared Services

80. The forecast spend for this programme has now been reduced by £1.2m to £0.4m.
81. Again, the spend profiles of projects which are currently "on hold" under the capital programme moratorium have been reviewed and re-profiled and this has reduced the in-year forecasts for the projects at Bicester Fire Station by £0.4m and Thame Fire Station by £0.8m.

Corporate Core

82. The current year funding allocation for capitalisable ICT Hardware & Software has been reduced by £0.2m to reflect a revenue budget virement from Property Services to ICT. This is due to a change in accounting treatment now allowing the costs of disposal to be charged against the capital receipt.

Actual Expenditure

83. As at the end of August actual capital expenditure was £20.6m, and has increased by £5.6m from last month. This is 21% of the total forecast expenditure of £100.4m, which is still below the position for the same period last year, despite the reductions made to forecasts to take account of the impact of the Capital Programme Moratorium. This is mainly because the actual spend for the Transport Programme is at only at 10% of the forecast. This reflects the low level of spend incurred during the first quarter of the year due the change of framework contractor.
84. Although the anticipated level of expenditure in the current year has reduced significantly it is not expected that there will be difficulties utilising in-year supported borrowing allocations and time limited grant allocations.

5-year Capital Programme

85. The forecast expenditure for the 5-year capital programme (2010/11 to 2015/16) is £412.0m (excluding schools). This is a decrease of £7.5m compared to the capital programme update approved by Cabinet on 20 July 2010. The table below summarises the variations by directorate and the main reasons for the decrease in the size of the programme are explained in the following paragraphs.

CA6

Directorate	Latest Capital Programme Budget (Position as at end of May '10, approved by Cabinet July '10) £m	Forecast Expenditure (Position as at end of August 2010) £m	Forecast Variation £m
CYP&F	247.0	239.8	- 7.2
S&CS	42.5	43.0	+ 0.6
E&E – Transport	105.7	105.9	+ 0.1
E&E – Other	18.1	18.2	+ 0.1
Community Safety & Shared Services	3.2	3.6	+ 0.4
Corporate Core	3.0	1.5	- 1.5
Total Directorate Programmes	419.5	412.0	- 7.5
Schools Capital/ Devolved Formula	47.4	47.4	0.0
Earmarked Reserves	7.9	12.9	+ 5.0
Total	474.8	472.3	- 2.5

86. The decrease in the size of the programme is mainly due to reductions made in the CYP&F programme in order to meet cuts in capital grants announced since the last programme approval in July 2010. As shown in the table these are:

Capital Grants	£m
Extended Schools	-0.276
Harnessing Technology (50%)	-1.245
Sure Start, Early Years & Children's Centres (SSEYCC)	-2.774
Special Educational Needs & 14 – 19 Diploma Provision	-0.658
Youth Capital/Chill Out Fund (50%)	-0.149
TOTAL	-5.102

87. £1.0m of the reduction in Harnessing Technology grant has been replaced by funding drawn from the School ICT Reserve, as set out in the Addenda to the report to Council on 27 July 2010. The reduction in SSEYCC grant has been partially offset by the inclusion of £0.616m of grant previously held as contingency.
88. The updated position for Early Years and Children's Centre projects is shown in the table below. Cabinet are recommended to approve this updated position.

Children's Centre Projects	Early Years Projects
Approved 1) Ambrosden 2) North West Witney 3) Southmoor 4) Thame	Approved 1) Rainbow (Glory Farm) 2) Southmoor 3) Magpies (North Kidlington) 4) Grovelands Park (Millbrook)

5) Sonning Common (Chiltern Edge) 6) Heyford & Caversfield	School) 5) Berinsfield 6) Sonning Common
Withdrawn 7) Witney Central 8) Great Milton 9) Wallingford	Withdrawn 7) Lydalls Nursery 8) Cumnor 9) Grimsbury Family Association Playgroup 10) Benson 11) Stepping Stones, Witney 12) 6 other small projects (Old Station Nursery, Long Wittenham, Turbo Teds, The Attic, Deddington & Great Hasely)

89. All surplus project and programme contingencies within the CYP&F programme have been combined and excluded from previous reported budget provisions. This has reduced the size of the CYP&F programme by £2.8m.
90. A further £2.4m relating to the historical annual provision for Property Services and other in house staffing costs has also been removed after 2010/11. This is because from 2011/12 this cost will now be charged directly to projects and absorbed within the project budgets.
91. Overall these reductions, along with the inclusion of additional funding (e.g. school contributions), have changed the net position of the CYP&F capital programme from a deficit of £0.3m to a surplus of £5.5m.
92. Funding of £15.1m has been transferred from the Primary Capital Programme (PCP) to the Existing Demographic Pupil Provision in preparation for the basic need pressures in primary schools as agreed by the Capital Investment Board in July 2010.
93. A £0.4m grant from the Homes & Communities Agency (HCA) for the refurbishment of the amenity units at Redbridge Hollow has now been received, but the majority of the expenditure on this project will now take place in 2011/12. This grant requires 25% (£0.1m) match funding which is being met from the Travellers Sites Reserve.
94. The Public Service Board have now confirmed revised allocations of £0.6m capital Performance Reward Grant to Council services and Council led Partnerships. £0.1m has been included in the programme for Low Carbon Communities initiatives and the remainder will be included in the programme next month when planned spend profiles have been confirmed.
95. The Corporate Core capital programme has reduced by £1.5m due to a change in the accounting treatment for capital receipts and the removal of an annual capital funding switch for ICT Hardware & Software after 2011/12. £0.8m will now be met from revenue from 2012/13 and this will be addressed as part of the Service & Resource Planning Process.

Capital Financing

96. The Capital Programme surplus has increased by £0.7m (from £0.2m to £0.9m) and general contingencies (held within earmarked reserves) have increased by £8.8m (from £1.6m to £10.4m). This level of programme contingency is now more consistent with audit recommendations.
97. The increased contingency/surplus position is mainly due to the increased surpluses on the CYP&F programme (£5.8m) and the removal of funding for annual ICT capital funding switch (£2.2m) set out above. £0.6m corporate funding for Wallingford Young People & Children's Centre is also no longer required as this project is not proceeding.
98. The value of the disposals programme has also increased overall by £0.2m. Within this a £0.2m reduction has been met by a corresponding reduction in expenditure, so there is a £0.4m improvement in capital contingencies available.

Capital Programme Review Update

99. No further projects have been released from the moratorium, however a correction has been made to remove the £0.1m Railway Development Programme from the review, as the budget was in fact committed at the time the review was announced.
100. There is one new project now included in the moratorium, which was previously omitted in error. £0.075m of the Chill Out Capital Grant Fund is not contractually committed so is now on hold.

Part 4 – Other Financial Issues

Fees and Charges

101. The Alert Service within Social and Community Services combines services previously provided by Supporting People and Telecare. A common set of eligibility criteria is being implemented with a common financial assessment process. The Alert Service can be defined as the provision of equipment plus the monitoring of that equipment – it is not possible to have one without the other. Therefore, it is deemed appropriate to charge for the equipment provided under the service. The following table sets out the proposed charges. Fairer Charging will apply to clients who are eligible.

Service	Full Cost/Charge
Level 1 Assessment, review, base alarm unit, pendant, monitoring, temporary movement into level 2 for a maximum of 6 weeks in any one rolling calendar year Sensors installed according to assessed need	£5.00 per week
Level 2 Assessment, review, base alarm unit, pendant, monitoring, planned support, 24 hour emergency response Sensors installed according to assessed need	£22.00 per week

102. It is recommended that the charges for the Alert Services be implemented as set out above from 1st November 2010.

RECOMMENDATIONS

103. **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 the return of £0.071m by CYP&F as set out in paragraph 19;**
- (c) **approve transfer to reserves as set out in paragraph 14;**
- (d) **approve the Capital Programme included at Annex 7;**
- (e) **note the Capital Programme Review Update as set out in paragraph 99 & 100;**
- (f) **note the reduction of £2.774m in Sure Start, Early Years and Children's Centres (SSEYCC) grant funding and agree the effect on Early Years and Children's Centre projects as summarised out in paragraph 88; and**
- (g) **approve the proposed fees and charges for the Alert Service as set out in Part 4.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to 31 August 2010

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