

Notice of Meeting

Resource Management Select Committee

Tuesday, 15th March, 2011 at 6.30 pm
in Committee Room 1 Council Offices
Market Street Newbury

Date of despatch of Agenda: Monday, 7 March 2011

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Stephen Chard on (01635) 519462
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Further information and Minutes are also available on the Council's website at
www.westberks.gov.uk



Agenda - Resource Management Select Committee to be held on Tuesday, 15 March 2011
(continued)

To: Councillors Jeff Brooks (Chairman), Richard Crumly, Dave Goff, David Holtby, David Rendel and Laszlo Zverko (Vice-Chairman)

Substitutes: Councillors Jeff Beck, Tony Linden and Julian Swift-Hook

Officers and other Invitees:

Agenda

Part I

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| 8. | Financial Performance Report (Month 10)
<i>Purpose: To inform Members of the latest financial performance of the Council.</i> | 1 - 22 |
|----|---|--------|

Andy Day
Head of Policy and Communication

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West Berkshire
C O U N C I L

Agenda Item 8.

Title of Report:	Financial Performance Report (Month 10)
Report to be considered by:	Resource Management Select Committee
Date of Meeting:	15 March 2011
Forward Plan Ref:	OS2111

Purpose of Report: To inform Members of the latest financial performance of the Council

Recommended Action: To note the report

Reason for decision to be taken: To ensure that Members are fully aware of the latest financial position for the Council

Key background documentation: Papers held in Accountancy

The proposals will also help achieve the following Council Plan Theme(s):

CPT13 - Value for Money

Portfolio Member Details	
Name & Telephone No.:	Councillor Keith Chopping - (0118) 983 2057
E-mail Address:	kchopping@westberks.gov.uk
Date Portfolio Member agreed report:	01 February 2011
Contact Officer Details	
Name:	Andy Walker
Job Title:	Head of Finance
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Implications

Policy: n/a

Financial: The financial implications of the report have been detailed throughout the summary report and directorate appendices. If there are any financial implications contained within this report this section **must** be signed off by a West Berkshire Group Accountant. Please note that the report cannot be accepted by Policy and Communication unless this action has been undertaken.

Personnel: n/a

Legal/Procurement: n/a

Property: n/a

Risk Management: n/a

Equalities Impact Assessment: n/a
For advice please contact Principal Policy Officer (Equalities) on Ext. 2441.

Corporate Board's View: Noted.
to be completed after the Corporate Board meeting

Executive Summary

1. Introduction

- 1.1 The predicted revenue underspend for the 2010-11 financial year is £537k. This is an increase on the previous month's forecast position of £144k.
- 1.2 The main directorate showing month on month changes are the Chief Executive and Environment directorates, both of which are showing increased underspend positions of £78k and £72k respectively.
- 1.3 The service area that is forecasting the majority of the overspend continues to be Adult Social Care. The current forecast for the Adult Social Care service year end position is an overspend overall of £1,761k; this is a decrease of £1k on the month 9 forecast. There are a number of drivers behind the projected overspend including the ongoing impact of negotiations with the PCT, managing demand for the service, the removal of the Independent Living Fund and more 'capital depleters' (those individuals who used to be able to fund their care privately but do not have the capital to now).
- 1.4 The Council reports forecast net expenditure against the revised budget for the whole Council following the impact of the emergency budget and subsequent reduction to (Area Based Grant). The Council's net budget therefore stands at £118.2m.

2. Proposals

- 2.1 For the Select Committee to note this report. There are a number of management actions that have occurred in directorates to reduce the projected overspend to the forecast level reported. These are detailed further in appendices 2a to 2d, but include a number of different staffing savings due to the recruitment freeze, savings in reactive maintenance, and in home to school transport.

3. Conclusion

- 3.1 That the Select Committee notes the corporate position.

Executive Report

1. Introduction

- 1.1 The financial performance report summarises the key financial activity and forecasts for the Council.
- 1.2 The revenue overspend position summarised in this report is a result of forecasts submitted by directorates. These forecasts are based on the projected net expenditure for the rest of the financial year and are adjusted for any management action which occurs to reduce a potential overspend position at the end of the financial year. In all directorates outside of Community Services, the projected overspends have been able to be contained close to within budget by management action.

2. Summary revenue position

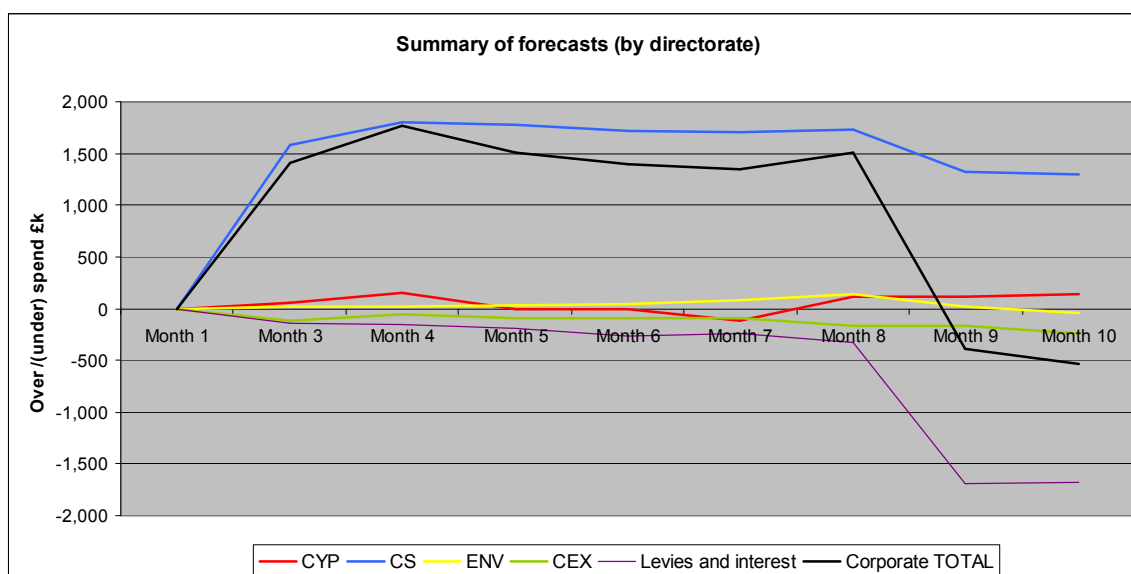
- 2.1 The current revenue budget forecast is showing an underspend of £537k. The main area showing an underspend is in levies and interest and this is explained further in section 3 and appendix 2e. The primary area of service forecast overspend is the Adult Social Care service. All other Council services are forecasting an over or under spend within £200k of the 2010-11 budget.
- 2.2 New pressures have emerged in the 2010-11 Adult Social care budget, including:
- (1) loss of income due to the cessation of any new grants from the Independent Living Fund and reduced commissioning from the NHS;
 - (2) urgent safeguarding placements;
 - (3) additional placement costs for young people with a learning disability in transition from Children's Services and people who were previously self funding whose capital has depleted.
- 2.3 These pressures are on top of the existing known pressures to the Adult Social Care service, including managing the demand for the service and ongoing negotiations with the PCT.
- 2.4 Together, these pressures have led to a forecast overspend of £1,761k.
- 2.5 There is redundancy cost liability of circa £397k relating to phase 1 and 2 redundancies (as a result of the emergency budget), which has not been reported in monitoring. This figure will not be finalised until towards the end of the financial year due to any potential redeployment opportunities. However, this amount will be set against the Economic Downturn Provision included in specific earmarked reserve.
- 2.6 The redundancy costs for achieving the savings programme for 2011-12 being set aside the Economic Downturn Provision are currently being reviewed.
- 2.7 The Council had submitted a claim to the Department for Communities and Local Government (CLG) requesting the ability to capitalise these costs over a longer term period. However, this was recently turned down by CLG and their formal response setting out their reasons for the decision has yet to be received.

3. Levies and interest lines

- 3.1 In 2010-11 the Council is required to implement International Financial Reporting Standards (IFRS). As part of this implementation, the Council has reviewed the treatment of highways maintenance expenditure. Under the revised accounting guidelines there is a net benefit of just under £1.5m for 2010-11. There have been other one off savings in the levies and interest line as detailed in appendix 2e.

4. Commentary on the revenue forecasts

- 4.1 The current position shows an underspend of £537k.
- 4.2 The variances per directorate are highlighted on the chart below:



- 4.3 The forecast overspends are largely driven by the Adult Social Care service (£1.761m). Further details are provided in the directorate summary, appendix 2b to this report.
- 4.4 The financial forecasting for all directorates has remained broadly consistent throughout the financial year.

Appendices

Appendix 1 – Revenue summary position

Appendix 2a to 2d – Directorate summaries

Appendix 2e – Levies and Interest position

Appendix 3 – Month 8 Revenue summary position (table circulated at the last meeting, as previously requested)

Consultees

Local Stakeholders: n/a

Officers Consulted: Corporate Board, Management Board

Trade Union: n/a

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Further Amended
Consolidated Replies

	Past Performance					Forecasted Performance							Net
	Cum. Budget to 31/Jan/2011 £	Cum Exp/Inc to 31/Jan/2011 £	Actual Variance to date £	Outstanding Commitment for the year £	Expenditure			Income			Net Variance £		
					Annual Expenditure Budget for 2010/11 £	Forecast Expenditure £	Expenditure Variance £	Annual Income Budget for 2010/11 £	Forecast Income £	Income Variance £			
DEDICATED SCHOOLS GRANT	8,064,423	15,173,834	7,109,411	289,166	128,539,960	128,877,255	337,295	-129,219,480	-129,556,755	-337,295	0	-679,500	
CORPORATE DIRECTOR - CYP	142,101	165,580	23,479	375	177,110	160,350	-16,760	0	0	0	-16,760	177,110	
YOUTH SERVICES & COMMISSIONING	2,189,625	2,076,284	-113,361	286,728	4,024,660	3,757,117	-267,543	-1,230,570	-1,063,808	166,762	-100,781	2,794,090	
EDUCATION SERVICES	6,466,540	6,367,777	-98,763	1,955,476	20,982,840	20,454,834	-528,006	-10,384,640	-9,746,022	638,618	110,612	10,598,200	
CHILDREN'S SERVICES	8,027,975	8,917,220	889,245	372,907	11,559,830	11,915,622	355,792	-1,229,850	-1,425,990	-196,140	159,652	10,329,980	
CUSTOMER SERVICES	844,115	831,054	-13,062	1,090	1,035,100	1,017,100	-18,000	-3,940	2,300	6,240	-11,760	1,031,160	
CHILDREN AND YOUNG PEOPLE DIRECTORATE	25,734,779	33,531,729	7,796,949	2,905,742	166,319,500	166,182,278	-137,222	-142,068,460	-141,790,275	278,185	140,963	24,251,040	
CORPORATE DIRECTOR - CS	215,341	-122,856	-338,197	3,552	553,370	451,870	-101,500	-250,000	-250,000	0	-101,500	303,370	
HOUSING & PERFORMANCE	6,019,541	5,751,585	-267,956	98,471	8,459,900	8,358,497	-101,403	-1,168,510	-1,239,028	-70,518	-171,921	7,291,390	
ADULTS SOCIAL CARE	25,318,875	28,306,461	2,987,586	431,962	48,990,670	49,378,054	2,387,384	-13,222,370	-13,848,630	-626,260	1,761,124	33,768,300	
CULTURAL SERVICES	4,383,937	4,459,731	75,794	408,888	6,367,090	6,089,991	-277,099	-839,870	-750,959	88,911	-188,188	5,527,220	
COMMUNITY SERVICES DIRECTORATE	35,937,694	38,394,922	2,457,227	942,873	62,371,030	64,278,412	1,907,382	-15,480,750	-16,088,617	-607,867	1,299,515	46,890,280	
CORPORATE DIRECTOR - ENV	139,508	127,865	-11,643	24	169,490	160,490	-9,000	0	0	0	-9,000	169,490	
HIGHWAYS & TRANSPORT	5,894,874	4,854,288	-1,040,606	1,481,983	12,144,620	12,044,440	-100,180	-4,286,640	-4,183,190	103,450	3,270	7,857,980	
PLANNING AND COUNTRYSIDE	2,964,365	3,259,789	295,424	287,442	6,424,010	6,295,070	-128,940	-2,590,170	-2,498,490	91,680	-37,260	3,833,840	
PROPERTY & PUBLIC PROTECTION	13,444,251	13,663,035	218,784	294,933	21,709,500	21,705,700	-3,800	-3,724,940	-3,727,640	-2,700	-6,500	17,984,560	
ENVIRONMENT DIRECTORATE	22,442,998	21,904,957	-538,041	2,064,382	40,447,620	40,205,700	-241,920	-10,601,750	-10,409,320	192,430	-49,490	29,845,870	
CHIEF EXECUTIVE	455,067	428,145	-26,922	600	554,360	516,860	-37,500	0	0	0	-37,500	554,360	
HUMAN RESOURCES	895,926	854,057	-41,869	102,910	1,286,540	1,275,774	-10,766	-191,280	-196,394	-5,114	-15,880	1,095,260	
ICT	2,375,169	2,668,844	293,674	253,079	3,991,370	4,090,760	99,390	-960,800	-1,100,090	-139,290	-39,900	3,030,570	
LEGAL & ELECTORAL	703,645	859,735	156,090	22,581	1,538,280	1,688,065	129,785	-642,280	-672,701	-30,421	99,364	896,000	
POLICY AND COMMUNICATION	2,880,619	2,702,658	-177,960	88,718	4,324,170	4,223,621	-100,549	-626,200	-688,583	-62,383	-162,932	3,697,970	
BENEFITS AND EXCHEQUER	-6,121,869	-9,357,194	-3,235,324	132,152	39,415,410	44,646,424	5,231,014	-38,120,300	-43,439,057	-5,318,757	-87,743	1,295,110	
FINANCE	1,818,861	1,668,311	-150,550	31,081	4,351,850	4,189,924	-161,926	-1,899,920	-1,737,994	161,926	0	2,451,930	
SPECIAL PROJECTS	11,520	13,718	2,197	132	13,920	13,920	0	0	0	0	0	13,920	
CHIEF EXECUTIVE'S DEPARTMENT	3,018,938	-161,726	-3,180,664	631,254	55,475,900	60,625,348	5,149,448	-42,440,780	-47,834,819	-5,394,039	-244,591	13,035,120	
CAPITAL FINANCING & MANAGEMENT	5,118,357	1,235,392	-3,882,965	0	7,249,680	5,825,290	-1,424,390	-374,620	-374,620	0	-1,424,390	6,875,060	
MOVEMENT THROUGH RESERVES	-2,815,720	-2,433,005	382,715	0	-2,725,260	-2,829,420	-104,160	0	-155,000	-155,000	-259,160	-2,725,260	
LEVIES AND INTEREST	2,302,637	-1,197,613	-3,500,250	0	4,524,420	2,995,870	-1,528,550	-374,620	-529,620	-155,000	-1,683,550	4,149,800	
	89,437,046	92,472,269	3,035,222	6,544,252	329,138,470	334,287,608	5,149,138	-210,966,360	-216,652,651	-5,686,291	-537,153	118,172,110	

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Corporate Director's summary: Children and Young People Month 10

CYP	Month 10 forecast over / under (-) spend / £'000
Director	-17
Youth Services and Commissioning	-101
Education Services	111
Children's Services	160
Customer services	-12
Total	141k

Overview

CYP are forecasting £141k over spend. This is after the £219k in year ABG cut and the £200k recruitment freeze.

Education is currently forecasting £111k overspend, a slight increase of £5k on the overspend reported in period 9. There is a forecast overspend of £160k in Children's Services, a £24k increase on the overspend reported in period 9.

Savings are currently forecast in the Corporate Directors cost centre (£17K), Youth & Commissioning (£101k) and Customer Services (£12k)

The MVF for the Directorate is £688,690. MVF for is on track for Youth & Commissioning and Customer Services. Education is expected to have a shortfall of c£100k (this has been built into Education forecast), Children's Services is expected to have a shortfall of c£90k and on the Director's cost centre (£6k).

There has been a clear MVF strategy in place for profiling and monitoring the delivery of the MVF. Managers have been aware of the savings required and all vacancies were scrutinised by the relevant Head of Service before they were filled.

Pressures on the 2010-11 budget

Overspends in Education mainly relate to inability to meet MVF, agency staff costs within the Disabled Children's Team and the provision of Speech and Language Therapy. These overspends have been partly offset by savings elsewhere within the Service.

The overspend in Children's Services which has increased from £136k in p9 to £160k in p10, relates to higher cost agency staff being employed to cover social worker vacancies and maternity leave within the Referral & Assessment, East and West Central Locality Teams and demand for Residential Care services. These are reduced by savings in Kinship Carers, Special Guardianship, Adoption Placements and In-house Fostering. A pressure of £55k has been identified in respect of the Child Care Lawyers budget as a result of increased court activity for children in care.

There is an ongoing pressure within Children's Services and Education due to cost of agency staff to cover vacancies and maternity leave.

Progress against the recruitment freeze

There is also now a Council wide recruitment freeze, in order to deliver 10/11 in-year savings following central Government's announcements re cuts in funding.

All posts in CYP which fall vacant are scrutinised not only by Head of Service but also SMT, Director and Portfolio Holders as well as BUMP before they can be filled. A number of posts remain vacant as a result of this process. The 200k recruitment freeze target remains a challenge.

Management action taken to address emerging pressures

Heads of Service are looking across all budgets to find savings to meet the overspends in their area. Grants are being reviewed to see whether additional costs could be grant funded. It is difficult to reduce the pressures on Speech and Language therapy, as this is a statutory requirement and failing to meet these costs could lead to judicial review.

Risks identified

In respect of Children's Services there remains a risk to the year-end budget position regarding the financial impact of increasing numbers of Looked After Children.

The placement budgets within Children's Services overall are coming under increasing pressure as a consequence of increased numbers of looked after children and thus no vacancies within the in house fostering service. Currently both the Residential care and Independent Fostering Agencies both have an inbuilt factor of one placement each.

The Child Care Lawyers budget is coming under pressure from increased court fees relating to children in care.

The Youth Services budgets are coming under increasing pressure due to the current economic climate impacting upon the service's ability to achieve income targets.

The Residential budget held by the Disabled Children's Team remains under pressure and managers continue to liaise with the Continuing Care Panel to determine what proportion of the costs can be met by Health. The nature of this budget makes it difficult to anticipate full year costs.

Capital summary (to be completed quarterly only)

N/A

COMMUNITY SERVICES DIRECTORATE POSITION AS AT MONTH 10

	Month 10 forecast £000
CORPORATE DIRECTOR - CS	-102
HOUSING & PERFORMANCE	-172
ADULT SOCIAL CARE	1,761
CULTURAL SERVICES	-188
Total	1,299

Director's Summary

Overview

The Month 9 position reports a forecast overspend of £1.3m, almost identical to last month. The overspend is entirely due to factors in adult social care: a combination of issues of which we became aware of at the beginning of year as well as newly emerging pressures. The overspending is broadly split across two main areas of Learning Disability services £1.05m and Older People's and Physical Disability services £0.5m.

In January the Department of Health recently announced a further £162m for Councils of in year funding for Adult Social Care to assist with winter pressures across the health and social care system. The funding for West Berks Council to be transferred from the PCT via a Section 256 agreement is an additional £326k, and this was included in the forecasting in the last two months.

Pressures on the 2010 -11 budget

It was recognised that the 2010-11 financial year would be a challenging one for Adult Social Care budgets, based on the ability to maintain demand through the resource panel at a static level and achievement of 'best case' outcomes of negotiations with the NHS over some Continuing Health Care (CHC) cases. However, the demand management targets proved extremely challenging due to the severity of cases coming through and the slow down in death rates, leading to additional pressures of £1,080k. The CHC negotiations did not achieve best case, therefore not realising the headroom that may have helped alleviate pressures.

In addition, identified pressures on the Learning Disability transitions budget were taken as risk during the budget build process, as this budget has been a volatile one to predict in previous years. It is now known that this pressure is in the region of £356k.

Emerging pressures include:

Fines for delayed transfers of care. The Royal Berkshire Hospital Foundation Trust has declared an intention to start fining for official delayed transfers. Previously there has been an agreement across the Berkshire West health and social care

economy that acute hospitals would not fine and investments had been made by WBC in joint intermediate care teams on this basis. An invoice has now been received for £22,500 which is being checked to verify the claim falls within the category of official delays.

The North Hampshire Hospital was not a party to any agreement with the Council, but over the years we have avoided fines. However the recent financial pressures and lack of bed capacity has meant fines of £14,000 were paid earlier this year and a further invoice for £3000 has been received which we are also checking.

Loss of Independent Living Fund (ILF) income. The ILF was set up as a national resource within the Department of Work and Pensions dedicated to the financial support of disabled people, to enable them to live in the community rather than residential care. It was announced nationally in April 2010 that from 1 May 2010, as care package costs rise and the ILF is coming under greater pressure, that in order to safeguard existing users' awards, the ILF will not be accepting any new applications for the remainder of the 2010 -11 financial year. Loss of benefits for individual care packages in West Berkshire is currently estimated as £144k.

There has been an increase this year in the number of people who were previously self funding whose capital has depleted but who are eligible for support. In 2009/10 there were eight in total but we already have 13 this year, although 2 have now died with 3 pending. Estimated pressure is currently £240k.

Progress against the recruitment freeze

The Directorate is on track to achieve the required saving. The decision was taken to move budget to the Directors cost centre and account for the recruitment freeze saving in the Directors budget as an underspend, rather than splitting the saving across staffing budgets, where monitoring of the saving would be lost amongst other over and under spends. This is why the Directors cost centre is forecasting a £102k underspend.

Management action to address the emerging pressures

The Directorate is examining all of its budgets to identify any items which could be used to mitigate the forecast overspend. Adult Social Care continues to monitor spend at the resource allocation panel to ensure that the critical eligibility criteria is consistently applied.

The Council is also working to ensure that delayed transfers of care are kept to minimum levels.

Risks identified

It should be noted that the forecast position holds a large risk in that it is based on the ability to hold demand at a static level, which experience has proved to be unlikely. Therefore any additional identified in year savings may be needed in order to hold the forecast to current levels.

ENVIRONMENT DIRECTORATE POSITION AS AT MONTH 10

	Month 10 Forecast Variance £000
Corporate Director	-9
Highways and Transport	3
Planning and Countryside	-37
Property and Public Protection	-6
Total	-49

Corporate Director's summary:

Overview

- 1.1 The forecast revenue under spend for the Environment Directorate as a whole is £49,490 against the budget of £29.9 million. This is a change of £71,060 from the forecast overspend at month 9.
- 1.2 The Corporate Director's budget is expected to be under spent by £9,000 because he is no longer required to make a contribution to the cost of the Director of Public Health.
- 1.3 The Highways and Transport budget has reduced its forecast overspend to £3,270, which is a reduction of £25,000 from month 9. There are significant pressures in car park income, winter maintenance and emergencies as detailed below which are being offset by savings from concessionary fares and a reduction in highways maintenance spend, as well as an increase in income generated. The previously reported pressure on street lighting has reduced this month. This is as a result of detailed analysis of usage over the past year for which the supplier has re invoiced.
- 1.4 The Planning and Countryside service has increased its forecast underspend to £37,260, an increase of £10,000 from month 9. Development Control income is now expected to be £60,000 behind target and Building Control income £50,000 behind target. These pressures have been offset by reductions in spend on minerals and waste, urban design and additional vacancy savings because of the recruitment freeze.
- 1.5 The Property and Public Protection budget is now expected to be under spent by £6,500. This is a change of £36,000 from the previously reported pressure of £29,700. There are pressures in the running costs of West Street House and West Point, a shortfall in commercial property income, and a potential pressure relating to final energy invoices for Avonbank and Northcroft House. These pressures are being offset by planned reductions in expenditure and through managed vacancy savings.

- 1.6 In 2010-11 the Council is required to implement International Financial Reporting Standards (IFRS). Under the revised accounting guidelines, over £2m of highways maintenance expenditure that was treated as revenue has now be classed as capital expenditure. The impact of this is that from Month 9, the Highways and Transport revenue budget is £2m less than previously reported.

Pressures on the 2010-11 budget

- 1.7 In Highways and Transport, the forecast shortfall in car park income is now at £197,000. The winter maintenance budget is forecast to be £87,000 overspent because of the cost of rebuilding salt stocks to a prudent recommended level and costs of snow clearance and footway treatment. There is a pressure of £182,000 due to the high number of highway emergencies that had to be dealt with during the severe winter weather.
- 1.8 In Property and Public Protection, the estimated budget pressures on the running costs of West Street House and West Point have remained at £110,000 for the current year, while the forecast shortfall in commercial property income remains at £33,000.

Progress against the recruitment freeze

- 1.9 The directorate has identified vacancy savings to meet the recruitment freeze target of £200k.

Management action taken to address emerging pressures

- 1.10 As a result of management action, the pressures in Highways and Transport will be partly offset by increased income of £117,550 and a planned reduction in some highways maintenance activities of £110,000. In addition there are savings from reduced demand for concessionary fares of £143,000 and lower than anticipated spend on sewage treatment works of £50,000.
- 1.11 The Head of Property and Public Protection is aiming to offset £103,000 of pressures by reducing spending on reactive maintenance, office cleaning and supplies and services, Cleaner Greener project and aiming to offset a further £79,000 of pressures from vacancy savings over and above the MVF and recruitment freeze targets across property services and public protection.

Risks identified

Potential risks include:

- Further pressure on car park income and planning income due to the effects of the recession
- Further severe weather would put greater pressure on winter maintenance budgets

- An unforeseen Property maintenance issue would put pressure on the reactive maintenance budget
- Increased expenditure on the Local Development Framework following the suspension of the Examination in Public.

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CORPORATE DIRECTOR'S SUMMARY: CHIEF EXECUTIVE MONTH 10

Chief Executive Directorate	Month 10 forecast / £k
Chief Executive	-37
Benefits & Exchequer	-88
Finance	0
Human Resources	-16
ICT	-40
Legal	99
Policy & Communication	-163
Special Projects	0
Total	-245

Overview

The Directorate is forecasting to be £244,591 underspent at outturn. The forecast underspend has increased by £78,000 from Month 9. Increased underspend has been identified during Month 10 in ICT Infrastructure salaries and supplies (£28,000), Legal from increased fee income (£27,000) and Policy from Emergency Planning and Service Level Agreements (£23,000).

There are a number of other pressures emerging in year but management action is in place to address these largely through reduced levels of staffing and holding back on non essential expenditure.

Pressures on the 2010-11 budget

The most significant pressures are in Legal & Electoral. There is a £41k pressure for the loss of Land Charge income. This follows a Government announcement that charging a fee for a personal search of the local land charges register is incompatible with the Environmental Information Regulations and the underlying EU Directive. The current fee has been revoked from 17th August 2010 and will therefore create an in year budget pressure. There is also a £135k pressure as a result of High Court and Tribunal cases, which may be partly offset by costs recovery subject to cases not being further adjourned. The timing of court cases makes the final outturn very difficult to predict.

Progress against the recruitment freeze

Good progress is being made and the £200k savings target will be met.

Management action taken to address emerging pressures

Savings are being found across the Directorate to manage emerging pressures. These savings largely relate to staffing where a number of posts are being held vacant.

Risks identified

No major risks have been identified at this point.

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BELOW THE LINE FORECASTS AS AT MONTH 10:

As at month 10, the below the line forecast is an underspend of £1684k. This is made up of a variety of factors. The main reason for the underspend has been the capitalisation of highways expenditure.

Until the financial year 2009-10, the Council had to account in accordance with the CIPFA SORP (Statement of Recommended Practice) which ensures that local government complies with UK GAAP (Generally Accepted Accounting Practice). One of the accounting standards used within the SORP was FRS (Financial Reporting Standard) 15, this relates to the accounting of fixed assets. FRS 15 implied that expenditure could be capitalised if it enhanced the asset beyond its previously assessed standard of performance i.e. if you built a new road, any subsequent improvements to the road could only be capitalised if they were large and fundamental changes to the structure of the road compared to the last date that the road was valued.

From 2010-11, all Councils are required to account in accordance with IFRS. Under IFRS, the accounting standard for fixed assets has changed to International Accounting Standard (IAS) 16. Though most of the accounting provisions within FRS 15 remain, there is an important difference "*it is not necessary for expenditure to improve the condition of the asset beyond its previously assessed standard of performance – the measurement is against the actual standard of performance at the date of expenditure¹*". This means that the Council can capitalise expenditure if it improves, or maintains, the standard of the asset in its current state (not against the state of the asset when it was acquired or revalued). This point is confirmed in the IFRS guidance notes from CIPFA².

¹ 4.7.3 CIPFA's code of practice on transport infrastructure assets

² Module 4, B46 page 375-376

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Further Amended Replies

Description	Past Performance					Forecasted Performance							Net
	Cum. Budget to 30/Nov/2010 £	Cum Exp/Inc to 30/Nov/2010 £	Actual Variance to date £	Outstanding Commitment for the year £	Expenditure		Income			Net			
					Annual Expenditure Budget for 2010/11 £	Forecast Expenditure £	Expenditure Variance £	Annual Income Budget for 2010/11 £	Forecast Income £		Income Variance £		
DEDICATED SCHOOLS GRANT	27,141,190	29,371,974	2,230,783	682,920	128,547,030	128,857,761	310,731	-129,226,530	-129,537,261	-310,731	0	-679,500	110,410
CORPORATE DIRECTOR - CYP	68,412	138,212	69,800	529	110,410	134,383	23,973	0	0	0	23,973	110,410	110,410
YOUTH SERVICES & COMMISSIONING	1,715,962	1,729,134	13,171	75,954	4,030,430	3,879,164	-151,266	-1,233,570	-1,073,708	159,862	8,596	2,796,860	2,796,860
EDUCATION SERVICES	5,364,804	3,355,936	-2,008,867	2,431,390	20,312,900	20,292,199	-20,701	-9,425,700	-9,416,485	9,215	-11,486	10,887,200	10,887,200
CHILDREN'S SERVICES	6,271,101	7,355,659	1,084,559	457,637	11,559,830	11,860,250	300,420	-1,229,850	-1,417,220	-187,370	113,050	10,329,980	10,329,980
CUSTOMER SERVICES	675,245	656,452	-18,793	889	1,050,280	1,030,487	-19,793	-3,940	4,573	8,513	-11,280	1,046,340	1,046,340
CHILDREN AND YOUNG PEOPLE DIRECTORATE	41,236,714	42,607,367	1,370,654	3,649,319	165,610,880	166,054,244	443,364	-141,119,590	-141,440,101	-320,511	122,853	24,491,290	24,491,290
CORPORATE DIRECTOR - CS	163,408	-148,183	-311,591	552	553,370	451,870	-101,500	-250,000	-250,000	0	-101,500	303,370	303,370
HOUSING & PERFORMANCE	4,853,020	4,966,380	113,360	85,093	8,461,650	8,329,465	-132,185	-1,188,510	-1,191,115	-2,605	-134,790	7,273,140	7,273,140
ADULTS SOCIAL CARE	19,667,089	23,072,844	3,405,755	424,590	46,963,140	49,198,878	2,235,738	-13,162,370	-13,289,549	-127,179	2,108,559	33,800,770	33,800,770
CULTURAL SERVICES	2,882,615	2,873,507	-9,108	373,570	5,310,930	5,126,199	-184,731	-783,710	-740,478	43,232	-141,499	4,527,220	4,527,220
COMMUNITY SERVICES DIRECTORATE	27,566,131	30,764,547	3,198,416	883,805	61,289,090	63,106,412	1,817,322	-15,384,590	-15,471,142	-86,552	1,730,770	45,904,500	45,904,500
CORPORATE DIRECTOR - ENV	98,591	102,176	3,585	0	147,490	138,490	-9,000	0	0	0	-9,000	147,490	147,490
HIGHWAYS & TRANSPORT	5,667,718	6,015,481	347,763	1,746,299	14,264,650	14,233,760	-30,890	-4,451,500	-4,340,450	111,050	80,160	9,813,150	9,813,150
PLANNING AND COUNTRYSIDE	2,262,180	2,771,984	509,804	381,441	6,432,340	6,352,350	-79,990	-2,590,170	-2,506,490	83,680	3,690	3,842,170	3,842,170
PROPERTY & PUBLIC PROTECTION	10,352,433	10,755,922	403,489	308,222	21,534,850	21,586,150	51,300	-3,704,300	-3,684,100	20,200	71,500	17,830,550	17,830,550
ENVIRONMENT DIRECTORATE	18,380,922	19,645,563	1,264,641	2,435,962	42,379,330	42,310,750	-68,580	-10,745,970	-10,531,040	214,930	146,350	31,633,360	31,633,360
CHIEF EXECUTIVE	360,705	345,900	-14,804	17	550,800	531,800	-19,000	0	0	0	-19,000	550,800	550,800
HUMAN RESOURCES	706,214	652,326	-53,889	113,901	1,286,540	1,291,578	5,038	-191,280	-198,394	-7,114	-2,076	1,095,260	1,095,260
ICT	1,666,666	1,859,233	192,567	273,864	3,697,130	3,758,530	61,400	-960,800	-1,055,590	-94,790	-33,390	2,736,330	2,736,330
LEGAL & ELECTORAL	566,936	706,914	139,978	5,342	1,568,280	1,597,823	29,543	-642,280	-620,670	21,610	51,153	926,000	926,000
POLICY AND COMMUNICATION	2,294,625	2,180,269	-114,357	71,342	4,396,840	4,253,301	-143,539	-626,200	-634,393	-8,193	-151,732	3,770,640	3,770,640
BENEFITS AND EXCHEQUER	-5,414,490	-8,288,350	-2,873,860	129,619	39,415,410	44,664,475	5,249,065	-38,120,300	-43,389,319	-5,269,019	-19,954	1,295,110	1,295,110
FINANCE	1,347,041	1,068,148	-278,893	722,435	4,109,190	4,092,310	-16,880	-1,753,720	-1,726,890	26,830	9,950	2,355,470	2,355,470
SPECIAL PROJECTS	232	152	-81	0	400	400	0	0	0	0	0	400	400
CHIEF EXECUTIVE'S DEPARTMENT	1,527,930	-1,475,409	-3,003,339	1,316,520	55,024,590	60,190,217	5,165,627	-42,294,580	-47,625,256	-5,330,676	-165,049	12,730,010	12,730,010
LEVIES AND INTEREST	1,192,254	-638,877	-1,831,131	0	3,787,570	3,620,570	-167,000	-374,620	-529,620	-155,000	-322,000	3,412,950	3,412,950
	89,903,951	90,903,191	999,240	8,285,605	328,091,460	335,282,193	7,190,733	-209,919,350	-215,597,159	-5,677,809	1,512,924	118,172,110	118,172,110

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