



Leicester
City Council

Performance & Value For Money Select Committee
Cabinet

16th June 2010
21st June 2010

REVENUE OUTTURN 2009/10

REPORT OF THE CHIEF FINANCE OFFICER

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to show the final summary outturn position, comparing spending with the budget for all General Fund Services and the Housing Revenue Account (HRA).
- 1.2 This is the fourth and final report in the annual cycle of budget monitoring and shows the outturn position for the General Fund against the revised budget of £271.0m, and the HRA against a gross budget of £75m.
- 1.3 Previous reports have been presented to the Cabinet and the Select Committee in October, December and March, which outlined budgetary issues that had emerged during the year.

2. SUMMARY

- 2.1 2009/10 was the first year in which the organisation ceased to be operated on a departmental basis and divisions became responsible for managing to their bottom line. It was also the first year of a new financial system (RMS).
- 2.2 Despite some very substantial pressures, it is pleasing that all divisions (with one very small exception) contained spending within budget. However, to some extent this was achieved by transferring resources between divisions within the former departmental budget envelopes. This was perhaps inevitable in a transitional year.
- 2.3 Corporate budgets made savings in excess of those predicted in the 2010/11 budget, which has enabled the Council to make a further contribution of £2m to support the very constrained capital programme.
- 2.4 General resources stand at £6.1m, the same level as approved when the 10/11 budget was set. Earmarked reserves have increased by £12.3m, arising from continued growth in resources set aside for BSF and job evaluation; and underspent Area Based Grant. The job evaluation reserve in particular will reduce substantially in 2010/11.
- 2.5 For the first time in many years, schools collectively have drawn down their balances.

3. RECOMMENDATIONS

3.1 Cabinet is recommended to note:

- a) The final outturn for 2009/10 for each division and the Council as a whole;
- b) The reasons for the variances between the 2009/10 budget and the final outturn;
- b) The position of the Council's General Fund and HRA balances;
- d) The position in respect of significant earmarked reserves;
- e) The write-off of old and obsolete stock as per paragraph 8.10.11
- f) The proposals for the use of under spends.

3.2 Cabinet is recommended to approve:

- a) A waiver of Finance Procedure Rules allowing the aggregation of trading and non-trading budgets by divisions in order to achieve break-even (FPR 4.15);
- b) The creation of new reserves set out in paragraph 12.22;
- c) The carry forward of unspent 2009/10 Ward Community budgets for use by Ward Community meetings in 2010/11
- d) The setting aside of £2m from Corporate underspends to support the Capital Programme

3.3 The Performance and Value for Money Select Committee is asked to consider the overall position for the Council and make any observations and recommendations to Cabinet that it sees fit.

4. BACKGROUND

4.1 The net General Fund budget (which pays for all services other than costs associated with the Council's housing stock) is divided into three components:

- (a) Divisional service budgets, which are controlled by Divisional Directors;
- (b) Corporate budgets which are managed centrally rather than being controlled by a Divisional Director;
- (c) Budgets which are delegated to schools and funded from a ring-fenced Dedicated Schools Grant (DSG).

All directors are accountable to Cabinet for the use of their budgets.

- 4.2 During 2009/10 each Divisional Director was responsible for ensuring that the cost of service provision is contained within their divisional budget, and for taking action (or recommending action to Cabinet) where it appears that a budget may overspend.
- 4.3 Under Finance Procedure Rules, underspendings against a division's budget are carried forward by the division which generated the underspending. Some divisions also have trading organisations, which "sell" services internally. For 2009/10, revised procedure rules have been put in place to reflect the new organisation structure. This means that the carry forward amounts relating to 2009/10 will be allocated to individual divisions and trading surpluses have been aggregated within the relevant division.
- 4.4 Corporate budgets include:
- (a) capital financing costs – these are essentially the costs of interest and principal on debt raised for previous years' capital schemes, offset by interest earned on invested cash balances;
 - (b) miscellaneous budgets, such as bank charges & District Audit fees; and
 - (c) the net recharges budget, which represents income earned by the General Fund from other parts of the Council (such as the Housing Revenue Account and trading units).
- 4.5 Under spends/overspends on corporate budgets are transferred to or from the general reserve.

5. BUDGET 2009/10

- 5.1 The General Fund budget for 2009/10 was originally set at **£270.8m**. After adding the approved carry-forward amounts from 2008/09 (of **£0.1m**) and an agreed budget addition to Cultural Services (**£0.1m**) the budget for the year has been revised to **£271.0m**.
- 5.2 Financial control is maintained by monitoring actual expenditure against approved budgets at regular intervals throughout the year.
- 5.3 The following table details the revised 2009/10 budget for the authority. Allocations of Area Based Grant reflect funding allocations agreed by the Leicester Partnership earlier in the year.

	Original Budget for 2009/10	Approved Carry forwards and base adjustment	Other Virements / Transfers	Area Based Grant Allocation	Revised Budget for 2009/10
	£'000	£'000	£'000	£'000	£'000
Non-Operational Budgets	12,096.3	-	4,704.9	970.0	17,771.2
Operational Budgets	225,090.7	179.2	20,091.4	22,421.5	267,782.8
Corporate Elements	35,635.0	-	(24,796.3)	(23,391.5)	(12,552.8)
Net Recharges	(2,011.8)	-	-	-	(2,011.8)
TOTAL GENERAL FUND	270,810.2	179.2	-	-	270,989.4

6. **SUMMARY OUTTURN**

- 6.1 Appendix 1 sets out the final outturn position for the Council's General Fund.
- 6.2 Sections 7 and 8 of this report sets out the main issues arising from individual divisional outturns and Appendix 2 identifies proposals for uses of underspends carried forward by divisions.

7. **EXPLANATION OF VARIANCES – NON-OPERATIONAL DIVISIONS**

7.1 **Change and Programme Management**

- 7.1.1 The budget for this division includes the Change and Programme Management Team, Partnership Team, Communications and Strategic Directors. Change and Programme Management have delivered an underspend of £125k. The underspend has arisen mainly across the Strategic Directors and Communications Unit employee budgets, and will be used to support further organisational improvement in 2010/11.
- 7.1.2 The Partnership Team has broken even after allowing for the use of Area Based Grant set aside for that purpose.

7.2 **Financial Services and Assurance & Democratic Services**

- 7.2.1 **Financial Services** has broken even for the year. The division is also responsible for replacing the Council's Financial Management Information Systems with a new Resource Management System (RMS). The division has utilised a small underspend in order to fund development costs of £183k.
- 7.2.2 **Assurance & Democratic Services** – Despite pressures on Committee & Members Support, Registrars and Elections, external income generated by Translation Services and Creativity Works has led to an overall underspend of £101k. This has been transferred to a divisional earmarked reserve to fund ongoing pressures in 2010/11.

7.2.3 The Ward Community budgets allocation of £378k for 2009/10 has been underspent by £135.4k. However community meetings have made commitments for funding which have yet to be paid. Therefore, it is recommended that the unspent balance for 2009/10 only, is carried forward to 2010/11 in order to fund these commitments. If members accept this recommendation, unspent balances of £44.7k from 08/09 will not be carried forward.

7.3 Other

7.3.1 Expenditure previously held under the “Directorate” were reallocated across other divisions where appropriate to deliver a balanced budget.

7.4 Housing Benefit Payments

7.4.1 The cost of housing benefit payments is almost entirely met by government grant. There are a number of risks and uncertainties that can affect this volatile budget including:

- Grant claw back by the DWP arising from the finalising of grant claims. This has been a feature of all recent years’ grant claims.
- Overpayments/overpayment recoveries, to the extent that these exceed budget.

7.4.2 The outturn position on housing benefits is a small underspend of £83k. This is in the context of total benefit payments of £142m. The net budget for the service, after grant, is £0.5m.

7.4.3 Within this overall position, a provision of £1m has been made in respect of potential grant claw back from the 2009/10 grant claim on audit. This is lower in percentage terms than previous years; quality processes within the benefit service have improved and it is hoped that the sum will be not fully required. Provision has also been made for potential increased bad debt in respect of recoverable overpayments; however, it is likely that the reduced level of errors made in 09/10 will entitle the service to an additional £0.3m of subsidy payment.

7.4.4 Members are asked to note that final decisions on the level of claw back of grant in 2007/08 and 2008/09 remain to be made by the DWP.

8. EXPLANATION OF VARIANCES – OPERATIONAL DIVISIONS

The General Fund outturn for the Investing in Children Strategy theme was a net overspend of £697k. The most significant Divisional General Fund overspend was £760k on Social Care and Safeguarding and a £600k overspend on Special Educational Needs Transport in Policy and Communications. The overspend was met by maximisation of grant funding, planned underspends, and the use of former departmental reserves.

8.1 Access, Inclusion and Participation

- 8.1.1 This Division is diverse both in service provision and funding, being approximately one third General Fund, one third DSG and one third other grants, predominantly Sure Start.
- 8.1.2 On the General Fund, the Early Years service has underspent in prior years as the Children's Centres have been developed, resulting in only part-year revenue costs. An underspend was again achieved in 2009/10, because phase 3 centres had not completed development; some of the underspend has been used to support General Fund pressures, and the residual underspend earmarked to support the development of the former Mayfield Family Centre as a phase 3 Children's Centre (as approved by Cabinet on 3rd August 2009). The underspend was £234k.
- 8.1.3 The Division is working with the TLE Division in delivering the proposed City Centre youth / children's hub, which is to be developed using funding from the Big Lottery "My Place" programme and the City Council (subject to final approvals). There was no budget provision for the project management and development costs being incurred 2009/10, these costs were offset against one-off funding sources available to the Division (including LPSA Reward monies). Budget provision has been made in the 2010/11 budget.

8.2 Learning Services

- 8.2.1 This Division has completed an organisational review of the whole service during 2009/10, which led to some uncertainty as to costs in-year, and also has prime responsibility for delivery of the Raising Achievement Plan (RAP - formerly TLL). The final position was a small net overspend of £28,000, achieved through maximisation of all external funding sources.
- 8.2.1 Mainstreaming initiatives developed through the RAP, pressure to maintain school improvement, support to specific schools, reviews of school structures, the expiration of external funding and continued use of external consultants pending permanent recruitment will continue to create budgetary pressure on this Division into the new financial year, and will be more difficult to contain as external and one-off funding sources reduce.
- 8.2.3 The expenditure and funding plans for the RAP were reviewed in-year and a new suite of projects established with the expected end date of August 2010. As reported in the further quarterly programme report, money approved in the budget for RAP has had encouraging outcomes, with improved schools performance (particularly national challenge schools) and increased leadership capacity.
- 8.2.4 There are also on-going pressures from the services traded with schools project, with a shortfall on income targets / cost reductions, and uncertainty regarding the full cost implication of the abolition of the LSC and the Council's new responsibilities for 16 – 19 education from April 2010.

8.3 Social Care and Safeguarding

- 8.3.1 The pressures on this Division were reported throughout the year and included those that emerged during the previous financial year, together with new pressures, in particular the increase in court fees following the transfer of responsibility for these costs to local authorities, from central government. The overspend on these fees was £437,000 and as this is a demand led cost this pressure is likely to continue for the foreseeable future.
- 8.3.2 The key issues carried over from 2008/09 were the additional costs of agency staff cover for vacancies and absences, continued pressure from Looked after Children placements both with foster carers and in residential placements, delays in the Courts system, and the impact on safeguarding services of national events such as the Baby P case in the light of heightened public expectations and the findings of the Laming Enquiry. As reported in the fourth quarterly performance report, despite financial pressures, there have been some real service achievements including highly positive inspection outcomes for Children's Homes
- 8.3.3 The House of Lords judgement (G v LB Southwark) in 2009 fundamentally realigned the housing responsibilities for homeless 16 and 17 year olds, as explained in some detail in previous monitoring narratives. The net additional costs to the Division were £70,000 in 2009/10 but will increase in future years as the full effect is felt.
- 8.3.4 The extent of the pressures experienced by the Division can be understood by some headline activity data:
- Referrals from concerned professionals and members of the public have increased by half over the last year (1,950 per quarter, up from 1,270);
 - Care proceedings have increased by 60% (from 65 to 105); and
 - Child Protection plans have increased by 25% (340 to 420).
- 8.3.5 The Divisional Director implemented a number of mitigating actions during the year including tight controls on the use of agency staff; a review of emergency support payments to parents and carers, with a view to a more robust and consistent application of the criteria; vacancy management; tight control on placements of looked after children with external residential agencies; and work with HR to address persistent sickness absence. An organisational review of the Fieldwork Service was also undertaken to ensure that resources are used in the most effective way to manage the increasing demands on the service.
- 8.3.6 The cumulative impact of the pressures outlined above resulted in an overspend of £760k, which has been met from elsewhere in the Children's portfolio. These pressures are likely to continue into 2010/11, and were requested in the 2010/11 budget.

8.4 Transforming the Learning Environment

8.4.1 This Division has responsibility for delivering BSF, the Primary Capital Programme and the construction element of major change projects such as Phase 3 Children's Centres and the "MyPlace" youth hub.

8.4.2 There have been throughout the year a high number of external agency staff and consultants covering posts pending finalisation and recruitment to a permanent structure; the recruitment exercise is now nearing completion. These external people also provided shorter-term support to manage the demands of the current workload (such as detailed planning work for BSF ahead of the submission of the draft Outline Business Case and on-going work for MyPlace). The cost projections and proposed funding package over a five year period were approved by Cabinet in November 2009, and the in year costs were contained within the planned resources for 2009/10, as set out in the Cabinet report.

8.5 Planning and Commissioning

8.5.1 Home to School Transport overspent by £600k on SEN Transport, which is higher than anticipated.

8.5.2 The CRB budget underspent by £137k as a result of implementation of the Independent Safeguarding Authority's vetting and barring scheme being delayed from October 2009 to November 2010.

8.5.3 Premature Retirement Costs (General Fund) underspent by £115k as capitalisation costs reduce. This was the final year of capitalisations and the future spend is now stabilised.

8.6 Schools and Other School Budgets

8.6.1 The central element of the Schools Budget has been contained within the available funding for 2009/10, with a small, in-year underspend on Dedicated Schools Grant of £175k.

8.6.2 Schools have drawn down balances of £4.7m, reducing schools' balances to £15.9m. This reduction is broadly welcome following years of high balances, but this is balanced by the fact that more schools are now in deficit. Of the £4.7m reduction, £2.7m represents in-year spending in excess of budget, and £2.1m represents sums transferred to capital reserves for future projects.

8.7 Housing Strategy and Options (Housing General Fund)

8.7.1 The Housing Strategy and Options Division had an overspend of £62k on a gross budget of £17.5m and a net budget of £1.15m.

8.7.2 The inherent overspend was considerably higher and £62k was only achieved after drawing down one-off resources of £484k.

8.7.3 The main reasons for the overspend are as follows:

- There was a reduction of 24% in income from the Supporting People Fund to the Supporting Tenants & Residents Section, following national reductions in Supporting People Grant.
- The Private Sector Housing Section overspent by £215k. This was mainly due to a considerable drop in capital fees resulting from a significant reduction in the capital programme. A review is underway to balance the position in future years.

8.7.4 The overspend was partly offset by savings in the Housing Options Section where there were savings from a reduction in the expenditure on temporary accommodation and changes to the Leicester Let Scheme (incentive payments to private landlords).

8.7.5 In addition the Division has made savings by holding posts vacant; particularly in the Housing Options Service.

8.7.6 The Division's difficulties arising from the loss of Supporting People funding have been recognised in the revenue strategy for 2010/11-2012/13.

8.8 Social Care Divisions

8.8.1 For budgetary control purposes, the three Social Care Divisions (Older People Services Division, Community Care Services Division and Personalisation and Business Support Division) have been treated as a single entity during 2009/10. Overall there was a small underspend of £145k on a total budget of £81.3m. This was mainly achieved by holding high levels of vacancies; particularly in support services which are under review. There was an overspend of £650k in the Community Care Division, an underspend of £230k in the Older Persons Division and an underspend of £563k in Personalisation and Business Support.

8.8.2 In 2010/11 the Social Care Divisions will begin to face the financial impact of the Adult Social Care Transformation Agenda for the first time. This will include moving to a radically different organisation structure while also bringing in personalisation through the provision of personal budgets for service users (new service users in the first instance). This makes Adult Social Care one of the highest financial risk areas for Leicester and all other councils. In particular there will need to be an emphasis on ensuring savings are made (there is a board to oversee this) and that personal budget allocations are affordable within the Division's overall financial envelope. The position for 2010/11 and onwards has been carefully modelled. However the position is highly volatile and will require careful monitoring.

8.8.3 The Council has approved considerable additional budget for adult social care in recent years, and all four LAA national indicators have consequently improved since 2008/09.

8.9 Safer and Stronger Communities Division

8.9.1 The Safer and Stronger Division had a small underspend of £72k on a net budget of £5.7m. The Division faces further challenges in 2009/10 especially in Adult Skills and Learning where LSC grant funding is falling by 11%.

8.10 Highways and Transport

8.10.1 The division broke even against a budget of £15.6m. The major issues during the year related to the increased costs of concessionary fares, the reduced level of on street parking income and increased road maintenance costs following the severe winter weather.

8.10.2 There are currently appeals outstanding from the bus companies for increased compensation for the additional costs of carrying concessionary fare passengers, which amount to a potential one off and ongoing annual cost of up to £0.5m. An adjudication from the DfT is expected shortly, and a provision for these costs has been included in this year's accounts. Additionally there was further growth in concessionary fare journeys this year together with high fare increases (in excess of 16%) and this has meant that the total reimbursement to bus companies exceeded government funding by £1.8m.

8.10.3 Total expenditure on concessionary fares in 2009/10 was £8.5m. The Government are looking at revising the reimbursement method, however it is unlikely that this will reduce the overall cost and no additional funding is likely for the country as a whole as the DfT are adamant that the scheme is fully funded. Even if useage remains static we are exposed to fare increases ahead of general inflation – fare increases of 10% will result in additional costs of nearly £1m per annum (compared to total Highways and Transport budget of £15.6m) and therefore this remains a major issue for the Council as a whole. Recent increases in the price of oil exacerbated by the weakness in sterling mean that fuel costs for the bus companies are increasing significantly more than inflation and this is likely to result in further fare increases in 2010.

8.10.4 On street parking income from tickets and fines of £3.8m has been significantly lower than anticipated in 2009/10. Surplus parking income (after operational costs of running the service) is used to fund concessionary fares, to subsidise bus routes, to subsidise the Enderby park and ride bus scheme and to pay for staffing and premises costs. The reduction in anticipated income together with the higher concessionary fare costs meant that there was insufficient surplus to pay for anything other than concessionary fares and bus subsidies.

8.10.5 The increased concessionary fare costs plus the shortfall in parking income meant that the division required an additional revenue subsidy from one off monies in the Environmental Services division of £1.3m in order to breakeven during the year.

- 8.10.6 In order to address the 09/10 concessionary fare cost increases, reduced parking income, and lower levels of capital funding, the H&T division undertook an organisational review in order to save £1.6m. This was completed in April 2010.
- 8.10.7 Other local authorities, particularly Nottingham, have reported reduced levels of off street parking income. This has not been the case in Leicester where total fee income of £2.1m was generated as per the budget and broadly in line with the previous year.
- 8.10.8 Expenditure of £0.25m (out of a total revenue maintenance budget of £1m) was spent on repairing potholes which had occurred as a result of the severe winters in 2009 and 2010. Additional grant funding of £0.2m has been provided for pot hole repairs in 2010/11 by the DfT to supplement the existing budget.
- 8.10.9 Energy costs for street lighting were 4% lower than last year at £2.28m as a result of reduced prices.
- 8.10.10 City Highways had a turnover of £9.4m (£9.8m in the previous year) with £7m from capital schemes and £1.4m on highways maintenance and drainage. Major capital schemes during the year were completion of Granby street south, Cank Street, bus stop access levelling at 45 sites together with ongoing work on the A47 Humberstone road quality bus corridor and other capital maintenance schemes. The reduction in turnover from 2008/09 was as a result of the end of the major City Centre development schemes. City Highways broke even for the year and have maintained their position as the least cost supplier when compared with other framework contractors.
- 8.10.11 Old and obsolete stock from the energy shop amounting to £15,246 is to be written-off and as this is over £2,000 it needs to be authorised by the Chief Finance Officer subject to periodic reporting to the Cabinet Lead Member for Finance and the Performance and Value for Money Select Committee (as per Finance Procedure Rule 3.10.3).

8.11 Environmental Services

- 8.11.1 The division broke even against a net revenue budget of £25.5m. The main issues during the year related to concerns over the level of building control income and ongoing issues with the waste contract.
- 8.11.2 Measures were taken in 2008/09 to reduce staffing levels in Building Control in order to compensate for the reduction in fee income. Income in 2009/10 was £0.49m, compared with £0.59m in 2008/09 and £0.77m in 2007/08. There has been no indication of any recovery in fee income - the domestic market is showing signs of some increase in activity but the income per job is low and there has been a significant increase in the number of large and small competitors offering building control services and tenders for large jobs are increasingly difficult to win.

- 8.11.3 Liability for land fill tax on the FLOC waste stream has now been resolved favourably for the City Council. The Biffa plant met the contractual recycling and composting rate of 40% in 2009/10, an improvement on the previous year. However, reduced markets for FLOC have impacted the Council's ability to achieve NI 193 (Land Filled Waste).
- 8.11.4 Performance rebates related to 2008/09 were received from Biffa during 2009/10 and a substantial proportion was used to fund the budget shortfalls in the Highways and Transport division as discussed above.
- 8.11.5 This was the first year in which the full compliment of City Wardens was operational with 8 wardens, 2 seniors, a manager and a support officer. The number of wardens is being increased significantly to 22 in the new year as part of the 2010/11 budget proposals.
- 8.11.6 Bereavement services generated income of £2.4m in total, £1.6m of which relates to cremations. However there was a 6% reduction year on year in the number of cremations and a 9% reduction in the number of burials. The impact on cremation income was a 3% year on year reduction.

8.12 Planning and Economic Regeneration

- 8.12.1 The division broke even for the year on a net revenue budget of £2.6m. The key issue during the year related to the level of planning fee income which had seen a sharp reduction in 2008/9 following the economic downturn. Measures were taken in late 2008 to reduce staffing costs in order to compensate for the reduced fee income.
- 8.12.2 The planning fee income totalled £1.2m, better than budget but approximately the same as 2008/09 and nearly 30% less than the peak level in 2007/08. There are no clear trends towards the end of 2009/10 to indicate an increase in activity levels. Furthermore only 35 new section 106 agreements have been entered into during the year totalling £0.28m which compares with 88 agreements worth £1.7m in 2008/09.
- 8.12.3 In view of the continuing level of fee income the measures to reduce staffing costs will remain in place throughout 2010/11.
- 8.12.4 £0.4m of Housing, Planning and Delivery Grant (£0.3m in 08/09) which is predominantly used to fund establishment posts was received in 2009/10. It is expected that the same level of grant will be maintained in 2010/11.
- 8.12.5 Markets total income has not declined in the face of the recession in 2009/10 with £1.88m being generated, approximately the same as 08/09.
- 8.12.6 The recession has had an impact on the Ross Walk business units with occupancy levels reduced and income levels down 20% compared to budget. This was not the case at the LCB depot where income levels increased year on year and this may be a result of how the recession has impacted the different business types occupying the two sites.

8.12.7 City Catering broke even for the year. School meal uptake improved by 1.7% compared to the previous year, although the budget had assumed a more optimistic increase. Meal prices were not increased in 2009/10 (subsidised by additional grant from Children's Services). Whilst meal income was less than budget there were savings in direct labour costs, less food price inflation than anticipated and full use was made of the government grant to subsidise food costs.

8.13 Cultural Services

8.13.1 The division exceeded its budget of £15.6m by £0.8m. The overspends are mainly in Sports services (£0.2m) and at De Montfort Hall (£0.56m).

8.13.2 Income from sports centres and golf courses, when adjusted for the free swimming grant funding for over 60s and inflation, was broadly similar to 2008/9, although £0.2m (4%) less than a more optimistic budget. Income levels were also affected by the use of facilities for Special Olympics 2009 and the severe winter weather. The budget assumed that savings could be made in staffing and running costs, however this was not the case and they remained similar to previous year's actuals and there were extra costs for replacement servers for the EPOS system. The situation will need to be addressed in the new year, particularly as income levels are likely to remain depressed.

8.13.3 The overspend at De Montfort Hall was £0.56m (as forecast in the previous report) which is an improvement on last year's overspend of £0.8m primarily because of improved income from the summer festivals. Turnover of £4.3m was nearly 8% (£0.3m) higher than last year, with £0.15m being due to the Festival income increase and £0.15m from the Hall's own indoor shows. A business plan for 2010/11 is almost complete and this will address the options as to how the current budget shortfalls can be addressed. This will be considered by Cabinet early in the new financial year.

8.13.4 There were also overspends due to higher than expected one off costs of installing the Big Screen due to complex underground infrastructure and contractual arrangements and other unavoidable costs associated with ensuring facilities met competition safety standards for Special Olympics.

8.13.5 Libraries were able to generate a planned under spend of £0.1m to partially offset the overspends elsewhere. This was achieved by not filling vacant posts and postponing some building repair works and IT equipment replacement.

8.14 Directorate and Resources (former Regeneration & Culture)

8.14.1 Underspend in this area totalled £0.8m (to offset the overspend in Cultural services) and consists of savings within the ex R&C finance section and the release of ex departmental accruals and a reduction in the level of bad debt provision required.

8.15 Information and Support

8.15.1 This division has delivered an outturn within its overall available resources. It was able to achieve the “Quick win” savings targets of £145,000 for IT procurement.

8.16 Strategic Asset Management

8.16.1 Despite significant budgetary pressures reported during the course of the year the division has achieved a balanced outturn which was very challenging. The major pressure area within the division is within the Non-Operational Property portfolio which is as a result of the current economic climate.

8.16.2 Concerted efforts by the management team has helped achieve this balanced outturn. The following areas of action was taken in order to achieve this outcome:

- Recruitment was held back and many of the business units operated with vacancies;
- Feasibility studies not undertaken;
- Freeze on all non-essential spend

8.16.3 Looking ahead for 2010/11 and beyond, it is becoming apparent that a number of budgetary challenges exist in the division and it will be increasingly difficult to sustain this.

8.17 Human Resources

8.17.1 The Director of Human Resources reports an outturn within budget. This is after transferring a net underspend of £48k to the divisional earmarked reserve to help meet some additional costs of ‘My View’.

8.17.2 A new reserve has been set up for the future costs of relocating the Training Centre in 2010-11, which was delayed due to the New Walk Centre fire.

8.17.3 The division has managed to contain various budget pressures including the both the maintenance costs of ‘Resourcelink’ and ‘My View’ project costs by making savings on employee costs across the division. There are continuing operational costs of ‘My View’, which will need to be dealt with as a divisional budget pressure in 2010/11.

9. CORPORATE BUDGETS

9.1 Corporate budgets (£36m) represent areas of expenditure which are not the responsibility of any service department. Capital financing (£18.7m) is the largest element and most volatile element of this budget, but it also includes budget provisions not allocated to divisions (e.g. for job evaluation) and miscellaneous budgets such as bank charges, audit fees and levies.

9.2 Corporate budgets have under spent in total by £3.3m. The key reasons for this are:

- Savings made because the pay award was less than expected (£1.4m). This was anticipated, and reflected in the 2010/11 budget.
- A saving of £1.3m on capital financing costs. This is considerably lower than previous years' savings. In previous years, we have achieved substantial savings due to interest earned on underlying cash balances, but low current interest rates mean this has only generated a small contribution. Part of the saving is due to the temporary effect of using cash balances instead of borrowing to finance "spend to save" schemes.

9.3 Additionally, corporate budgets have benefitted because a provision made for increased energy costs was not fully required – this is a consequence of forward buying decisions made by ESPO using their new multi-authority buying power, and due to recharges outside the General Fund being higher than budget.

9.4 Earlier years' provision for housing benefit claw back in 2006/07 and 2008/09 have been increased by £0.4m each. 2006/07 has now been settled, and the provision for 2008/09 reflects the best current estimate.

10. HOUSING REVENUE ACCOUNT

10.1 The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account relating to the management and maintenance of the council's housing stock.

10.2 There was a small overspend of £298k on the HRA with actual net expenditure being £2.0m against a budget of £1.7m on a turnover of £75m. Nevertheless there were a number of significant variances, some of which were the result of government decisions on rent levels and the impact on housing subsidy:

- (a) A worsening of £1.8m in negative subsidy. The reduction of £3.7m in capital financing costs due to interest rate reductions do not benefit the HRA, since they are almost exactly countered by corresponding changes in subsidy
- (b) A significant reduction in income from dwelling rents of £1.9m. This was as a result of the government allowing reduced rent increases (averaging 2.85%) as opposed to the 5.9% in the original formula.
- (c) Capital expenditure funded from revenue (CERA) was £600k above the level allowed for in the original budget. This extra CERA allows the 09/10 HRA capital spend to be financed without the use of prudential borrowing, which gives future cost savings and greater flexibility for

future capital financing.

- 10.3 Overall, the net expenditure is showing an adverse variance of £0.3m compared to the original budget, to give balances of £2.45m at year end. This level of balances is consistent with the level assumed in the 2010/11 HRA Budget report, which was £2.39m.

11. GENERAL RESERVES

- 11.1 The table below shows the effect of the outturn and proposals within this report on the Council's general reserves: -

General Fund Reserve	Amount £m
Opening Balance at 1st April 2009	7.946
<u>Increases in 2009/10</u>	
Corporate budget underspend	3.293
<u>Sums used in 2009/10</u>	
2009/10 Budget Support (i)	(1.472)
Benefits Improvement Plan (ii)	(0.200)
Pensioners passport (iii)	(0.060)
Redundancies Provision (iv)	(1.000)
<u>Sums from earmarked for 2010/11</u>	
LABGI / VAT (v)	0.420
Insurance Fund (vi)	1.500
Closing Balance at 31st March 2010	10.427
Less Commitments - Contribution to the 10/11 Budget (vii)	(2.332)
Contribution to Capital Programme	(2.000)
Uncommitted Balance at 31st March 2010	6.095

Notes:

- (i) 2009/10 Budget Support – This is the contribution to the 2009/10 budget approved by Council in February 2009.
- (ii) Benefits Improvement Plan – Support approved by Cabinet on 1st September 2009 for the housing benefit service, following an inspection report.
- (iii) Pensioners Passport – A contribution to this scheme approved at the same time as the 2010/11 budget.

- (iv) Redundancies Provision – A provision for later years’ redundancies approved as part of the 2010/11 budget.
- (v) LABGI / VAT – One-off sums received from the Local Authorities Business Growth Incentive Scheme and interest on a rebate of VAT.
- (vi) Insurance Fund – A transfer of surplus insurance monies approved as part of the budget for 2010/11.
- (vii) Contribution to the 2010/11 Budget – This is the contribution approved by Council in February 2010.

11.2 It is essential that the Council holds some funds in reserve in order to meet unexpected events such as an unforeseen overspend, a contractual claim, uninsured losses or cost increases arising from major projects, to which the Council’s exposure has increased in recent years. The Council’s financial strategy provides for a minimum working balance of £5m to be held, aiming to increase this to £7m by 2011/12.

11.3 As part of the 2008/09 outturn and the 2010/11 budget, two contributions of £2m were made from revenue to support the Capital Programme. This has enabled the Council to maintain a modest level of discretionary capital spending notwithstanding the market downturn and inability to generate capital receipts. There is, as yet, little sign of an upturn in our ability to secure receipts, and it is recommended that £2m be used to support further capital expenditure in 2010/11 or 2011/12. Resultant reserves will be £6.1m (The final 2010/11 budget resulted in uncommitted reserves of £6.2m).

12. OTHER SIGNIFICANT EARMARKED RESERVES

12.1 This section of the report provides an overview of other significant sums of revenue money, which are held in reserves. These reserves are “earmarked” for specific purposes, and are separate from the Council’s “uncommitted” balances. In general these reserves have increased by £12.3m during 2009/10 from £83.0m to £95.3m. This has arisen almost entirely due to movements on three reserves:

- a) Building Schools for the Future – we are continuing to “passport” sums received by Government in advance of need;
- b) Job Evaluation – where assumed budget contributions are being saved to meet one-off costs. Assuming implementation of a new pay scheme in 2010/11, this balance will decline substantially during the new year;
- c) Area Based Grant – where Working Neighbourhood Fund monies are being spent over a 5 year rather than 3 year programme and hence carried forward.

After allowing for sums earmarked by law, together with the above three reserves and the Council's Insurance Fund, earmarked reserves amount to £15.6m.

- 12.2 **Schools Balances (revenue)** – As noted earlier in this report, the amount of money held in this reserve has decreased from £20.6m to **£15.9m** following this year's outturn, in part due to the transfer of £2.1m to a specific capital earmarked reserve (para. 12.22f). This money is, by law, ring fenced to individual schools.
- 12.3 **Dedicated Schools Grant Balances** – This represents grant received by the Council, which has not been delegated to schools. The balance currently stands at **£4.8m**, and is ring fenced by law and is therefore not available for general spending. The Schools Forum has supported some initiatives to be funded from this reserve for 2009/10 and 2010/11 which are aimed at supporting teaching and learning across the City, including the "Whatever it Takes" project to get Leicester reading. Further proposals are to be put forward for discussion with representatives from the Forum.
- 12.5 **Raising Achievement Reserve - formerly Transforming Leicester's Learning (TLL)** – This reserve was created from a number of funding streams, to meet the costs of the former TLL action plan. Substantial sums have been expended in 2009/10 in accordance with the Raising Achievement Plan (RAP). The balance stands at **£1.8m** and it will be used to fund the RAP projects that are continuing into 2010/11.
- 12.6 **Transforming the Learning Environment (TLE)** – This reserve (**£1.4m**) was established, as part of the 2009/10 budget strategy, by re-designating the former Secondary Review Reserve. Together with other funds it is being used to finance the clientside support for the TLE Division as approved by Cabinet in November 2009. In particular, it is being used to promote a more effective partnership with schools in BSF and to offer them better support.
- 12.7 **Building Schools for the Future (Capital Financing)** – This reserve was set up in January 2007 to meet the capital financing costs associated with the BSF programme. Funding for the costs of borrowing to meet the BSF programme has already been made available by the DCSF. As this was provided in advance of need, it needs to be set aside, together with the interest earned on its investment, until required. The balance at year-end stands at **£18.8m**.
- 12.8 **Insurance Fund** – The Council's self-insured Insurance Fund stands at £6.5m, together with a further £5.0m for known claims. Following an actuarial review in 2009, £1.5m was transferred from this fund to general reserves as part of the 2010/11 budget. Despite this, continued good performance, reduced claims and improved rebuttal rates means the fund has nonetheless still increased. A further actuarial review has been commissioned for the Autumn.

- 12.9 **Corporate IT Development Fund** – The corporate IT fund stands at **£0.5m**. Annual ICT development expenditure can vary enormously each year, this fund smoothes out the peaks and troughs. The fund is held for various ongoing IT developments such as infrastructure projects which straddle years.
- 12.11 **Ward Community Meetings** – contains monies (**£0.4m**) relating to unspent ward community grants. This includes provision for budgets in 10/11, and the 09/10 underspend.
- 12.13 **(Former) Adult and Community Services Reserves** – The Milford Fund (**£0.1m**) is ring-fenced for use to improve the lives of older people. The Butterwick House reserve (**£0.3m**) has been earmarked as a source of funding for use on the intermediate care element of the Butterwick Scheme. The Charnwood Joint Service Centre PFI scheme (**0.1m**) is structured in a way that the Council will receive more PFI credits than required in the earlier years and less in the later years. This reserve was therefore set-up to put aside early year surpluses so they can be used to fund future deficits.
- 12.14 **Supporting People Grant** – This reserve has a balance at year-end standing at **£1.3m**.
- 12.15 **(Former) Regeneration and Culture (R&C) Reserves** – The former R&C department hold a number of specific reserves which total **£3.3m**. The most significant of which is the strategic reserve, which has a balance of £1.7m and consists largely of the £1.1m VAT rebate received regarding our successful claim against sports facilities fees and charges. Cabinet agreed in September 2008 to use these one-off monies as part of the funding package to relocate the City Gallery. Other reserves include Local Authority Business Growth (LABGI) grant earmarked for regeneration purposes of £0.5m and traffic reserves of £0.2m.
- 12.16 **Housing Maintenance Traded Service (Housing)** – the balance on the reserve is currently **£1.1m**, which is available to fund future capital programme works.
- 12.17 **Job Evaluation** – This reserve was established during 2004/05 to build a suitable provision to manage the expected costs of the implementation of a revised job evaluation scheme and the costs of salary protection once a scheme is implemented. Budgeted contributions of £6.1m have been made in 2009/10 including £2.3m towards project implementation costs of which, £1.6m was spent in year. The total balance remaining in this reserve is **£14.9m** and is to meet the protection and other one-off costs associated with job evaluation together with remaining project costs.
- 12.18 **Equal Pay** – Cabinet, in July 2007 approved £12m of funding towards the cost of equal pay settlements and a further £2m was approved in February 2009. The balance of this reserve (**£1.8m**) represents the residual funding towards the cost of any remaining settlements.

- 12.19 **Area Based Grant (ABG) carry forward** - The establishment of this reserve (£12.5m) was approved by Cabinet in March 2009, and is in accordance with the principles agreed by the Leicester Partnership Executive. Further details relating to ABG are outlined in Section 14 of this report.
- 12.20 **Local Public Service Agreement (LPSA) rewards** – The authority received the second instalment of second generation LPSA reward grant in 2009/10 leaving the balance in this reserve at £2.0m. Cabinet have previously agreed the allocation of the revenue element of the reward grant across strategic priorities, which is expected to be spent in 2010/11.
- 12.20 **Organisational Development and Improvement** – This reserve (previously Delivering Excellence) is held to fund a programme that is to continue to identify areas where the Council is short of capacity, or where new expenditure can deliver goals. It has been specifically funded from one-off monies. It is also expected that the programme will deliver substantial efficiency savings. The balance currently stands at £1.2m.
- 12.21 Other earmarked reserves total £3.8m. These include the Cost of Local Elections (£0.15m), Capital Financing of specific schemes (£0.95m) and Central Maintenance Fund (£0.22m).
- 12.22 The following earmarked reserves have been set up during the year and require approval from Cabinet:

Corporate

- a) **Blackbird Road Training Centre relocation (£0.1m)** – The move from Blackbird Road Training Centre to NWC has been temporarily held due to the B Block fire in 2009. Various divisions contributed to the cost of this move. Therefore, these funds have been set-aside till work begins again in 2010/11.
- b) **Support Services Transformation (£0.1m)** – This money represents 25% of the rates rebate refunds as a result of a review undertaken by Property, which are to be used towards the Support Services Review savings required.
- c) **Talking-Up Leicester Priority (£0.3m)** – This earmarked reserve is to further the “Talking-Up Leicester” priority (part of the One Leicester campaign). Commitments already identified towards this include a new Communications Management IT System. It is part funded from funding provided in 2008/09, and partly from a PCT contribution.

Resources

- d) Assurance & Democratic Services (Divisional Reserve) (£0.1m)** – The underspend within this service area has been carried forward to create this divisional earmarked reserve, in accordance with Finance Procedure Rules.

Regeneration & Culture

- e) Bus Shelter Maintenance (Commuted Sum) (£0.1m)** – To cover the future maintenance of Bus Shelters at St Nicholas Place and the City Loop.

Children & Young People

- f) School Revenue to Capital Transfers (£2.1m)** – A number of schools expressed a wish to make contributions from their revenue reserves to a fund that will be used to enhance the future BSF scheme at their school or to meet the future costs of ICT refresh under the ICT contract. Some of the 'Partnership for Schools' BSF ICT capital funding will also be kept back for future ICT refresh.
This earmarked reserve is set-up with sub-divisions for each school.

13. EFFICIENCY SAVINGS

- 13.1 Councils are required to report the value of cash-releasing value for money gains that they have achieved as one of the 198 indicators in the national indicator set. The original expectation was that local government should achieve at least 3% per annum gains over the spending review period 2008/09 to 2010/11 (CSR 07), although this has since been increased.
- 13.2 Although the expectation to deliver 3% cashable saving each year is a national target, as part of Leicester's local area agreement (LAA) a local efficiency target has been negotiated with government. Leicester City's estimated share of the target is detailed on the following table:

Year	2008/09	2009/10	2010/11
Target (% of 2007/08 baseline)	3%	6%	10.3%
Leicester's efficiency target (£m)	10.906	21.812	37.443

- 13.3 The Council's cumulative efficiency savings to 2009/10 amount to £17.543m compared to the target of £21.812m. This includes a carry forward of cashable and non-cashable savings from 2007/08 (the latter was a concession permitted as part of our Local Area Agreement).

- 13.4 As members will note, and as previously forecast, there is an element of “catch up” required in 2010/11. The recently approved ODI plan shows how it is proposed to meet the whole efficiency target over the three years to 2010/11.
- 13.5 Final efficiency figures do not need to be reported Government until July.

14. MAJOR PARTNERSHIPS

Area Based Grant

- 14.1 The Area Based Grant (ABG) is being used to support achievement of service outcomes in the local area agreement, which has been negotiated between Leicester Partnership and the Government. In 2009/10 the City Council has received £29.5m, of which the Leicester Partnership agreed an allocation of £0.8m towards management and administration. This resulted in a net allocation to delivery groups of £28.7m. In addition to this sum, an underspend of £6.5m was brought forward from 2008/09, resulting in the budget allocation for 2009/10 of £36m.
- 14.2 The following table shows expenditure against the grant allocation. Delivery groups have successfully contained ABG spending within their total allocations. Some service provision has required additional expenditure and this has been funded by other grant.

In accordance with the principles agreed by the Leicester Partnership Executive, under-spends can be carried forward at delivery group level (although these will be taken into account when setting the allocations for the following year). Accordingly, the £12.5m ABG under-spend has been transferred to the earmarked reserve established for this purpose.

ABG Outturn	B/F from 2008/09 & prior £'000	Annual Allocation £'000	Actual Outturn £'000	Carry Forward Amount £'000
Invest in Our Children	0	(11,977)	11,977	0
Invest in Thriving Safe Communities (Safer)	(254)	(1,002)	775	(481)
Invest in Thriving Safe Communities (Stronger)	0	(251)	202	(49)
Improving Health and Wellbeing	(107)	(5,966)	6,073	0
Investing in Skills and Enterprise	(5,885)	(9,286)	3,578	(11,593)
Planning for People Not Cars	0	(187)	22	(165)
Admin and Support	(306)	(840)	898	(248)
Total - ABG 2009/10	(6,552)	(29,508)	23,525	(12,535)

14.3 The most significant element of this carry forward (£11.5m) relates to the Working Neighbourhoods Fund (WNF) programme, which has been extended (with Cabinet approval, October 2009, within the City Economic Programme, and will therefore continue to 2013.

14.4 The future jobs programme is now well underway. As reported in the fourth quarterly performance report, 290 jobs have now filled making a real difference to people's lives.

Pooled Budgets

14.5 The Council has entered into the following pooled budget arrangements under Section 31 of the Health Act 1999:

- **Learning Disabilities Commissioning** – This arrangement is for the joint commissioning of various services and is in partnership with Leicester City Primary Care Trust. Leicester City Council acts as the host and has lead responsibility for its operation. The City Council contributed £14.2m to the pool during 2009/10 (£13.2m in 2008/09).
- **Supply of Community Equipment** – This is an arrangement for the supply of community equipment with Leicestershire County Council, Rutland County Council and the two Primary Care Trusts in the areas covered by the councils. Leicester City Primary Care Trust acts as the host partner. The City Council contributed £0.5m to the pool during 2009/10 (£0.4m in 2008/09).

15. RESOURCE MANAGEMENT SYSTEM AND OTHER ISSUES

- 15.1 2010/11 is the first year of the Council's new Resource Management System (RMS). This is expected to generate substantial efficiencies in the Council's financial management in due course, but the first year was always going to present some challenges.
- 15.2 Invoice payment performance deteriorated during the early stages of 2009/10 (this had to some extent been anticipated). However, improvements in the latter half of the year meant performance recovered and we achieved our target of 80% invoices paid on time (in previous years, and hopefully 2010/11, we have achieved over 90%).
- 15.3 Collection of miscellaneous debts (i.e. excluding taxes and rents) slowed in 2009/10, resulting in increased provisions being required due to a higher proportion of older debt. These provisions will be reassessed in 2010/11 when the Collection position has recovered. Debt Collection is the subject of a separate annual report on the Select Committee's agenda.
- 15.4 We are now moving into phase two of the RMS project, automating the whole process of ordering, receiving and paying for goods and services. Parks was the first significant service to go live in April, and all services are scheduled to be complete by the end of the new year. This will unlock significant efficiencies anticipated by the ODI programme.

16. FINANCIAL INDICATORS

- 16.1 As part of the 2009/10 budget report, Cabinet and Council approved various financial indicators taken from the Council's Balance Sheet and Cashflow statements.
- 16.2 The indicators are attached at Appendix 3 to this report and include the positions as at 1st April 2009 together the outturn for the year ended 31st March 2010.

17. FINANCIAL AND LEGAL IMPLICATIONS

Financial Implications

- 17.1 This report is solely concerned with financial issues.

Legal Implications

- 17.2 There are no direct legal implications in this report. Peter Nicholls, Director of Legal Services, has been consulted in the preparation of this report.

17.3 Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets

(Helen Lansdown, Senior Environmental Consultant – Sustainable Procurement)

18. OTHER IMPLICATIONS

Other implications	Yes/No	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly/People on low income	No	-
Corporate Parenting	No	-
Health Inequalities Impact	No	-

19. CONSULTATION

19.1 All Divisions have been consulted in the preparation of this report.

20. BACKGROUND PAPERS

20.1 2009/10 outturn working papers held in the Accountancy Section.

Report Author: Simon Walton
Date: 18th May 2010

MARK NOBLE
CHIEF FINANCE OFFICER

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

General Fund Revenue Budget Monitoring Summary 2009-10 Outturn

	Original Budget	Carry forwards & Adjustment to Base	Virements & Transfers	Revised Budget for Year	Actuals as at Outturn	Forecast Variance over (under) spend
	£000	£000	£000	£000	£000	£000
Non-Operational Budgets						
Change and Programme Management	3,975.8	0.0	1,680.5	5,656.3	5,531.3	(125.0)
Housing Benefit Payments	527.6	0.0	0.0	527.6	444.4	(83.2)
Assurance & Democratic Services	3,960.3	0.0	(25.7)	3,934.6	3,834.0	(100.6)
Financial Services	3,632.6	0.0	3,050.1	6,682.7	6,682.7	0.0
Total Non-Operational	12,096.3	0.0	4,704.9	16,801.2	16,492.4	(308.8)
Operational Budgets						
Access, Inclusion and Participation	29,446.0	0.0	6,581.8	36,027.8	36,027.8	0.0
Learning Services	4,614.5	0.0	2,459.4	7,073.9	7,073.9	0.0
Social Care & Safeguarding	32,955.3	0.0	1,755.9	34,711.2	34,711.2	0.0
Strategic Planning, Commissioning & Performance	11,490.1	0.0	1,474.2	12,964.3	12,964.3	0.0
Transforming The Learning Environment	1,957.3	0.0	(10.7)	1,946.6	1,946.6	0.0
Dedicated Schools Grant (Centrally Retained Items)	(22,443.9)	0.0	(316.2)	(22,760.1)	(22,760.1)	0.0
Delegated Schools Budgets	166,716.9	0.0	0.0	166,716.9	166,716.9	0.0
Other School Specific Budgets	6,724.0	0.0	(400.0)	6,324.0	6,324.0	0.0
Dedicated Schools Grant (Schools Budgets)	(173,440.9)	0.0	316.2	(173,124.7)	(173,124.7)	0.0
Housing Strategy and Options	4,629.7	65.0	(3,539.4)	1,155.3	1,216.7	61.4
Older People Services	25,150.8	0.0	336.8	25,487.6	25,487.6	0.0
Community Care Services (Adults)	42,197.1	0.0	2,716.5	44,913.6	44,913.6	0.0
Safer and Stronger Communities	5,010.3	(207.7)	899.6	5,702.2	5,630.7	(71.5)
Directorate and Personalisation Support	9,080.2	247.6	1,738.4	11,066.2	10,921.6	(144.6)
Environmental Services	25,747.0	0.0	(215.8)	25,531.2	25,529.0	(2.2)
Cultural Services	15,482.1	60.0	39.6	15,581.7	15,581.7	0.0
Highways and Transportation	14,483.8	0.0	1,132.5	15,616.3	15,614.1	(2.2)
Economic Regeneration, Planning and Policy	2,584.8	0.0	3,558.3	6,143.1	6,143.1	0.0
Regeneration Resources and Traders	1,456.7	14.3	341.2	1,812.2	1,802.2	(10.0)
Management & Corporate Resources	1,038.8	0.0	(86.0)	952.8	952.8	0.0
Human Resources	4,462.8	0.0	0.1	4,462.9	4,414.9	(48.0)
Information Technology	7,939.4	0.0	873.1	8,812.5	8,812.5	0.0
Strategic Asset Management	2,215.0	0.0	435.9	2,650.9	2,650.9	0.0
Central Maintenance Fund	5,592.9	0.0	0.0	5,592.9	5,592.9	0.0
Total Operational	225,090.7	179.2	20,091.4	245,361.3	245,144.2	(217.1)
Miscellaneous	15,621.0	0.0	(24,796.3)	(9,175.3)		
Capital Financing	20,014.0	0.0	0.0	20,014.0		
Total Corporate Budgets	35,635.0	0.0	(24,796.3)	10,838.7		
Net Recharges	(2,011.8)	0.0	0.0	(2,011.8)		
TOTAL GENERAL FUND	270,810.2	179.2	0.0	270,989.4		

Service Area Underspending – 2009/10
Proposed Carry Forwards to 2010/11

£'000

Former Adults & Housing Department

To meet budgetary pressures in 2010/11, it is recommended that the following are approved to be carried forward:

- | | |
|-------------------------------------|--------|
| • Older Person's and Community Care | 144.6 |
| • Safer and Stronger Communities | 71.5 |
| • Housing Strategy and Options | (61.4) |

Former Regeneration and Culture Department

To deal with budget pressures in 2010/11 (for example, Property charges, Health & Safety charges etc.), it is proposed that the following is approved to be carried forward:

- | | |
|--------------------------|------|
| • Regeneration Resources | 14.4 |
|--------------------------|------|

Former Resources and Chief Executive's Department

To meet budgetary pressures in 2010/11, it is recommended that the following are approved to be carried forward:

- | | |
|--|-------|
| • Change and Programme Management
- to support the work of the ODI Team and further organisational improvements in 2010/11 | 125.0 |
| • Assurance and Democratic Services
(formerly Democratic, Legal and Legal Trading Services)
- to fund expected one-off costs arising from a divisional reorganisation, and in-year budgetary pressures | 100.6 |
| • HR - "My View" Project | 48.0 |

TOTAL

442.7

FINANCIAL INDICATORS
Forecast Balance Sheet and Cashflow Items
OUTTURN: 2009/10

Financial Indicator	Actual as at 1 st April 2008 £'000	Actual at 31 st March 2009 £'000
Balance Sheet Items		
Reserves & Balances:		
Uncommitted General Balance	6,474	6,107
Earmarked Revenue Reserves (i)	83,331	95,301
Earmarked Capital Reserves	4,966	TBC
Housing Revenue Account	4,502	2,451
Debtors (excl. Bad Debts Provision)	83,314	TBC
Creditors	(95,626)	TBC
Long-Term Borrowing	(277,773)	TBC
<u>Cashflow Movements</u>		
Increase/(Decrease) in borrowing	(16,863)	TBC

Notes

(i) The revenue earmarked reserves exclude the 'provision' element of the insurance fund (£5.0m at 31.3.10). This relates to the estimated of cost of claims already received.