

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 19th July 2010
Report of: Borough Treasurer and Head of Assets
Subject/Title: Final Outturn 2009-10
Portfolio Holder: Cllr Frank Keegan

1.0 Report Summary

- 1.1 This report advises Cabinet of the final financial outturn position for 2009-10. It particularly focuses upon areas of high financial risk to the Council, and highlights significant changes from the positions reported at the Three Quarter Year Review (TQR).
- 1.2 The report includes updates on the Capital Programme and in-year collection rates for Council Tax and Business Rates.

2.0 Decision Requested

- 2.1 Cabinet is requested to note and comment as appropriate on the following:
- the final revenue and capital outturn positions as contained in the main report;
 - detailed key revenue and capital issues as shown in Appendix 1 and Appendix 2;
 - the Council's in-year collection rates for Council Tax and Business Rates, detailed in Section 13;
 - the Council's invoiced debt position as shown in Section 14;
 - progress on delivering the 2009-10 capital programme, detailed in Section 15 and Appendix 3;
 - Delegated Decisions approved by Directors, as shown in Appendix 4b;
 - Delegated Decisions approved by Directors in consultation with the relevant Portfolio Holder and the Portfolio Holder for Resources for Supplementary Capital Estimates (SCE) and virement requests over £100,000 and up to and including £500,000 as shown in Appendix 4a.
- 2.2 Cabinet is requested to approve the following:
- The following budget carry forwards into 2010-11 within Performance and Capacity, as detailed in Appendix 1 :-
 - £70,623 for Customer Relations Management (CRM) procurement
 - £11,000 for Grants to Community Groups
 - £26,529 for Community Cohesion Area based grant projects
 - £10,000 for completion of the branding exercise

- The allocation of £280,000 in 2010-11 of unused transitional phasing provision for Finance, HR & OD, Assets and Customer Services as detailed in Appendix 1.
- The revised in-year capital budget for 2009-10 as set out in Section 15, including;
 - Supplementary Capital Estimates (SCE/Virements over £500,000 and up to and including £1.0m, as shown in Appendix 4a
 - Reductions in approved budgets, as shown in Appendix 4c

2.3 Cabinet is asked to recommend that Council approve the following SRE requests, previously approved as subject to outturn, which require funding from balances :-

- £2,291,000 for Adults Social Care Redesign
- £125,000 for Economic Development

2.4 Cabinet is asked to recommend that Council approve SCE requests to be funded from capital reserves, as detailed in Appendix 4a.

3.0 Reasons for Recommendations

3.1 This has been the first year's budget of Cheshire East Council with a number of significant challenges, and in accordance with good practice members should receive a quarterly report on the financial position of the Council. This is the fourth and final report for the 2009-10 financial year.

4.0 Wards Affected

4.1 Not applicable.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

6.1 None.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 As covered in the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 There are no specific legal implications related to the issues raised in this report.

9.0 Risk Management

- 9.1 Financial risks are assessed on a regular basis and will be reported to members quarterly. Remedial action will be taken if and when required.

10.0 Revenue Outturn 2009-10

- 10.1 The three quarter year review report to Cabinet on 19th January 2010 reported a reduction in net budget pressures from the £11.3m at the mid year review stage to £7.9m as a result of remedial actions being taken. At outturn, this figure has been further reduced to £5.7m.
- 10.2 The net outturn represents the impact on Council balances of spending in 2009/10. In order to arrive at this, the report details for each service, the underlying position (i.e the outturn before requests for supplementary estimates, carry forwards, and application of reserves and other temporary funding), and the net position after these measures have been taken into account. For planning purposes, the underlying position, is the more accurate reflection of on-going pressures and the extent to which current spending varies from budgeted levels.
- 10.3 Table 1 provides a summary position. Further details of the key pressures and issues which have affected directorates are summarised below and are provided in more detail in Appendix 1.

Table 1 – Total Service Position

Service	Net Budget £000	Actual Outturn £000	Variance from Budget £000		<u>MEMO</u> Variance at TQR £000
Children & Families	36,041	37,138	1,097		4,767
Adults	75,660	78,351	2,691		1,211
Health & Wellbeing	15,421	15,872	451		819
Total People	127,122	131,361	4,239		6,797
Environmental	34,080	36,036	1,956		860
Safer & Stronger	507	526	19		(264)
Planning & Policy	3,090	3,512	422		496
Regeneration	11,470	10,280	(1,190)		(573)
Total Places	49,147	50,354	1,207		519
Treasurer & Assets	22,373	22,181	(192)		(304)
Corporate savings	(1,061)	(500)	561		658
HR&OD	2,869	2,869	0		0
Borough Solicitor	5,348	5,348	0		55
Policy & Performance	9,230	9,083	(147)		143
Total Performance & Capacity	38,759	38,981	222		552
TOTAL SERVICES	215,028	220,696	5,668		7.868

Note: Net Budget includes Schools balances carried forward from 2008-09.

10.4 PEOPLE DIRECTORATE

- 10.4.1 At TQR a projected gross impact of £14.4m was being reported, which following remedial actions (and agreed temporary funding) resulted in a net budget pressure of £6.8m overspend. At outturn, this position has further reduced to a £4.2m overspend. This position is subject to final approval of a Supplementary Revenue estimate of £2.3m to be met from balances to partly fund the Adults Social Care Redesign programme.

Table 2 - Summary Figures - People

Service	Net Budget £000	Underlying Budget pressures £000	Remedial Actions £000	SRE requests £000	Net Outturn Under/Over spend £000
Children and Families	36,041	3,952	2,855		1,097
Adults	73,369	4,982		2,291	2,691
Health & Wellbeing	15,421	554	103		451
Total	124,831	9,488	2,958	2,291	4,239

10.4.2 Key Issues

Children & Families

Overspend reduced through:

- Maximising the utilisation of grant funding, in line with recent policies to ensure that the Council fully reflects the costs of providing and supporting grant funded activity, particularly around SureStart, Standards Funds and the Dedicated Schools Grant. This approach will continue into 2010-11
- There has been a fundamental review of the structure during 2009-10, which resulted in delays and slower appointment to the new structure. Because of budget pressures and recent information from the Government around grant funding, certain posts continue to be held vacant where the impact on the service is not felt to be too severe
- It is important to note the underlying and continuing substantial growth pressure from increasing placements, 25% up on April 2009 and a further 14 placements (average is £50k each pa) since the MYR, and placement overspending by in excess of £1m. This will be a key issue leading into 2010-11
- Home to School Transport overspending in excess of £1m, relating to the numbers of children requiring transport and related contractual pressures and costs

Adults

Overspend increased resulting from:

- A significant increase in care costs across the full range, including adults and older people. A larger than average and increasing older people population in the Borough has added to the significant upward spending pressures, which is anticipated to continue in later years. Further analysis of this population growth, the impact that reablement is helping to mitigate when individuals present for care and the resultant style of care packages is underway
- The transformation of Adults anticipated major changes to Provider Services (Care4ce), with a period of double funding as the service move into delivering and supporting reablement, whilst continuing to support existing individuals in care, ahead of closures that have been agreed
- Continuing on-going pressures from the joint Learning Disability Pooled Budget, which was a shared partnership between Cheshire West and Chester Council, and the two respective Primary Care Trusts. Substantial savings targets were established by the four partners at the beginning of the year, which have not proved achievable given increased complexity and level of demand. However the changed financial arrangement, with agreed partner cash limits has helped to focus each partner on the actions they individually have needed to achieve. From 2010-11 the partnership has been dissolved and a new partnership established between the Council and the Central and Eastern Cheshire PCT.

Health & Wellbeing

Reduced overspend, following a challenging year, with the following issues:

- Remedial actions, such as holding vacancies, restricting Book Fund purchasing and holding back supplies and services expenditure. These have been delivered across the service throughout the year to offset projected overspending.
- Pressures remained on Libraries income (£100k), employees budgets (£217k), income budgets where the targeted 20% supplies and services reduction was not able to be applied without detriment to income levels (e.g. bar purchases), income at the Civic Halls and Lyceum and energy budgets
- The Government Free Swimming scheme, where it has just been announced that the grant will be ending this July, has resulted in approximately £100k of additional net costs to the Council, from increased staffing, energy and lost income in excess of the grant available.

10.4.3 Ongoing Impacts 2010-2011 and future years

- Children & Families - being able to utilise grant, due to the national political changes, will be a challenge in 2010/11 and the ability to cover

and offset underlying overspends will be all the harder, but still the aim of the Service

- Adults - action to lower costs remain and delivering overall approved budget reductions of £7m (£4m in 2009/10 and £3m in 2010/11) over the two year period continues to be the target. It is notable that the underlying cost pressures inherent in the service exceed £8m, reinforcing the importance of continuing to transform the service and deliver cost reductions.
- Health & Wellbeing - aligning 2010/11 budget growth with outturn pressures is underway, aiming to facilitate a balanced position.

10.5 PLACES DIRECTORATE

10.5.1 Following organisational restructures and associated budget transfers between Directorates and Services, the Places Directorate had an approved net budget for 2009/10 of £49m, including approved savings required in setting the first year's budget of £7.4m.

10.5.2 At the Third Quarter Review (TQR) stage the projected variance from budget totalled £519k. This incorporated pay cost savings and planned remedial actions on non-pay spending controls and some use of earmarked reserves. In overall terms the outturn is in line with estimates made at TQR, but with the addition of the further highways winter maintenance spending of £867k, incurred in the latter months of the year.

10.5.3 The final net variance of £1.2m, represents 2.4% of the approved net expenditure budget. The financial challenges and budget pressures faced are noted below.

Table 3 - Summary Figures - People

Service	Approved Budget £000	Underlying Pressures £000	Remedial Actions £000	SRE Requests £000	Variance from Approved Budget £000
Environmental Services	34,080	3,045	(1,089)		1,956
Safer & Stronger Communities	507	449	(430)		19
Planning & Policy	3,090	782	(360)		422
Regeneration	11,345	(842)	(223)	(125)	(1,190)
Total	49,022	3,434	(2,102)	(125)	1,207

Key Issues

- 10.5.4 At the third quarter review underlying budget pressures of £2.6m were identified. Additional budget pressures of £0.8m arose during the final quarter resulting from exceptional highways winter maintenance.

Environmental Services

- 10.5.5 The waste management service reported in year budget pressures amounting to £1.762m in respect of landfill and household waste recycling centres. Highways Operations reported budget pressures amounting to £867k in respect of highways winter maintenance caused by an exceptionally cold winter in addition to other budget pressures within the service amounting to £416k. Planned remedial actions of £1.089m were achieved, including capitalisation of Highways Maintenance £740k, along with reductions in operational maintenance and under-spending on waste minimisation and other savings all totalling £349k.

Safer & Stronger Communities

- 10.5.6 Car parking income amounting to £880k was noted as a budget pressure due to economic recessionary pressures and the later implementation of charging within the Congleton area. Planned remedial actions were achieved mainly resulting from vacant posts within the service.

Planning & Policy

- 10.5.7 Planning & Search Fee Income amounting to £1.207m was noted as a budget pressure during the year. The main contributing factor being the economic recession. Planned remedial actions were achieved along with service under-spends as a consequence of vacancy management within Housing & Spatial Planning.

Regeneration

- 10.5.8 Underlying budget savings of £967k (inclusive of non-pay savings within the directorate's business support) mitigated the overall directorate budget pressures. In addition planned remedial actions of £223k were achieved.

Ongoing Impacts 2010-2011 and future years

- 10.5.9 Looking ahead to 2010/11, in addition to new budget savings required, continuing pressures include pay, contract and income budgets, principally within Environmental Services.

10.6 PERFORMANCE & CAPACITY DIRECTORATE

- 10.6.1 The underlying outturn position has improved by £1.2m since TQR, after adjusting for Voluntary Redundancy (VR) costs to be funded centrally. The improvement is due to lower than anticipated costs in Human Resources

and Organisational Development (HR&OD) (£0.3m) and Policy & Performance (£1m), and increased income levels in the registration service (£0.2m); offset by increased costs in Borough Treasurer & Head of Assets (BTHoA), due to higher than expected costs in the ICT Shared Service and property recharges from Cheshire West & Chester (£0.2m).

- 10.6.2 Policy & Performance have requested a carry forward of £117,792 of their underspend relating to Customer Relations Management (CRM) procurement, Community & Community Cohesion Area based grant and external signage.
- 10.6.3 The approved 2009-10 budget included contingency funding of £5.2m in relation to the delivery of efficiency savings in Performance & Capacity. Savings in excess of £10m in total were included in the budget, but it was recognised that given transitional demands, these were unlikely to be achieved in full in year one. The net outturn position includes draw down of £4.35m of this funding in 2009/10.
- 10.6.4 This leaves an underspend of £861,000 against the original provision of £5.2m. Finance, HR & OD, Assets and Customer Services are requesting an allocation of £280,000 of this underspend to meet relevant costs falling into 2010/11, details of which are included in Appendix 1.
- 10.6.5 The overall impact of all of the above changes is that the net outturn position for Performance & Capacity services, including use of transitional funds has improved by £845,000 since TQR.

Table 4 - Summary Figures – Performance & Capacity

Outturn	Net Budget £000	Underlying Budget Pressures £000	Remedial Actions £000	Proposed Carry Forwards £000	Net Budget Pressures £000
Borough Treasurer & Head of Assets	22,373	3,166	(3,358)		(192)
Corporate Procurement Savings	(561)	561	(350)		211
Corporate Energy Savings	(500)	500	(150)		350
Human Resources & Organisational Development	2,869	388	(388)		0
Borough Solicitor	5,348	100	(100)		0
Policy & Performance	9,348	(265)	0	118	(147)
Total	38,877	4,450	(4,346)	118	222

10.6.6 **Key issues**

The major change within Performance and Capacity since the Three Quarter review is in Policy and Performance where there has been an improvement of £388,000 in the net position. This results from underspending in Audit, Chief Executive & Partnerships, Customer Services and Planning & Performance. All of these services have been carrying staff vacancies and have reduced spend accordingly. Customer Services also benefited from a decision not to apply prudential borrowing costs to revenue relating to capital expenditure. The underspends have been reduced by absorbing transition spend in Communications and Policy and Performance.

The other significant change across P&C services is the reduced call on transitional funds, which will now, after carry forward requests, underspend by £540,000. This underspend will be returned to general balances.

10.7 **Overall Council Revenue Position**

- 10.7.1 In addition to the outturn positions on service budgets, it is necessary to take account of corporate budgets, bids against contingency provisions, and movements on reserves in order to arrive at the position on the Council's general balances at the end of the financial year.

Capital Financing

- 10.7.2 The capital financing budget has underspent by £2.7m. The underspend largely arises on the net interest budget. No new borrowing was taken out during 2009-10 due to slippage in the capital programme and higher than anticipated cash balances. This enabled the Council to internally borrow to fund the capital programme and reduce external interest rates by £1.8m less than the original estimate.
- 10.7.3 As part of the disaggregation exercise Cheshire East Council received a share of the Heritable Bank deposits. Over the last twelve months the position with regard to the estimated amount that will be recovered has changed and there has been an improvement in the projected income. Consequently £159,000 of additional interest receivable has been credited to the revenue account and a partial reversal of the initial impairment charge has also been made in the accounts. This has resulted in a further £290,000 credit to the revenue account.
- 10.7.4 Interest income received in 2009-10 was £1.62m which is in excess of the original budget of £0.9m. This was made up as follows:

Source of Interest	£m
In-house Managed Investments	0.77
Residual funds managed by former Councils	0.31
Fund Manager - Interest	0.23
Fund Manager - Capital gains	0.12
Heritable Bank in Administration	0.16
Other	0.03
Total	1.62

- The rate of interest to be earned on the Council's cash balances was budgeted to be 0.65%
- The average lend position (the 'cash balance') including fund manager and legacy balances in 2009-10 was £131.7m.
- The average interest rate received on in house investments in 2009-10 was 0.77%
- The average interest rate received on the external managed Investec fund in 2009-10 was 1.76%

10.7.5 A full update on the Treasury Management position for 2009-10 will be reported to Cabinet on 16th August 2010 as part of the Treasury Management Annual Report.

Central Contingencies

10.7.6 Inflation

The 2009-10 budget contained a central inflation contingency provision of £4.5m to cover in-year increases in pay costs, pension contributions and prices during the year.

The provision allowed for pay increases of 2.5%. In March 2009, a residual pay award to Local Government Officers of 0.3% for 2008-09 was agreed. The agreed pay award announced in September 2009 provided for a 1% pay award (or 1.25% for lower paid staff). The total cost of these pay awards allocated to Services in 2009-10 was £1.644m.

Services were also allocated £390,000 in respect of a 0.5% increase for inflation on non-pay budgets, and £910,000 to meet increased Pension contributions.

After allocating a total of £2.9m from the budgeted provision of £4.5m, £1.6m has been returned to general balances.

10.7.7 Phasing Provision

The budget contained a provision of £5.2m to reflect the anticipated phasing of planned efficiency savings in 2009-10. As reported above, £4.3m is

required to meet demands in 2009/10 in Performance and Capacity, leaving £0.9m to be returned to balances. A request has been made for a further allocation of £280,000 of this funding in 2010/11.

10.7.8 Transitional costs

The budget contained a provision of £6.8m to meet LGR costs relating to voluntary redundancy and relocation in 2009-10. However, a majority of these Phase 1 planned redundancy costs were actually met by predecessor authorities in 2008-09, with a consequent reduction in the opening balance position brought forward at 1 April 2009. £1.4m of Phase 1 costs have been incurred in 2009-10. £0.2m has been met from an earmarked reserve, leaving £1.2m to be met from this contingency. A further £9.3m of Phase 2 voluntary redundancy costs incurred in 2009-10 have been met from the earmarked reserve specifically set up in 2009-10 to meet these costs. Relocation costs of £0.2m have been incurred in 2009-10, which will be met from the contingency. In total the call on this contingency is therefore £1.4m, leaving a balance of £5.4m to be returned to balances.

Offset against this is £4.0m planned use of reserves. In setting the 2009-10 budget it was agreed that £6.8m of general balances would be used to meet transitional costs above, but that this would be repaid over a three year period. Accordingly this figure was offset by a £2.75m repayment to reserves, making a net use of reserves of £4.05m. Therefore, the net impact is that £1.4m can be returned to balances.

10.7.9 Planned Appropriations to Earmarked Reserves

A further £1.1m of planned use of balances was identified to be specifically earmarked to meet a number of service initiatives, including Economic Development and Community Safety.

10.7.10 Impact on Balances

The net impact of these service outturn items including unallocated contingencies and planned use of reserves on the general balances position is a reduction of £0.2m as shown in Table 5 below.

Table 5 - Impact of Service Outturn items on Balances

	£m	£m
Net Service Overspend		-5.7
Capital Financing underspend		2.7
Unused Contingencies:		
Inflation	1.6	
Transitional costs	1.4	
Phasing adjustment	0.9	3.9
Planned Appropriations to Earmarked Reserves		-1.1
Impact on Balances		-0.2

However during the year a number of other movements on general balances have occurred as follows:

10.7.11 Appropriations to/from Earmarked Reserves

The approved Reserves Strategy identified the potential appropriation / transfer to general balances of £5.2m from earmarked reserves. Following reassessment of available balances on earmarked reserves at outturn, the actual surpluses transferred to general reserves were £3.3m. During the year Council also approved the appropriation of balances to create earmarked reserves of £14.2m, including £11.5m to meet Voluntary Redundancy costs, and £2m for Invest to save schemes. The net impact of these is to decrease balances by £10.9m.

10.7.12 Other Items

Elsewhere in this report, services have requested supplementary revenue estimates of £2.4m to be met from balances. If approved, then together with the £0.3m funding for the Recession Group approved earlier in the year, the impact on balances is a reduction of £2.7m.

The Council has benefited from unbudgeted income of £2m derived from "Fleming case" VAT claims. Other corporate items result in a net reduction in balances of £0.5m.

11.0 RESERVES POSITION

- 11.1 The impact of strategic decisions taken in year relating to appropriations to/from earmarked reserves, approved additional funding for services, and unbudgeted items has therefore reduced balances by £12.3m as shown in Table 6.

- 11.2 Taking together all the above items, the impact on the level of general reserves transferred to the Council on 1 April 2009 of £22.9m is a reduction of £12.3 to £10.6m at outturn.

Table 6 – Overall Impact on Balances

	£m	£m
Service outturn impact		-0.2
In-Year Net Appropriations to Earmarked reserves		-10.9
Supplementary Revenue Estimates		-2.7
Other Corporate Items		
Fleming VAT claims	2.0	
Other	-0.5	1.5
Decrease in Balances		-12.3
Balances at April 2009		22.9
Balances at March 2010		10.6

This is a reduction of £6.9m since the position reported to Council in February, although provision had been incorporated in the risk assessed minimum level of reserves for a service outturn overspend of £5.1m and a reduction in the opening disaggregated balance of £2.5m.

- 11.3 The Council's balances position of £10.6m includes £1.4m of remaining monies disaggregated to it from Cheshire West and Chester Council to meet relocation costs. It should be noted that any monies remaining at the end of the period for payment of relocation costs will need to be repaid.
- 11.4 It should also be noted that approximately £5.3m is still held in earmarked reserves from monies appropriated there from balances during the year.

12.0 Other Issues

- 12.1 The Council's final financial position for 2009-10 is currently being prepared and the pre-audited Statement of Accounts has been reported to Audit and Governance Committee on 29 June. However, the figures set out in this report are not expected to change significantly.

13.0 Collection Rates

- 13.1 The Council Tax collection rate for 2009-10 is 97.9%, which is 0.3% lower than the comparable combined figure last year for the three predecessor councils. The National Non-Domestic Rates collection rate for the year is 97.7%. However, £649,000 of Business Rate payments have been deferred following the introduction of a new national scheme. By excluding these

deferred payments the collection figure for Cheshire East stands at 98.2%, which is 0.3% higher than comparable figures for last year.

14.0 Debt Management

- 14.1 Total outstanding Invoiced Debt at the end of the financial year was £11.7m which includes £4.5m of debt not yet due for payment, i.e. still within the payment terms. The total amount of service debt outstanding over 6 months old amounts to £1.2m. Services have created debt provisions of £0.9m to cover this debt in the event that it needs to be written off.
- 14.2 An analysis of the invoiced debt provision by directorate is provided in Table 7.

Table 7 - Invoiced Debt

Directorate/Service	Total Outstanding Debt as at 31 st March 2010 £000	Total Debt Over 6 months old £000	Bad Debt Provision £000
Places	1,313	117	73
<u>People</u>			
Adults/Health & Wellbeing			
Non Care	1,367	147	-
Care	845	642	477
Children & Families	83	84	84
Schools & Catering	1,674	16	16
Total People	3,969	889	577
<u>Performance & Capacity</u>			
Borough Treasurer & Head of Assets	1,496	218	296
Human Resources	46		3
Borough Solicitor	3	1	
Policy & Performance	90		
Total P&C	1,635	219	299
Total Bad Debt & Provisions	6,917	1,225	949

- 14.3 Migrated debt outstanding from the former districts amounts to £1.08m of which £0.8m relates to the recovery of Housing Benefit overpayments. This is covered by a separate bad debt provision.

15.0 Capital Programme

- 15.1 At Final Outturn for 2009-10 Cheshire East had achieved expenditure of £85.332m compared to an in-year budget of £122.217m. These totals are as included in the report to Audit and Governance Committee on 29th June 2010, subject to some minor adjustments to the in-year budget. Table 8 provides a summary by Service. Scheme by scheme details are contained in Appendix 3.

Table 8 – Final Outturn

Service	Total Approved Budget £000	Prior Year Spend £000	In Year Budget 2009-10 £000	Actual Spend 2009-10 £000	Forecast Spend 2010-11 £000
People					
New Starts	30,982	78	12,982	6,520	24,044
Committed Schemes	93,033	50,837	31,731	25,722	14,645
	124,015	50,915	44,713	32,242	38,689
Places					
New Starts	32,751	14,140	18,721	13,545	4,306
Committed Schemes	106,554	42,569	38,394	29,907	27,641
	139,305	56,709	57,115	43,452	31,947
Performance & Capacity					
New Starts	24,539	0	16,529	7,013	15,033
Committed Schemes	13,810	7,903	3,860	2,625	1,986
	38,349	7,903	20,389	9,638	17,019
Total					
New Starts	88,272	14,218	48,232	27,078	43,383
Committed Schemes	213,397	101,309	73,985	58,254	44,272
Total Capital Expenditure	301,669	115,527	122,217	85,332	87,655

- 15.2 The 2009-10 programme consisted of on-going legacy schemes (£73.985m) and new starts (£48.232m).
- 15.3 The programme is funded from direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). Table 9 shows the funding of Final Outturn 2009-10 and Initial Forecast 2010-11

Table 9 – Funding of Final Outturn 2009-10 and Initial Forecast 2010-11

Funding Source	Actual Spend 2009-10 £000	Forecast Spend 2010-11 £000
Grants	45,730	45,802
External Contributions	4,228	3,483
Linked / Earmarked Capital Receipts	0	15,490
Supported Borrowing	11,986	7,516
Unsupported (Prudential) Borrowing	10,085	8,188
Revenue Contributions	893	858
Capital Reserve	12,410	6,319
	85,332	87,656

15.4 Outturn spend 2009-10 at £85.332m was lower than in-year budget of £122.218m by £36.886m. This relates to planned spend that is no longer taking place, or will be reprofiled to 2010-11 and later years.

15.5 The Programme for 2010-11 will be updated once the extent of slippage from 2009-10 has been confirmed and reported to Cabinet on 16th August 2010 as part of the Quarter 1 Financial Update.

Key Issues and Variances

15.6 Details of major variances (over £0.250m) between the in-year budget and final outturn for 2009-10 along with any other issues for Departments are shown in Appendix 2.

16.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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