

Division(s):

CABINET – 19 June 2018

PROVISIONAL REVENUE & CAPITAL OUTTURN 2017/18

Report by the Director of Finance

1. The purpose of this report is to present and provide commentary on the provisional revenue and capital outturn position for 2017/18 prior to the formal closure of the accounts.
2. The report sets out an underspend on revenue of **£1.0m**. This is position reflects an overspend of **£7.0m** by directorate services offset by unused contingency, additional interest, additional government grant and business rates.
3. The report also shows the total capital programme expenditure for the year 2017/18 was **£94.7m**. The variation between the original programme and the final outturn is an under-delivery of **£25.2m (21%)**.
4. Ernst and Young, Oxfordshire County Council's external auditor, will carry out their audit of the Council's 2017/18 Statement of Accounts during June and July, and it is possible that changes may be made to the accounts during this period which may alter the position presented within this report. The results of the external audit will be reported to Audit and Governance Committee on 25 July 2018, at which stage that Committee is expected to approve the 2017/18 for publication. The Statement of Accounts will be published on the Council's website.
5. The following Annexes are attached and referenced in the report:

Annex 1	Revenue Outturn
Annex 2	2017/18 virements to note
Annex 3a	Reserves
Annex 3b	Schools' Balances
Annex 4	On and Off-Street Parking – Statement of Income and Expenditure for 2017/18
Annex 5	General Balances
Annex 6	Capital Outturn

Part 1 - Executive Summary

6. At the end of 2017/18 the Council's finances remain robust; investing across the County to help achieve thriving communities for everyone in Oxfordshire, delivering a thriving economy, protecting vulnerable people, and efficient public services.
7. The following paragraphs provide an overview of the provisional outturn positions on the revenue budget, capital programme, reserves and balances, and investment and borrowing activity.

Revenue

8. As set out in the table below there is a revenue underspend of **£1.0m**. This is made up of an overspend **£7.0m** on service expenditure offset by unused contingency of **£4.2m** and an underspend of **£3.8m** on Strategic Measures. This represents a less than **0.2% variation**.

Directorate	Forecast Outturn Position to January 2018	Provisional Outturn Variance 2017/18	Percentage Variance	Change since March Report to Cabinet
	£m	£m	%	£m
People	9.3	5.7	6.6%	-3.6
Communities	0.7	1.2	1.3%	0.5
Resources	0.4	0.1	0.6%	-0.3
Total Directorate Position	10.4	7.0	1.7%	-3.4
Contingency	-4.2	-4.2		0.0
Adjusted Directorate Position	6.2	2.8	0.7%	-3.4
Strategic Measures	-1.4	-3.8		-2.4
Overall Surplus/Deficit	4.8	-1.0	-0.2%	-5.8

9. Children's Services overspent by **£6.9m**. This represents an improvement of **£0.4m** compared to the position reported to Cabinet in March 2018. As highlighted throughout the year in the Financial Monitoring and Medium Term Financial Plan Delivery Reports to Cabinet this is due to significant expenditure pressures within Children's Services of which the majority have been in Children's Social Care placements.
10. As referred to throughout the year, 'a Children's Services Programme has been established with a focus on addressing demand management; strengthening early help and prevention including closer partnership working; strengthening staffing resources and building community resilience. Whilst the programme will take time to deliver, it is anticipated that the benefits will begin to materialise by the end of the financial year with a financial impact expected in 2018/19'. Numbers of mainstream looked after children (LAC) are now showing a reduction from 621 at the beginning of December to 593 at the end of March. Whilst it is still early days, it appears that the work of the programme is beginning to have an effect.
11. The budget for 2018/19 agreed by Council in February 2018 includes **£7.5m** in relation to Children's Social Care reflecting budget provision for 610 Looked After Children.
12. It is proposed that all over and under spends totalling **£1.0m** are transferred into general balances. This additional contribution along with the planned contribution in 2017/18 of **£4.7m** means that General balances at 31 March 2018 were **£25.7m**. This is **£7.9m** above the

2017/18 risk assessed level. This position reinforces the sound financial position the Council is in. The general balances position is set out in Annex 5.

13. The Transition fund for open access children's services has underspent by **£0.1m** in 2017/18. It is proposed that Cabinet recommend that Council approve the use of this budget and that it is transferred by means of a supplementary estimate in 2018/19 into the Budget Priorities Reserve until it is required.
14. Annex 1 provides a summary of the provisional outturn by directorate. Commentary on key variations greater than £0.1m for each service is provided in Part 2 of the report.

Capital

15. The total capital programme expenditure for the year 2017/18 was **£94.7m**. The variation between the original programme and the final outturn position is an under delivery of **£25.2m (21%)**.
16. The overall variation has been adjusted to take into account the impact of changes that have arisen due to factors that do not reflect the performance of the programme (e.g. technical accounting changes and external influences outside of our control). Excluding schools local spend the adjusted variation decreases to **£20.6m (19%)**. This represents 81% use of resources compared to the original capital programme. This is shown Annex 6b.
17. The outturn position for the total directorate programmes compared to the latest updated capital programme (February 2018) is a reduction of **£16m (15%)**. This represents the movement in the last quarter of the year.
18. The outturn position for the total directorate programmes compared to the last forecast position at the end of January 2018 (reported to Cabinet in March 2018) is a reduction of **£15m (14%)**. These represent variations that were not forecasted and reported to Cabinet throughout the year.
19. Included within the expenditure figure is **£9.4m** paid to Carillion in December 2017 to settle the final accounts of over 50 major property projects and numerous minor works projects. This payment was due to Carillion, and was agreed prior to the company's liquidation. The settlement of the final accounts is **£4m** more than the individual project budgets within the capital programme due to schemes costing more than originally budgeted for. This will be funded from the capital programme reserve.
20. The Capital Programme expenditure of **£94.7m** was funded from **£70.2m** of capital grants and other contributions, **£18.5m** of developer contributions, prudential borrowing of **£3.1m**, revenue contributions of **£2.4m** and capital receipts of **£0.5m**.

21. The level of the un-ringfenced capital grant balance has increased from **£11.8m** at 1 April 2017 to **£13.1m**. As these grants are un-ringfenced and are not time limited, other funding sources are utilised before un-ringfenced grants. The grants are forecast to be spent over the capital programme period.
22. The unapplied ringfenced balance held at the start of the year has increased by **£6.0m** to **£10.8m** (including Growing Places Fund held on behalf of the Oxfordshire Local Enterprise Partnership (OxLEP) of **£1.0m**). There are no issues foreseen with utilising the remaining grants by their deadlines. The balance includes the early receipt of safer roads grant of **£3.9m** for 2018/19 and 2019/20.
23. Capital receipt funding of **£0.5m** and **£3.0m** from the capital reserve account was utilised as agreed towards the transformation programme during 2017/18. The capital receipt and reserve balances have therefore decreased by **£2.1m** to **£33.3m**. This is forecast to be spent over the capital programme period.
24. Commentary on the provisional outturn position for each part of the capital programme is provided in part 3 of the report.

Reserves

25. Annex 3a sets out the earmarked reserves brought forward from 2016/17 and the forecast position as at 31 March 2018. These reserves are held for specified one-off projects, contractual commitments and to support the Medium Term Financial Plan. Reserves have reduced by **£7.6m** from **£104.3m** to **£96.7m** at 31 March 2018. In accordance with the Balances and Reserves Policy which was agreed by Cabinet on 23 January 2018, the majority of the directorate reserves have been transferred into the Budget Priorities Reserve.

Strategic Measures

26. An underspend of **£3.8m** is reported on Strategic Measures. Capital Financing underspent by **£0.5m** due to slippage in the prudential borrowing requirement. An additional **£1.4m** of un-ringfenced government grants were received during the year, **£0.7m** of which related to a government change to small business rates relief during the year resulting in additional Section 31 grant, however, notification of the final amount was only received after the year end. **£0.4m** of business rates income was received from the Council's share of the pooling gain. Additional interest on balances of **£1.9m** is due to higher than forecast average cash balances and the in-year increase in the Bank of England base rate was not included in the budget. **£0.4m** reflects a reduction in the amount required to impair corporate income outstanding for 6 months or more in the council's accounts. The underspends on Strategic Measures are partly offset by **£0.8m** on contributions to reserves. This was higher than expected due to moving

several grants that were received in advance for 2018/19 to reserves for use in the correct financial year.

27. In addition, the **£4.2m** corporate contingency budget was left unallocated to offset the directorate overspend position, as reported throughout the year.
28. The Treasury Management Outturn report for 2017/18, which covers all of the related activities in detail, will be considered by Cabinet on 17 July 2018.

Debt and Loan Write – Offs & Impairments

Income collection & recovery activity

29. Key measures used to monitor income collection and debt recovery performance in have all shown improvement during 2017/18. Partnership operational working arrangements with the IBC have been finalised and finessed during the year resulting in noticeable improvements in corporate income collection.
30. In relation to income collection, more of our customers paid earlier this year and less errors were made by officers when raising invoices. The number of invoices resolved before formal recovery action was required increased by 1000; this improved promptness enabled officers to focus more time on high-risk debtors. Furthermore, the average calculated days to receive invoice receipts reduced by 9 days; this improvement highlights the positive impact of officers focusing more effort at an earlier stage on high value invoices, and consequently leads to improved cashflow and reduced aged debt.
31. In relation to debt recovery there was a net reduction of **£0.175m** to the council's invoiced debtor impairment demonstrating that officers are resolving debt cases that are over 120 days old.

Debtor write offs

32. For the year ended 31 March 2018 there were 390 general debt write offs which totalled **£0.172m**. Adult social care client contributions wrote off 318 debts totalling **£0.422m**. There were a few non-invoiced write offs which totalled **£0.001m**.
33. Over **50%** of the corporate write offs related to historic Joint Use Agreements within Children's Services that were approved by Cabinet during the year. As with previous years, over half of the Adult Social Care debt written off relate to balances owed by insolvent estates.

Medium Term Financial Plan Savings

34. The outturn position for each directorate set out in this report incorporate savings agreed as part of medium term financial plan by Council in February 2017 and previous years. **95.0%** of the planned savings of **£61.1m** have been delivered.

35. Within the directorates, **£3.0m** of savings have not been achieved. These include **£1.8m** savings built into Adult Services budgets. While it has not been possible to achieve these in the way originally planned, **£1.6m** of this has been absorbed within the overall broadly breakeven position for the council elements of the Better Care Fund pool. In addition, savings of **£0.6m** in Communities relating to Infrastructure Delivery restructure savings which were not achieved (as referred to in paragraph 55.1).

Part 2 – Revenue Service Commentary

People – Children

36. An overspend of **£6.9m (6.3%)** is reported by Children's services.

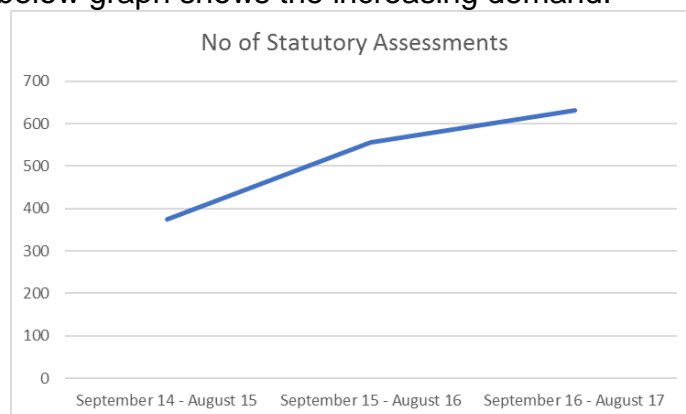
37. Education & Learning - £0.4m underspend

37.1 Management and Central Costs - £0.6m underspend

- An underspend of **£0.2m** is reported for Education Management. This is the result of vacancies within the senior management team, in particular not having a Deputy Director for part of the year.
- An underspend of **£0.3m** is reported on education service administration. There have been several vacancies held within the administration service this year pending a review. These posts are now being recruited to.
- The remainder of the variance relates to an underspend of **£0.1m** on legal recharges. This budget varies from year to year depending on legal advice required.

37.2 Additional and Special Educational Needs - £0.4m overspend

- A **£0.2m** variation on Special Educational Needs relates to a saving which was not possible to achieve in 2017/18, specifically within the SEN Casework team who process Education & Health Care Plans (EHCPs). Demand for this service has increased in recent years, including extended age ranges and the implementation of Special Educational Needs & Disability (SEND) reforms (which was funded). The below graph shows the increasing demand.



- The remaining overspend is within the Psychological Service, which overspent by **£0.2m**. This is the result of reduced traded income,

due to the service focusing on core work due to vacancies in the team.

37.3 **Organisation and Planning - £0.1m underspend**

- Home to School Transport overspent by **£0.3m**. There is an overspend of **£0.7m** on SEN transport due to the increase in the numbers of children and the complexity of their needs. This is partly offset by an underspend of **£0.6m** on Secondary mainstream transport due to savings achieved through more efficient procurement and policy change. There is also an overspend of **£0.2m** on Post 16 mainstream transport.
- An overspend of **£0.1m** is reported on admissions, where the team has expanded to meet additional responsibility in relation to assessment of transport eligibility and appeals.
- Early Years Sufficiency and Access was underspent by **£0.3m**, this was due to a technical adjustment which provided additional Early Years DSG to support this budget in 2017/18.
- School Organisation and Planning underspent by **£0.3m**, this mainly relates to the Academies budget, which is due to a reduced number of academy conversions during 2017/18.
- The Education Inclusion service was overspent by **£0.1m**, due to the cost of integrating children in to new settings exceeding the recoupment of basic entitlement funding from their previous setting.

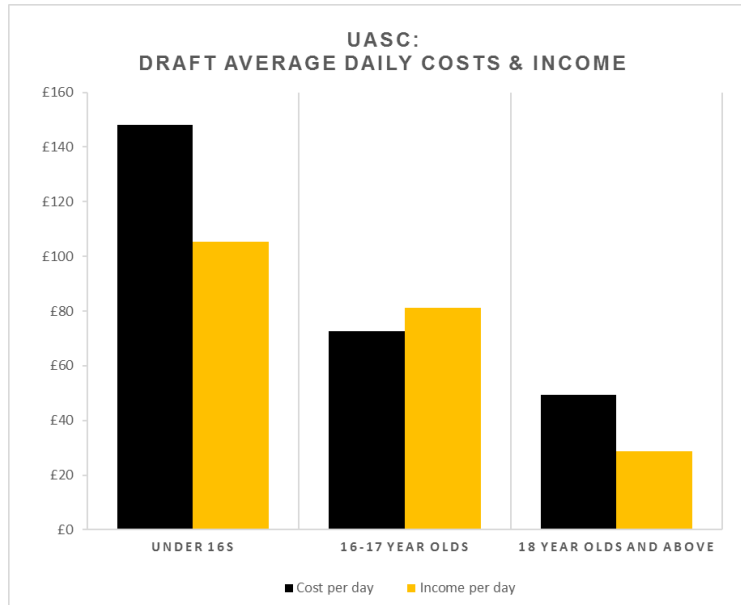
38. **Children's Social Care - £1.3m overspend**

38.1 **Management and Central Costs - £0.4m underspend**

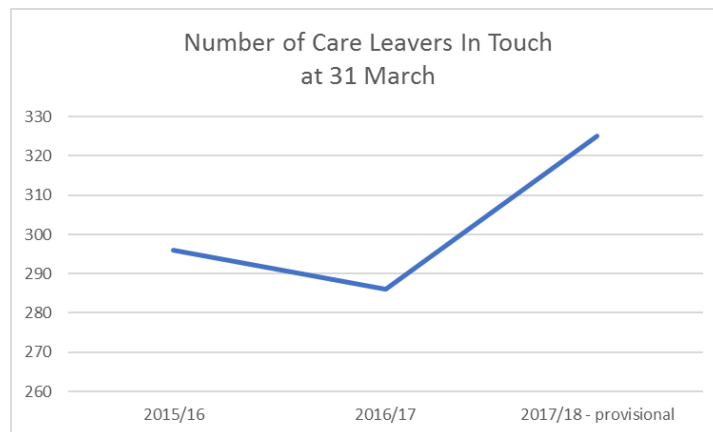
- Children's Social Care management overspent by **£0.1m** due to additional costs in delivering the Children's Transformation programme.
- Children's Social Care administration underspent by **£0.5m**. due to vacancies within the service this year these lead to a significant underspend.

38.2 **Social Care - £1.3m overspend**

- Unaccompanied Asylum-Seeking Children is overspent by **£0.6m**, due to grant income being insufficient to fund the current cost of placements. The **£0.2m** movement in the forecast from the previous report is mainly due to an increase in the income forecast with more days anticipated to be claimable than previously forecast.



- The budget for semi-independent placements for young people in care and therefore care leavers was overspent by **£0.3m**, due to an increased number of young people using the service. In addition, Leaving Care allowances budgets were overspent by **£0.2m**.



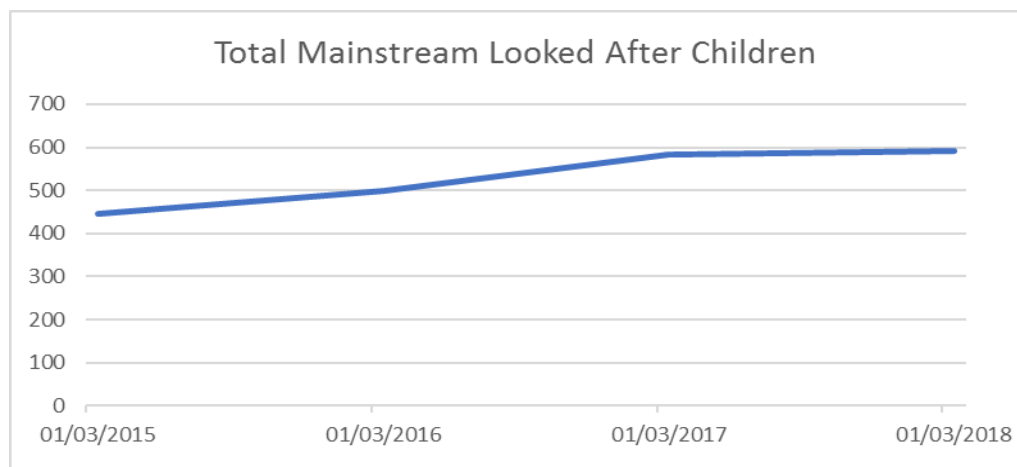
- The Education Employment and Training team were overspent by **£0.6m**, this is mainly due to an overspend on the National Citizen Service.
- Social Worker team budgets were underspent by **£0.5m** across the service, although there were offsetting over and underspends within various teams due to vacancies, agency workers and pressures within the services, this was primarily due to recruitment to the new Integrated Social Care service earlier in the financial year.

39. Children's Social Care Countywide - £6.6m overspend

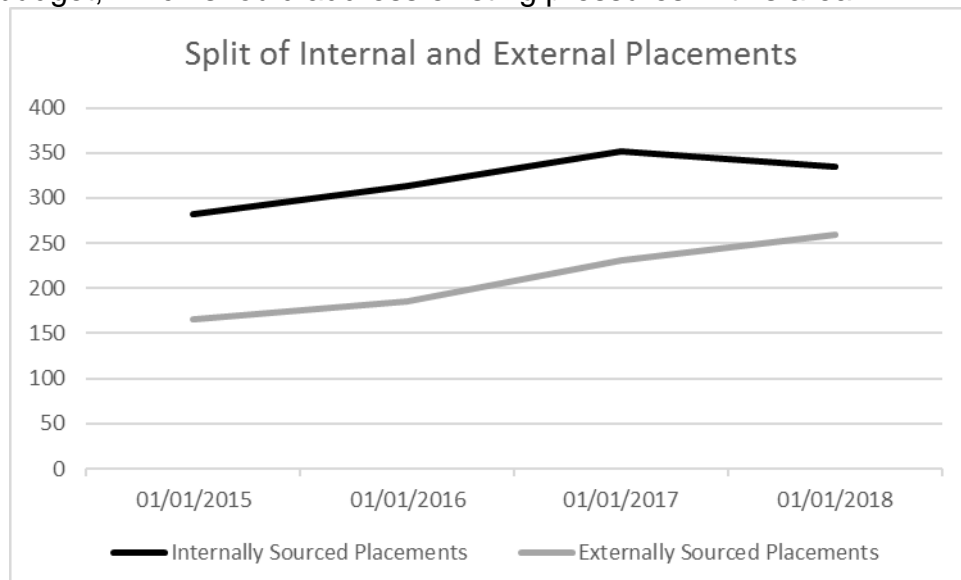
39.1 Corporate Parenting - £5.6m overspend

- The overspend in 2017/18 is a result of the growth in the number of looked after children increasing by **16%** in the later part of 2016/17 which was not reflected in the 2017/18 budget. There was a further increase of **2%** in the number of looked after children in 2017/18 compared to an estimated increase of **5%**.

- A **£5.6m** overspend relates to the cost of placing mainstream Looked After Children in external placements, mainly residential homes run by providers and independent fostering agencies.
- In addition, there was an overspend on Internal Residential, Council run homes and Edge of Care of **£0.6m** and internal fostering of **£0.4m**.
- These were offset by underspends in Adoption, Internal Move on Homes and Supported Housing.
- The graph below shows that the number of children in care has increased from 447 in March 2015 to 593 at 31 March 2018 a 33% increase. During 2017/18 there has been a net increase of 10 children, however this peaked at 36 before reducing towards the end of the financial year.



- The 2016/17 growth resulted in a **24%** increase in the number of external placements, the majority of which remain in 2017/18.
- The following graph shows a summary breakdown of placement types over the same period, highlighting the requirement for external placements, which has increased from 165 in March 2015 to 259 in March 2018, an increase of **57%**. In 2017/18 there was an increase of 28 external placements (**12%**).
- In 2018/19 **£7.5m** of additional funding has been agreed in the budget, which should address existing pressures in this area.



39.2 Services for Disabled Children - £0.9m overspend

- The number of Looked after Children with a disability has remained relatively stable since 2016, with a net increase of 3-4 children during 2017/18. The cost of these placements is significant and resulted in an increased spend of £0.4m. Compared to 2016/17 when this budget overspent by **£0.4m**.
- In 2018/19 this has been addressed with agreed additional funding of **£1.0m**.

Dedicated Schools Grant (DSG) funded services

40. Schools Block DSG - £0.4m underspend

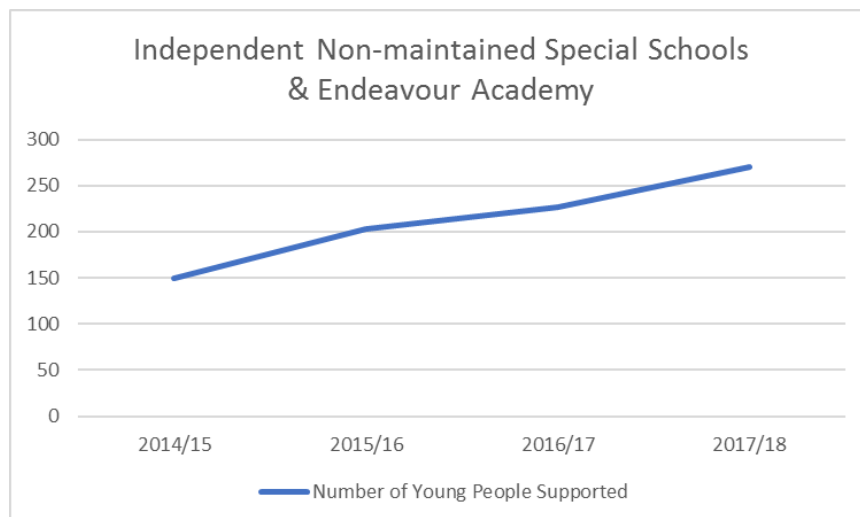
- The underspend mainly relates to adjustments following the conversion of schools to academies and schools which did not open as planned.

41. Early Years Block DSG - breakeven

- The early years DSG grant has been spent in accordance with the regulations. The budgeted contingency of **£0.4m** was not spent in year and transferred to reserve. A decision will be made on how this will be utilised once the 2017/18 Early Years DSG grant is finalised by the Department for Education (DfE).

42. High Needs Block DSG - £2.4m overspend

- The overspend mainly relates to the cost of Independent Non-Maintained Special Schools. There has been significant growth in numbers in this type of provision over the last few years as shown in the below graph.



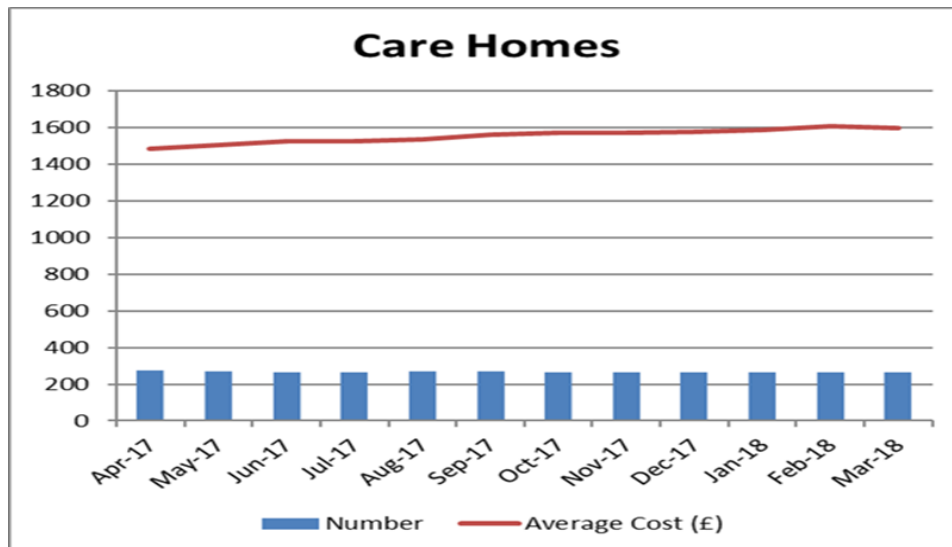
- The reduction of **£1.7m** from the forecast in the previous report relates to a reduction of **£0.6m** in the forecast spend across several budgets, a **£0.6m** correction in the forecast for special school place funding. The remainder is made up of technical adjustments between DSG blocks.

School Balances

43. Schools' balances were **£18.4m** at 1 April 2017 and reduced to **£15.2m** at 31 March 2018. As set out in Annex 3b, 148 schools had surplus balances at 31 March 2018, while 20 had deficits. The decrease in the number and value of surplus balances during 2017/18 reflects **£0.8m** being transferred to academy converters, **£0.7m** net reduction on the new schools Growth Fund and **£1.8m** net reduction on schools' individual revenue balances.
44. 126 schools had converted to academy status up to 31 March 2018. Under the transfer of Balances Regulations, the local authority has, once the closed school accounts have been finalised and agreed, transferred school balances to the successor academy. A total of **£0.2m** remains to be agreed and passed to academies. All schools that converted to academy status were at a breakeven or in a surplus financial position.

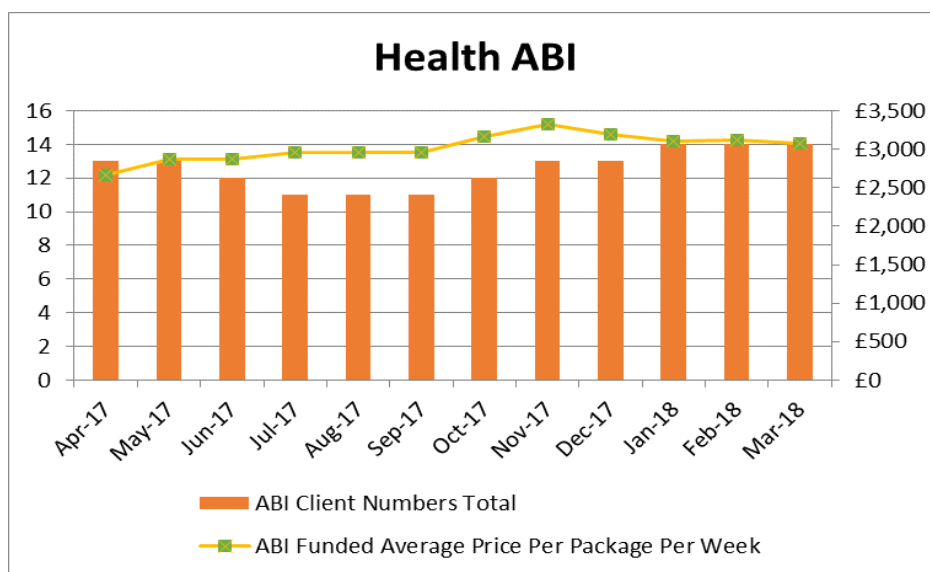
People – Adult Services

45. Adult Services underspent by **£1.3m (0.7%)**.
46. **Adults with Care and Support Needs (ACSN) Pool - £1.8m overspend**
- Of the total overspend of **£2.0m**, **£1.8m** falls to the County Council, and **£0.2m** to Oxfordshire Clinical Commissioning Group (OCCG) under the risk share arrangements for 2017/18. The £1.8m variation represents **0.9%** of the total Adult Services budget or **2.2%** of the council's contribution to the pool.
 - The **£1.0m** decrease in the overspend for the pool since the last forecast primarily relates to Learning Disabilities and reflects a mixture of spend on care packages being lower than forecast in January, lower than anticipated costs within the Shared Lives service (which provides an opportunity for service users to live in a Shared Lives carer's home), income being higher than forecast and lower recharges for legal activity than anticipated.
- 46.1 **Learning Disabilities - £1.6m overspend**
- This overspend is a result of increased average placement costs compared to 1 April 2017 (as highlighted in the graph below), plus increased contract costs. As reported throughout the year there were 12 instances of new high cost placements or significant increases to packages, as well as some high cost packages for service users transitioning from Children's Social Care late in 2016/17, which have impacted on on-going expenditure in 2017/18.



46.2 Acquired Brain Injury (ABI) - £0.6m overspend

- The overspend is due to activity above the budgeted levels and reflects the high cost of specialist individual packages which are often around £4,000 or more per week.



46.3 Mental Health - £0.2m underspend

- The underspend is mainly because of lower service users' costs than previously anticipated and an overestimate in forecast costs required for the advocacy service.
- This position also includes a **£0.2m** overspend on the Mental Health outcomes based contract which reflects the risk share arrangement in place until 30th September 2017. From this date there is no risk share and Oxford Health Foundation Trust bear the full risk of any overspend.

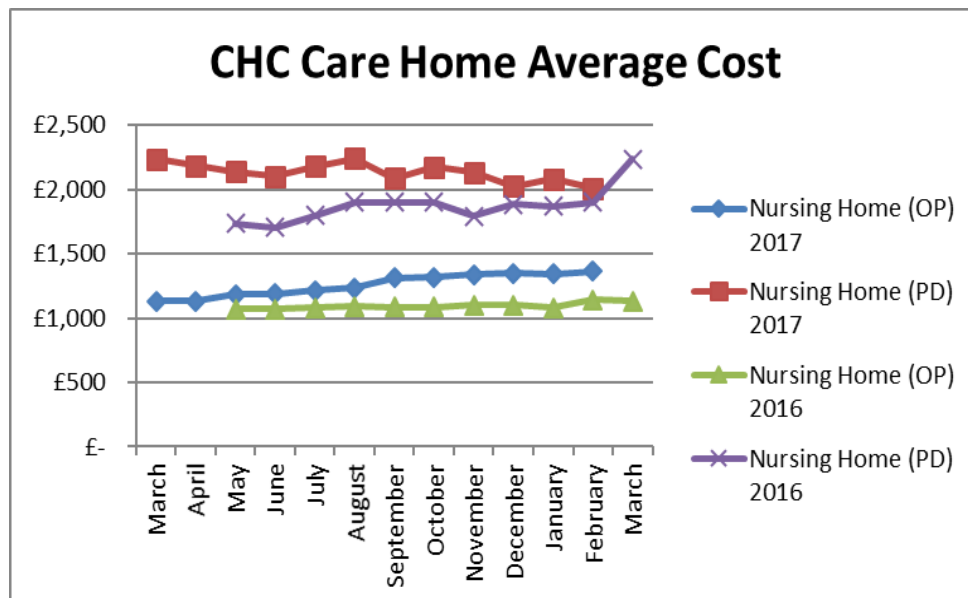
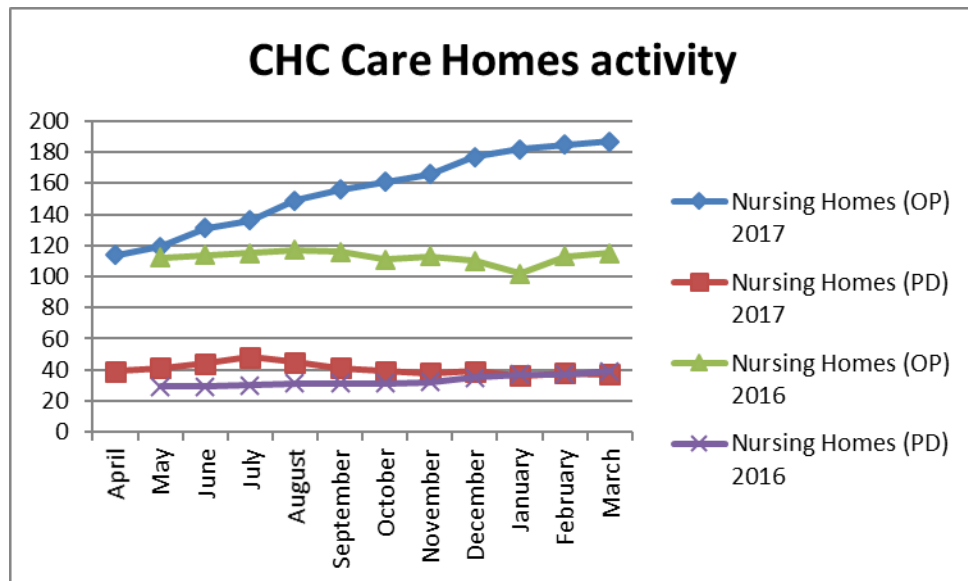
47. Better Care Fund Pool £0.1m underspend

- The Better Care Fund pooled budget was risk shared on a 70:30 basis with Oxfordshire Clinical Commissioning Group (OCCG) in

2017/18. A final underspend of **£0.1m** is reported. An additional contribution of **£1.2m** from OCCG towards the overspend on Continuing Health Care noted below has been transferred to reserves and will be utilised to help fund pressures and winter activity in 2018/19.

	County Council £m	OCCG £m	Total £m
Care Homes	-0.1	2.5	2.4
Prevention	-0.7	0.1	-0.6
Hospital Avoidance	-1.3	-1.9	-3.2
TOTAL	-2.1	0.7	-1.4
Total Underspend by Risk Share	-1.3	-0.1	-1.4
Held in Reserves for use in 2018/19	-1.2		-1.2
Revised underspend by risk shared	-0.1	-0.1	-0.2

- The forecast for the pool based on the position at the end of January 2018 was an overspend of **£3.2m** (1.8% of the **£180m** combined budget) of which the council's share was £2.3m. Excluding the impact of the additional **£1.2m** contribution by OCCG noted above, the underlying reduction of **£3.4m** across the pool at year end reflects actual spend on Continuing Health Care and other demand led activity being lower than previously forecast for the final two months of the year, expenditure on activity related to reablement being lower than forecast, lower than anticipated additional costs required to impair income outstanding for 6 months or more in the council's accounts, lower than expected spend on interim beds reflecting lower usage than anticipated and lower than expected spend on equipment relating to the telecare service. As a result of these variances more work is being undertaken within 2018/19 to address the fluctuation in the forecast and to consider how to better illustrate the potential financial impact of changes in demand led care activity.
- As previously reported there is a significant pressure in relation to Continuing Health Care (CHC) and Funding Nursing Care (FNC) on the health elements of the pool became evident during the year. The overall pressure, including elements for service users with physical disabilities and older people, was **£5.6m** and represents a **21%** pressure on the original budget. This has been partially offset by two additional in-year contributions by OCCG of **£1.6m** and **£1.2m** with the balance being offset by other variations within the Pool as noted above.



- There is expected to be an on-going pressure arising from the increase in activity and an increase in the average weekly costs for Continuing Health Care packages. The on-going effect of the 2017/18 outturn position and level of funding and risk will be considered when agreeing the pool contributions and risk share for 2018/19.

48. Adult Services (Non-Pool) - £2.5 underspend

48.1 Adult Protection & Mental Capacity - £0.1m overspend

- An overspend of **£0.3m** is reported for Emergency Duty Team and Approved Mental Health Professional Specialists service due to short-term use of agency staff during the implementation of the new structure. An overspend of **£0.1m** reflecting the interim arrangements for the Safeguarding Team Manager post is also reported. The Deprivation of Liberty Safeguards service has also underspent by **£0.3m** due to posts agreed to be held vacant.

- 48.2 **Provider and Support Services - £0.6m underspend**
- The underspend has arisen from lower than anticipated in year transition costs in relation to the Daytime Support Service. This a reduction from the previous figure reported as a result of Adult Services contributing **£0.2m** to additional project support costs.
- 48.3 **Domestic Violence & Abuse Support Services - £0.2m underspend**
- This is due to a contribution from Public Health.
- 48.4 **Other Funding - £0.9m underspend**
- As reported previously an underspend of **£0.9m** includes an element of the Adult Social Care precept that has been used to offset the overspend on the ACSN pooled budget. There is also unallocated base budget held since 2015/16 relating to the Care Act and Independent Living Fund funding which continues to be held outside of the pools. The underspend reported within Joint Commissioning at year end has previously been reported here but is also offsetting the overspend on the pooled budget.
- 48.5 **Adult Services Staffing and Infrastructure - £0.9m underspend**
- An underspend of **£0.9m** on staffing reflects vacancies across the Responsible Localities teams throughout the year. This is **7.6%** of the total Responsible Localities staffing budget and reflects the challenges the service faces recruiting in Oxfordshire.
49. **Joint Commissioning - £0.5m underspend**
- An overspend of **£0.1m** reflects the ending of external funding which previously part funded the Director. Offsetting that an underspend of **£0.6m** has previously been reported within Other Funding and is offsetting pressures elsewhere within the directorate.

People – Public Health

50. Public Health underspent by **£0.5m**.
51. The terms and conditions of the ring-fenced Public Health grant require that any under spends are used in future years for Public Health purposes. The underspend has therefore been transferred to the Grants & Contributions Reserve at the end of 2017/18 so that the service is showing a nil variation
52. **Local Authority Commissioning – Locally Defined £0.4m underspend**
- 52.1 **Obesity - £0.2m underspend**
- The new Adult Weight Management contract commenced in September and has produced in-year savings of **£0.2m**.
- 52.2 **Drugs and Alcohol - £0.2m underspend**
- The negotiation of efficiencies in a new contract for needle supplies, savings from a financial incentive scheme, an underspend

on training and development and reduced spend on residential rehabilitation placements, has resulted in an underspend of **£0.2m**.

Communities

53. Communities overspent by **£1.2m (1.3%)**.
54. **Planning & Place - £0.3m underspend**
- 54.1 **Localities, Policy & Programme - £0.1m underspend**
- Slippage in the Oxfordshire Strategic Model (OSM) programme meant the investment budget was not spent in 2017/18 as originally planned, thus causing a variance of **£0.1m**.
- 54.2 **Strategic Infrastructure Planning Resource Management - £0.2m underspend**
- Delays to Spatial Planning work caused an underspend of **£0.1m**.
 - The remaining **£0.1m** is due to planned hold of non-essential spend to support the overall Council position.
55. **Infrastructure Delivery - £1.2m overspend**
- 55.1 **Infrastructure Delivery Management - £1.1m overspend**
- A **£1.1m** overspend is due to the full year effect of the Highways Service review not being realised until 2018/19. The review is expected to fully deliver the remaining savings in 2018/19.
- 55.2 **Network & Asset Management - £0.7m overspend**
- A **30%** increase in energy prices in October caused a **£0.5m** pressure on Street Lighting energy costs.
 - An overspend of **£0.2m** has arisen on drainage due to abnormal weather; melting snow created additional pressure on the drainage system and a higher level of cleaning and minor repair work was needed.
- 55.3 **Delivery - £1.0m overspend**
- A **£0.3m** overspend on Defects relates to issues with Skanworks not pulling through all 2016/17 defect costs, hence costs were under accrued.
 - With the condition of our road network, the winter weather experienced this year has caused a significantly higher number of pot holes to appear, causing a pressure of **£0.4m** on 2017/18 Defects. In total 30,000 defects were fixed, compared to a budgeted 25,400.
 - As a result of the abnormal winter a high number of salt runs and snow clearing activity was required, creating a pressure of **£0.5m** on Winter Maintenance. A total of 40 runs were budgeted for but 76 runs were completed in 2017/18 (20 of which during the four specific snow events).

- There were also planned reductions in spend to help offset the above pressures for Supply chain challenges in Safety Camera Maintenance (£0.1m) and Signing & Lining (£0.1m).
- 55.4 **Highways & Waste - £1.8m underspend**
 - A one-off underspend of £0.3m is reported due to additional capital funding being provided by Department for Transport (DfT) at a late stage in the financial year, which influenced the revenue/capital balance with Skanska overhead charges.
 - There was a further underspend of £0.7m relating due to data in highways management information systems for the previous financial year being inaccurate thereby reducing the value of accruals.
 - Waste Management underspent by £0.8m, partly due to an anticipated increase to costs arising from the Household Waste Recycling Centres new contract provision, and for which budgets were increased by £0.5m, not being required and indeed the balance of waste actually collected within the sites resulted in lower costs compared to previous years.
- 55.5 **Major Infrastructure Delivery - £0.2m overspend**
 - A £0.2m overspend is due to an under recovery of capitalisable salary recharges for the Network Rail electrification scheme (due to staff being diverted to non-capitalisable work), plus time spent on Growth Deal preparation by the team.
- 56. **Property & Investment - £0.8m overspend**
- 56.1 **Supported Transport - £0.4m underspent**
 - The Integrated Transport Unit reported an overspend of £0.1m, down from a forecast £0.5m. The reason for the reduction is that it became possible to utilise £0.4m of Bus Subsidy Operators Grant funding to subsidise the costs of the Comet Service. The Comet service was run using spare capacity created by the cessation of the Daytime Support transport provision. Without the Comet Service and temporary grant funding, the service would have overspent by £0.5m due to fixed costs.
 - Concessionary Fares reimbursements to bus operators recorded a small underspend of £0.1m. This was an improved position from the forecast overspend of £0.2m due to adverse weather resulting in a reduced number of passenger journeys.
 - Further underspends of £0.4m across Supported Transport relate mainly to an under spent supported transport project investment budget.
- 56.2 **Property & Procurement - £1.2m overspend**
 - An overspend of £0.3m is due to senior management interim appointments in the last quarter of 2017/18, to lead the transition of the service following the collapse of Carillion.
 - A further net overspend of £0.9m, includes the known costs of the Carillion contract, both before the services transferred back to the Council, and to operating the first phase of the new operating model.

These are offset by a net underspend in Corporate Facilities Management, mainly due to a reduction in corporate landlord costs (rents, rates and landlord service charges) as a result of a reduction in properties across the estate.

57. **Fire & Rescue and Community Safety - £0.5m underspend**

- This position includes an **£0.4m** underspend is reported due to the On-Call Firefighting Section being under establishment in 2017/18 and non-essential spend has been postponed in line with Corporate guidance to help the overall Council position.

Resources

58. Resources overspent by **£0.1m (0.6%)**. This mainly relates to ICT as set out below and was partly offset by small underspends by Corporate Finance and Policy.

58.1 **ICT – £0.2m overspend**

- As at the end of March 2018 over 4,000 users had gone through the ‘Connecting You’ rollout countywide. The programme took longer to complete due to additional participant ICT users (circa 100) and dependency on rollout of other technology, resulting in a one-off revenue pressure.

Fit for the Future

59. In February 2016 Council approved a **£3.0m** revenue budget to deliver the transformation agenda through the Fit for the Future programme. A further **£3.5m** of capital funding was assigned for the programme, **£0.5m** of which is in accordance with the flexible use of capital receipts strategy agreed by Council in September 2016. Statutory guidance on the flexible use of capital receipts allows for newly identified capital receipts in the period April 2016 to March 2019 to be used to fund the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation. Use of this flexibility is subject to full Council agreeing a strategy prior to the financial year in which it is to be used. Whilst the capital receipts were originally intended to be used in 2016/17, slippage on the Fit for the Future programme meant that this was utilised in 2017/18.

60. The total cost of the programme to 31 March 2018 is **£4.7m** as per the following table, with the remaining **£1.8m** committed in 2018/19.

	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Project Management	0.140	0.381	0.000	0.521
Management & support staff	0.356	0.082	0.028	0.466
ICT staff & platform components	0.409	1.592	0.195	2.196
Connecting You	0.044	0.406	0.000	0.450
Civica (Business Intelligence)	0.000	0.058	0.000	0.058
PWC Activity Analysis	0.000	0.067	0.000	0.067
PWC Phase 2	0.000	0.373	0.000	0.373
PWC Phase 3	0.000	0.633	1.116	1.749
Children's Transformation	0.107	0.000	0.000	0.107
Miscellaneous	0.073	0.000	0.000	0.073
Funding remaining	0.000	0.000	0.440	0.440
Total	1.129	3.592	1.779	6.500

Part 3 – Capital Programme Commentary

People: Children

61. The total capital expenditure for 2017/18 was **£28.8m** (excluding schools' local capital expenditure). This is a reduction of **£4.5m** against the latest forecast position (January 2018).
62. Total expenditure on the Basic Need programme was **£14.7m** in 2017/18. This included expenditure on 11 school expansion projects that will create an additional 1124 pupil places when completed; project development fees and work on schemes expected for beyond 2017/18; and the final account settlement of previous completed projects. For several projects that were anticipated having completion dates later than September 2017, the pre-agreed contingency plans in order to accommodate the additional pupils were implemented.
63. Basic Need expenditure was **£3.6m** lower than the latest forecast. Three projects that were in progress when Carillion went into liquidation are delayed and a further three projects have not yet reached the contract let stage. Pupils have been accommodated in alternative short-term arrangements within the school or temporary classroom accommodation has been provided until the project is complete.
64. The total expenditure on building new schools was **£9.7m**. The new Aureus Secondary School in Didcot was completed during the year and opened in September 2017. A second primary school on the Great Western Park development in Didcot is also on track to open in September 2018 as planned.
65. A total of **£2.2m** was spent on the annual programmes; Schools Structural Maintenance, Access, Health & Safety and Temporary Classroom Programmes (excluding temporary classrooms required to mitigate delays in delivery of basic need projects).
66. A further **£1.1m** was spent on the Early Years Capacity Programme providing additional early years places.

People: Adults

67. The total capital expenditure for 2017/18 was **£5.7m**. **£5m** of this was Disabled Facilities Grant received as part of the Better Care Fund which was distributed to the five district councils in Oxfordshire.

Communities - Transport

68. Total capital expenditure for 2017/18 was **£40.8m**. This is a reduction of **£6.5m** against the latest forecast position (January 2018).
69. Expenditure includes **£25.7m** spent on highways structural maintenance including **£7.6m** on the Challenge Fund programme. The Challenge Fund programme was a predominately grant funded three-year programme that completed in 2017/18.
70. Significant investment in year includes **£7m** on the Harwell Link Road which opened in March 2018 and **£3m** on projects in and around Headington to improve access. Backhill Tunnel at Milton park was also opened during the year.
71. A total of **£1.5m** was spent from the development budget for initial work on the A40 Oxford Science Transit Phase 2 project.
72. The Loop Farm Link Road project was re-profiled to reflect the delay in the scheme due to undertaking further modelling and design work.

Communities: Other

73. The total capital expenditure for 2017/18 was **£3.1m** with the majority spent on the further provision of Broadband within Oxfordshire.
74. Design work has commenced on the implementation of new Salt Barns at Drayton & Deddington.

Resources

75. Total capital expenditure for 2017/18 was **£13.1m**. Actual expenditure includes the transformation of the Westgate Library at **£2.3m**. A further **£10.3m** has been issued through the Local Growth Fund on behalf of OxLEP to major projects within the County.

RECOMMENDATIONS

76. **The Cabinet is RECOMMENDED to:**
- (a) **note the provisional revenue and capital outturn for 2017/18 along with the year-end position on general balances and earmarked reserves as set out in the report;**
 - (b) **note the virements as set out in Annex 2a;**
 - (c) **approve the transfer of over and under spends to general balances as set out in paragraph 12;**

- (d) **recommend Council to approve the use of £0.1m underspend on Transition fund for open access children's services which will be transferred to the Budget Priorities Reserve until required as set out in paragraph 13;**
- (e) **agree that the surplus on the On-Street Parking Account at the end of the 2017/18 financial year, so far as not applied to particular eligible purposes in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, be carried forward in the account to the 2018/19 financial year as set out in Annex 4;**

LORNA BAXTER

Director of Finance

Background papers:

Directorate Provisional Outturn Reports for 2017/18 and Financial Monitoring Reports for 2017/18

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June 2018