

Division(s):

CABINET – 18 JUNE 2013

PROVISIONAL REVENUE & CAPITAL OUTTURN 2012/13 AND REQUESTS FOR CARRY FORWARDS

Report by the Chief Finance Officer

Introduction

1. This report sets out the provisional revenue and capital outturn for 2012/13 and shows how actual expenditure and income for the year compares to the budgeted position. It also includes proposals for carry forwards from 2012/13 to 2013/14. The report is consistent with the Council's Statement of Accounts for 2012/13¹ which will be submitted to the Audit and Governance Committee on 3 July 2013 following certification by the Chief Finance Officer and prior to external audit.

Summary of Revenue Outturn

2. As set out in Annex 1 the adjusted year end revenue position for 2012/13 is a variation of -£3.168m. Variations totalling +£0.029m have been funded from balances as they are outside the control of Directorates. Details are set out in Annex 4.

	Final Budget 2012/13	Provisional Outturn 2012/13	Provisional Outturn Variation compared to final budget	Provisional Outturn Variation compared to final budget
	£m	£m	£m	%
Children, Education & Families	107.890	107.703	-0.187	-0.17
Social & Community Services	207.148	205.484	-1.664	-0.80
Environment & Economy	80.818	80.115	-0.703	-0.87
Chief Executive's Office	22.648	22.063	-0.585	-2.72
Total Directorate variation	418.504	415.365	-3.139	-0.75
Add variations funded by balances			-0.029	
Adjusted Directorate Variation			-3.168	-0.76

¹ Due to external accounting requirements the presentation of the figures may vary.

3. The following Annexes are attached and referenced in the report:

Annex 1	Revenue Outturn
Annex 2 a	Proposed carry forwards to 2013/14
Annex 2 b	Proposed movement of 2012/13 underspends to other budgets
Annex 2c	Virements to note
Annex 3a	Reserves and Provisions
Annex 3b	School Balances
Annex 4	General Balances
Annex 5	Older People, Physical Disabilities & Equipment and Learning Disabilities Pooled Budgets
Annex 6	On and Off - Street Parking – Statement of Income and Expenditure for 2012/13
Annex 7	2013/14 Virements to approve
Annex 8	Capital Outturn

Part 1 – Revenue Outturn

Children, Education & Families (CE&F)

4. The provisional outturn position for CE&F is a variation of -£0.187m. In addition unspent Dedicated Schools Grant totalling -£5.688m has been placed in a reserve for use in 2013/14.

CEF1 Education and Early Intervention

5. The Service is reporting an underspend of -£0.604m. The change of +£0.322m since the last Financial Monitoring Report to Cabinet on 16 April 2013 reflects an overspend of +£0.342m on Home to School Transport compared to the breakeven position previously forecast. It was anticipated that concessionary fare income would increase due to new charges for transport that was previously free, but the actual increase in income was lower than expected.

CEF 2 Children's Social Care

6. Children's Social Care is reporting a net variation of -£0.629m. An underspend of -£0.606m on Corporate Parenting, which mainly reflects underspends on in - house fostering, is partly offset by overspends on external placements totalling +£0.180m. The year - end position also includes underspends for Family Support (-£0.265m), Asylum (-£0.111m), Youth Offending Service (-£0.198m) and Referral & Assessment (-£0.114m). These underspends are partly offset by overspends for Children Looked After (+£0.286m) and Management & Central Costs (+£0.234m).

CEF3 Children, Education & Families Central Costs

7. An overspend of +£0.967m includes one-off redundancy costs relating to the whole directorate incurred in 2012/13 and estimated redundancy costs for future restructuring across the directorate.

Social & Community Services (S&CS)

8. The outturn position for S&CS is a variation of -£1.664m. The underspend on the Older People, Physical Disabilities and Equipment Pooled Budget (-£3.992m) has been placed in the reserve for use in future years.

SCS1 Social Care for Adults

9. The service is reporting an underspend of -£1.555m a change of +£0.162m since the report to Cabinet on 16 April 2013. This position includes the overspend on the Council's element of the Learning Disabilities Pooled Budget (+£0.577m) which as it cannot be met from the reserve is being funded by underspends elsewhere in the directorate.
10. Fairer Charging income relating to Older People and Physical Disability clients has underachieved by +£0.684m. This is a change of +£0.384m since the last Financial Monitoring Report to Cabinet on 16 April 2013. Guidance issued by the Department of Health includes the requirement to ensure that the Council should take account of no more than the full cost of providing the service in determining charges. For someone who pays the full cost of care, there may be a variation on the cost of care or the amount of care the person chooses to receive. At year end, the cost to the Council for the service is compared to what has been recovered from clients. If the cost is less than the amount charged, some clients may be entitled to a reimbursement or credit to their account. The Council has therefore included a provision of £0.445m in the accounts to cover the estimated surplus of income compared to cost in 2012/13.

SCS2 Community Safety

11. An underspend of -£0.134m is reported by Community Safety. This mainly relates to additional rental income and reduced premises costs.

SCS3 Joint Commissioning

12. The overspend in Joint Commissioning Team of +£0.073m is due to additional legal recharges and restructuring costs. Supporting People underspent by -£0.169m due to new contracts and an under spend on Shared Lives.

SCS5 Fire and Rescue Service

13. The service is reporting an overspend of +£0.121m. This includes +£0.171m overspend on Firefighters ill health retirements which has been funded from balances and an underspend of -£0.056m on the retained duty system which has been returned to balances.

Pooled Budgets

14. The Council's element of the Older People's Pooled budget has underspent by -£3.489m. This is an increase of -£1.057m since the report to Cabinet in April. Of this, -£0.447m relates to Dementia Challenge funding received from the Oxfordshire Clinical Commissioning Group and an increased underspend of -£0.538m on

Home Support. Earlier in the financial year when underspends were identified decisions were made to commit to additional care packages. The cost of these care packages commits spend for an average of three years. This means that whilst more clients are receiving care, there is an underspend in 2012/13 which will need to be available to pay for the costs over a period of time. The commitment of additional resources has enabled :

- An increase in the total number of older people supported of 8.2% from 4,378 in March 2012 to 4,715 by the end of March 2013
 - An increase in the number of people supported in care home placements of 5.4% from 1,592 people at the end of March 2012 to 1,678 at the end of March 2013
 - An increase in the number of people supported in a long term package of 9.8% from 2,766 at the end of March 2012 to 3,037 at the end of March 2013
 - An increase in satisfaction with services amongst older people (in February 2012, 87.8% of older people said they were satisfied with their social care services and in February 2013 this had risen to 93.4%).
15. The council element of the Physical Disabilities Pool is underspent by -£0.544m compared to an underspend of -£0.242m previously reported. The change relates to an increased underspend for Home Support.
16. The Council's element of the Learning Disabilities Pooled Budget has overspent by +£0.577m compared to an underspend of -£0.865m previously reported. The change reflects late payments made in March 2013 for 2011/12 and 2012/13.

Environment & Economy (E&E)

17. The outturn position for E&E is variation of -£0.703m.

EE1 Highways and Transport

18. The service is overspent of +£0.473m. This includes an overspend of +£1.189m in Highways & Transport as a result of the winter weather, highway maintenance, vehicle maintenance as well as rapid incident responses and contract management costs. This is partly off-set by Public Transport contract savings of -£0.537m arising from the early realisation of future planned savings. Expenditure on concessionary fares is also -£0.346m less than budgeted.

EE2 Growth and Infrastructure

19. An underspend of -£0.324m is reported for Property and Facilities. This includes overspends on Programme Management (+£0.601m) and Service Management costs (+£0.170m) relating to delays in the implementation of the new contract. These are offset by an underspend in Facilities Management (-£0.598m) and slippage on Energy Strategy Projects (-£0.603m). There are also underspends of

-£0.435m in Business & Skills and -£0.240m in Planning Implementation. The overall variation for the service is -£0.948m.

20. Overall a breakeven position is reported by Waste Management. This position is achieved after making an additional -£0.448m contribution to the Waste Management Reserve to fund future contract cessation liabilities and planning obligations. An overspend of +£0.799m has arisen due to higher tonnages than budgeted. 291,000 tonnes was disposed of in 2012/13 compared to 277,000 tonnes in 2011/12. This overspend is offset by underspends on contract payments and other Waste Management budgets.

EE3 Oxfordshire Customer Services

21. Oxfordshire Customer Services has underspent by -£0.438m. This includes an overspend on the Customer Service Centre (+£0.327m) off set by underspends on ICT (-£0.233m), Human Resources (-£0.247m) and Finance (-£0.354m).

Chief Executive's Office (CEO)

22. The provisional outturn position for the Chief Executive's Office is a variation of -£0.585m. This includes underspends on Human Resources (-£0.285m), Strategy and Communications (-£0.180m), and Corporate Finance and Internal Audit (-£0.207m) which are partly offset by an overspend for Law and Culture relating to the registration service (+0.125m).

Proposed Carry Forward of under and over spends in 2012/13 to 2013/14

23. Under the Council's Financial Regulations, the Cabinet is responsible for approving all carry forwards. Directorates have either asked to carry forward underspends to the service in which they were generated or requested a virement of the carry forward to meet pressures in other areas.
24. The following table summarises the proposed carry forwards by Directorate. These are set out in detail in Annex 2a and the virements behind them in Annex 2b. Some of the virements for CE&F, S&CS and E&E are larger than £0.5m and require approval by Council under the authority's Financial Procedure Rules.

Directorate	Directorate Variation after agreed variations to balances £m	Total Directorate Proposed Carry Forward £m	Underspend Transferred to Efficiency Reserve £m
CE&F	-0.187	0	-0.187
S&CS	-1.779	0	-1.779
E&E	-0.702	-0.702	0
CEO	-0.500	-0.092	-0.408
Total per Annex 2a	-3.168	-0.794	-2.374

Strategic Measures

25. There is a variation of -£1.738m on the Strategic Measures budget. This consists of a variation of -£0.179m on Capital Financing and -£1.559m on Interest on Balances. The variation on Capital Financing is due to lower than forecast principal repayments. This is partly off-set by higher than forecast interest payable on long term borrowing as a result of continuation of four Lenders Option Borrowers Option (LOBO) loans. Interest earned on balances was -£1.559m more than budgeted due to lower than forecast interest payable on developer contributions, along with higher interest received arising from larger than forecast cash balances during the year.
26. The Treasury Management Outturn report for 2012/13, which covers all of the related activities in detail, will be considered by Cabinet on 16 July 2013.
27. The Council has claims outstanding with Municipal Mutual Insurance Plc. (MMI). In November 2012 the directors of MMI triggered a process to wind up the business. This means the Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. A provision of £0.466m has been made for the initial 15% levy rate confirmed by the scheme administrator. This has been funded from an amount for potential MMI clawback held within the Insurance Reserve. A further £0.403m is held within the Insurance Reserve to cover the best estimate of possible further clawback, in line with actuarial advice.

Debt Write Offs

28. For the year ended 31 March 2013 there were 285 debts written off totalling £0.059m. In addition Client Finance wrote off £0.085m in respect of 91 debts relating to care provided by Social & Community Services.
29. Eleven loans totalling £0.040m made under the Chronically Sick and Disabled Persons Act were also written off. The largest of these was £0.011m and was agreed by Cabinet on 18 September 2012. £0.002m loans to Foster Carers, provided under the Children's Act, were written off.
30. Total debt write offs for the year were £0.186m. This compares to £0.241m for 2011/12. Most of the debts were written off because they would be uneconomical to recover through the courts.

Part – 2 Consolidated Capital Outturn

31. The capital programme is updated three times each year to reflect the latest forecast profile of expenditure. The original budget for the year is the programme agreed by Council in the February preceding the start

of the financial year. The latest updated programme, based on the position forecast at the end of December 2012, was agreed by Council on 19 February 2013.

32. Total capital programme expenditure for 2012/13 was £47.0m. The variation between the original programme and the final outturn was -£8.6m (-16%). Excluding schools local spend the variation on the total directorate programmes was -£8.2m (-16%). The summary outturn position is shown in Annex 8a.
33. 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 value for money decisions). Excluding local spend by schools the adjusted variation reduces to -£5.0m (-10%). This represents 90% use of resources compared to the original capital programme. This is shown Annex 8b and is summarised in the following table.

	Total Directorate Programmes £m	Schools Capital & Earmarked Reserves £m	Total Capital Programme £m
Original Capital Programme	50.4	5.2	55.6
Final Outturn Expenditure	42.2	4.8	47.0
Variation	-8.2	-0.4	-8.6
Impact of in-year grant reductions/project removals	1.3	0	1.3
Impact of in-year increased funding	-0.8	0	-0.8
Impact of other VfM & technical adjustments	0.6	0	0.6
Impact of Cost Savings & Returned Contingencies	2.1	0	2.1
Adjusted Variation	-5.0	-0.4	-5.4
Use of Resources	90%	92%	90%

Children, Education & Families

34. Total capital expenditure was £18.9m in 2012/13 (excluding schools local capital expenditure). Expenditure incurred during 2012/13 includes £5m on pupil places provision with the completion of 11 projects for 411 places. A further £1m was spent on project development fees and work on basic need schemes that will be delivered in the next financial year. Phase 2 of the Wood Farm School project (£3.5m) was completed in 2012/13 along with projects at The Grange in Banbury (£0.5m) and Fitzwaryn School in Wantage (£0.8m). Expenditure on the Schools Structural Maintenance Programme was £3.9m and a further £1.7m was also spent on improvements at Oxford Spires Academy for which specific grant funding was received. The remaining £2.5m was spent on the annual programme and retention.

Social & Community Services

35. £2.6m expenditure incurred during 2012/13 includes the final grant payments for three Extra Care Housing projects (£1.1m) in Oxford that have provided 191 rented flats and the completion of the Bicester Fire Station upgrade (£0.2m), Redbridge Hollow (£0.8m) and Banbury Day Centre project (£0.5m).

Environment & Economy - Transport

36. £19.0m expenditure incurred during 2012/13 includes £5.6m on the Integrated Transport area of the programme, including £1.7m on Thornhill Park & Ride and £1.7m on Didcot Station Forecourt major schemes. Expenditure on the structural maintenance annual programmes was £12.1m and expenditure on structural maintenance major projects was £1.2m.

Summary Programme Financing

37. The table in Annex 8c summarises the outturn financing of the 2012/13 capital programme and compares it to the financing planned in the original and latest capital programme.
38. The Capital Programme expenditure of £47.0m was funded from a combination of capital grants and other external contributions (£38.3m), developer contributions (£6.2m), project specific prudential borrowing (£0.7m) and revenue contributions (£1.8m).
39. The level of the un-ringfenced grant balance has increased by £13.3m to £27.6m. 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 period of the capital programme.
40. The unapplied ringfenced balance held at the start of the year has reduced by £1.0m to £0.1m (excluding Growing Places Fund). There are no issues foreseen with utilising the remaining grants by their deadlines.
41. There was no requirement to use funding from the capital receipts or general capital reserve. Capital Balances are £29.0m an increase of £2.6m which mainly arises from to an additional contribution of £1m relating to rural roads and £0.9m in capital receipts as set out in the paragraph below.
42. The original forecast for capital receipts from the disposal programme for 2012/13 was £6.1m and actual capital receipts achieved were £0.9m this was due to a number of negotiations taking longer than expected. Disposals are now due to take place in 2013/14.

Annual Programme Carry-Forwards

43. The Capital & Asset Programme Board has agreed that the underspends on some annual programmes can be carried forward to deliver planned work which will now take place in 2013/14. The detail is presented in Annex 8e. In total, £2.9m has been carried forward to 2013/14 and £0.8m is returned to the capital programme.
44. Cabinet is recommended to approve an increase of £0.581m to the Kennington Roundabout scheme to be funded from the underspends on annual programmes returned to the capital programme above. The total budget for the scheme will now be £3.477m. The increase is due to the need to divert a water main as a result of the improvement work at the roundabout.

Part 3 – Balance Sheet

General Balances

45. As set out in Annex 4 general balances are £18.733m as at 31 March 2013. The MTFP approved by Council in February 2013 assumed balances would be £16.193m at the end of the financial year.

Earmarked Reserves

46. Annex 3 sets out earmarked reserves brought forward from 2011/12 and the position as at 31 March 2013. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.
47. Revenue Reserves are £84.075m as at 31 March 2013 and have decreased of £2.613m since 1 April 2012. Explanations of significant changes to School, Directorate and Corporate reserves are set out below.

Grants and Contributions

48. £8.898m of the £11.873m total grants and contributions is Dedicated Schools Grant (DSG) which was not spent by 31 March 2013. On 26 June 2013 the Schools & High Needs Committee of the Schools Forum will be consulted on how the DSG balance will be utilised in future years.

Children, Education & Families

49. An additional £2.264m has been placed in reserves during the year to support key projects and pressures in 2013/14. These include costs associated with the conversion of schools to Academy status, Joint Working with Thames Valley Police, School Intervention, and Thriving Families Project.

Social & Community Services

50. Reserves held by the directorate have increased by £2.279m. The largest reserve at £7.469m is the Older People Pooled Budget Reserve. This will mainly be used to continue to support additional care packages agreed in 2012/13 and previous years.

Environment & Economy

51. The balance on the Parking Account at 31 March 2013 was £2.232m. £0.477m was taken from the reserve in year to fund costs relating to the Oxford Park & Ride car parks. Contributions to the Parking Account during 2012/13 include Camera Enforcement income of £0.954m, On – Street Pay & Display charges income for Oxford City of £2.072m, and a planned contribution from revenue of £0.118m. The year end position is after the £1.3m budgeted contribution to the Highways budget in line with the Medium Term Financial Plan. The balance will be used to fund highways expenditure in accordance with Section 55(4) of the Road Traffic Regulation Act 1984. Further analysis is provided in Annex 6.
52. The Waste Management Reserve has increased by £1.242m to £3.249m. This will be utilised in future years for contract cessation costs and to meet planning obligations.
53. Additional funding of £0.928m was agreed as part of the 2011/12 budget to fund one-off investments to enable asset rationalisation savings to be achieved. £0.765m remaining at the end of 2012/13 has been placed in a reserve and will be used in future years as an investment fund to continue to implement the asset rationalisation strategy and achieve the associated agreed savings.

Corporate Reserves

54. The Efficiency Reserve totalled £3.384m as at 31 March 2013. This will be used for projects that support the Council's Medium Term Financial Plan.

School Balances

55. After incorporating partnership balances the number of schools in deficit was 12 and the number of schools with surplus balances was 249 at 31 March 2013. Further details of the number of schools with surpluses and deficits and the value of the balances are set out in Annex 3b.
56. 28 schools have converted to academy status up to 31 March 2013. A further eight schools transferred on 1 April 2013. Under the transfer of Balances Regulations the local authority has over the financial year, once the closed school accounts have been finalised and agreed, transferred school balances to the successor academy. A total of £1.218m remains to be agreed and passed to academies. All schools at the time of converting to academy status have been at a breakeven or surplus financial position.
57. School balances were £27.235m as at 31 March 2013. The increase in school surplus balances during 2012/13 reflects the uncertainty felt by schools pending the introduction of a new formula funding model from 1 April 2013 and the possible financial implications of moving to academy status along with continued concerns over future funding

levels. Although the actual number of schools with a year end deficit is about half those initially projecting a deficit balance in May 2012, the value of deficit balances incurred during the year is larger than originally anticipated (£0.252m compared to £0.198m).

58. As the Guaranteed Unit of Funding for pupils is expected to remain frozen at the 2011/12 level over the medium term, it is expected that the level of schools balances will reduce as schools utilise unspent balances to support their budgets.
59. Local authorities were instructed by the Department for Education not to operate the "Excess Balances claw-back mechanism" from March 2011 unless a school with a significant history of balances over a number of years continues this approach. A number of Oxfordshire schools which fall into this category have been advised that should their excessive balance persist at March 2013 then the local authority will seek to deduct the excess from their balance. Once final school balances have been confirmed it is intended, following confirmation with Schools Forum to proceed with these deductions. Any surplus balances removed will be ring-fenced for use in Schools.

Other Reserves

60. As set out in Annex 3 Other Reserves which include Insurance, Capital and Cash flow reserves total £51.592m as at 31 March 2013.
61. A Budget Reserve to manage the cash flow over the Medium Term Financial Plan for 2013/14 to 2016/17 was set up in 2012/13. The balance on the reserve is £17.211m and will be used in line with the Medium Term Financial Plan agreed by Council on 19 February 2013.
62. Capital Reserves total £26.304m and will be used to finance the Capital Programme agreed by Council in February 2013.

Part 4 – 2013/14 Virements

63. Virements for 2013/14 that require Cabinet approval are set out in Annex 7. Virements requested include the establishment of the Education Support Service in Oxfordshire Customer Service, virements that relate to the restructure of Environment and Economy and an adjustment to the Central Support Service Charges within Law and Culture. Also included are virements to transfer of Acquired Brain injury budget to the Physical Disabilities Pooled Budget and NHS funding to the Equipment Pooled Budget. None of the virements represent a policy change.

64. **RECOMMENDATIONS**

65. **The Cabinet is RECOMMENDED:**

(a) in respect of the 2012/13 outturn to:

- 1) note the provisional revenue and capital outturn for 2012/13 along with the year end position on balances and reserves as set out in the report;**
- 2) approve the carry-forwards and virements as set out in Annex 2;**
- 3) recommend Council to approve the virements greater than £0.5m for Children, Education & Families, Social & Community Services and Environment & Economy Directorates as set out in Annex 2b;**
- 4) agree that the surplus on the On-Street Parking Account at the end of the 2012/13 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 2013/14 financial year;**

(b) in respect of the 2013/14 revenue budget and Capital Programme:

- 1) agree the increase of £0.581m to the Kennington Roundabout scheme as set out in paragraph 44;**
- 2) approve virements for 2013/14 as set out in Annex 7.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate reports

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June 2013