

Division(s): N/A

## CABINET – 17 JUNE 2014

### PROVISIONAL REVENUE & CAPITAL OUTTURN 2013/14

#### Report by the Chief Finance Officer

1. This report sets out the provisional revenue and capital outturn for 2013/14 and shows how actual expenditure and income for the year compares to the budgeted position. Figures shown in the report reflect the Council's draft Statement of Accounts for 2013/14<sup>1</sup>. This will be submitted to the Audit and Governance Committee on 2 July 2014 following certification by the Chief Finance Officer, prior to external audit.
2. The report also sets out proposals for the use of any revenue underspends from 2013/14 in 2014/15 and notes whether these have been used to manage overspends or to support the council's Medium Term Financial Plan.

#### Revenue Outturn Summary

3. As set out in Annex 1 the year end revenue position for directorates is a variation of -£1.318m. Of that, sums totalling -£0.233m have been returned to balances as they are outside the control of directorates. Details are set out in Annex 5.

	Final Budget 2013/14	Outturn 2013/14	Outturn Variance 2013/14	Outturn Variance 2013/14	Variance Forecast February 2014	Variance Forecast February 2014
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	106.522	106.594	+0.072	+0.07	+1.310	+1.24
Social & Community Services (S&CS) <sup>2</sup>	209.766	210.251	+0.485	+0.22	+1.608	+0.77
Environment & Economy	80.096	79.099	-0.997	-1.24	-1.390	-1.75
Chief Executive's Office	20.775	19.897	-0.878	-4.22	-0.703	-3.36
Public Health <sup>3</sup>	0.000	0.000	0.000	0.00	0.000	0.00
<b>Directorate Total</b>	<b>417.159</b>	<b>415.841</b>	<b>-1.318</b>	<b>-0.32</b>	<b>+0.825</b>	<b>+0.20</b>
Less variations returned to balances			0.233			
<b>Adjusted Directorate Variation</b>			<b>-1.085</b>			

<sup>1</sup> Due to external reporting requirements the presentation of the figures may vary.

<sup>2</sup> S&CS incorporates the outturn and variance for the Pooled Budgets.

<sup>3</sup> Public Health is funded by a ring-fenced grant of £25.264m from the Department of Health. An underspend of -£4.260m against the grant funding has been placed in reserves at year end (see paragraph 54).

4. Requests for supplementary estimates up to the amount required to cover overspends in Children, Education & Families (£1.200m) and the Older People and Equipment Pools (£0.540m) in Social & Community Services were agreed by Cabinet on 25 February 2014. These are included in the final budget and reflected in the outturn variation. They were not included in the variance forecast for February. Without the supplementary estimates the underlying overspend at year end would have been +£0.422m.
5. The following Annexes are attached and referenced in the report:
 

Annex 1	Revenue Outturn
Annex 2a	Proposed carry forwards to 2014/15 and movement of 2013/14 underspends to other budget heads in 2014/15
Annex 2b	2013/14 virements actioned in this report and to note
Annex 3	Ringfenced Grants
Annex 4a	Reserves
Annex 4b	School Balances
Annex 5	General Balances
Annex 6	On and Off - Street Parking – Statement of Income and Expenditure for 2013/14
Annex 7	2014/15 virements to approve
Annex 8	Capital Outturn

## Part 1 – Revenue Outturn

### Children, Education & Families (CE&F)

6. The provisional outturn position for CE&F is a variation of +£0.072m. In addition unspent Dedicated Schools Grant totalling -£5.063m has been placed in reserves. This includes -£1.533m notified by the Department for Education (DfE) on 3 June 2014.

### CEF1 Education and Early Intervention

7. The outturn variation for the Education & Early Intervention service is -£0.068m. This compares to a forecast of -£0.028m in the last Financial Monitoring Report to Cabinet on 15 April 2014.
8. Early Intervention Hubs underspent by -£0.289m due to staff vacancies during the year. The Foundation Years Service underspent by -£0.274m on training and associated supply cover costs as demand was lower than expected.
9. Elsewhere more significant variations contributing to the overall position for the service area include an underspend of -£0.074m for the virtual school. Special Needs Advisory Support Teachers generated -£0.085m of additional income from courses and the final position for the Behaviour Support traded service was an underspend of -£0.071m reflecting a reduction in staffing expenditure and increased business. Children's Centres and Childcare underspent by -£0.168m mainly because of staff vacancies during the year, and School Organisation & Planning by -£0.053m. There were also underspends on Management

& Central costs (-£0.158m) and the negotiable legal recharges budget (-£0.148m).

10. These underspends are offset by a +£1.352m overspend on mainstream and special educational needs (SEN) home to school transport. Further work is being undertaken to analyse the reasons for the increase in expenditure, which reflects a mixture of price increases and increased demand for SEN transport. Because of the overspend the £0.200m saving taken from the 2013/14 budget has not been achieved. The on-going effect will need to be considered as part of the 2015/16 Service & Resource Planning process.
11. The Thriving Families team had a budget of £1.861m to spend in 2013/14 comprising the second year of funding agreed by Council and the grant received from central government. -£0.945m unspent at year end has been returned to the service's earmarked reserve taking the total available to spend in future years to £2.416m.
12. £1.679m one – off funding was available to be allocated to school improvement services and projects in 2013/14. £0.563m of that has been spent, and the remaining £1.116m has been returned to reserves for use in the 2014/15 financial year. Due to the transfers back to reserves the final 2013/14 variation for both the School Improvement Service and the Thriving Families Team is nil.

#### CEF 2 Children's Social Care

13. At the end of the year Children's Social Care has underspent by -£0.016m after taking into account of the supplementary estimate of £1.200m. The underlying overspend of +£1.183m was virtually unchanged compared to the +£1.188m forecast in the report to Cabinet in April.
14. 43,890 support days were provided in 2013/14 compared to 36,642 in 2012/13. The 7,248 increase in 2013/14 is reflected in an overspend of +£1.761m on external placements. A supplementary estimate of up to £1.200m to meet part of this pressure was approved by Cabinet on 25 February 2014. The final position for the service area includes the full use of this additional one – off funding which reduces the overspend to +£0.561m.
15. There were also overspends of +£0.482m on management and central costs and +£0.049m on the Asylum Service Area. These were offset by underspends in Corporate Parenting (-£0.483m), Referral and Assessment (-£0.194m) and the Youth Offending Service (-£0.057m). Family Support underspent by -£0.403m as a result of staff vacancies and other savings on salary costs and legal costs.

#### CEF3 Children, Education & Families Central Costs

16. The final variation of +£0.180m primarily reflects redundancy costs.

Dedicated Schools Grant (DSG)

17. Services funded from DSG have underspent by -£3.530m and this has been added to the Grants & Contributions reserve for use in future years. A further £1.533m adjustment to the final Early Years Block Allocation for 2013/14 notified by the Department for Education on 3 June 2014 has also been added to the grants and contributions reserve and increases the total underspend to -£5.063m.
18. -£2.396m relates to payments for disadvantaged two year olds. The funding was based on 1,148 children receiving 15 hours per week but take up has been lower than this. Schools Forum considered the proposed use of this underspend in 2014/15 at their meeting in February 2014 and supported the continued use of the funding to build capacity. This will be reviewed again during 2014/15.
19. Further underspends on DSG funded budgets within Education & Early Intervention include the Foundation Years Service which underspent by -£0.186m as a result of demand for training and associated supply cover costs being lower than expected. There was also an underspend of -£0.360m on the funding for the reading campaign and the “Every Child a Reader” project.
20. Capitalised repairs and maintenance of school buildings underspent by -£0.263m. This compares to a forecast underspend of -£0.868m reported to Cabinet in April and reflects work completed as at 31 March 2014.

**Social & Community Services (S&CS)**

21. The outturn for Social & Community Services directorate is a variation of +£0.485m compared to a forecast of +£1.608m in the last report to Cabinet.
22. The overspend includes the Council’s risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variation on the Older People and Equipment Pooled budget. It also reflects the £2.300m temporary virement from corporate contingency set aside by Council in recognition of the difficulty in balancing the conflict of delivering savings in the face of increased demand, which Cabinet subsequently agreed on 17 September 2013, along with a one – off contractual refund of £1.114m relating to contract payments in previous years, and a supplementary estimate of £0.540m as agreed by Cabinet on 25 February 2014.

S&CS1 Adult Social Care

23. Adult Social Care overspent by +£1.287m after taking account of the Council’s risk based share of the overspend on the Older People and Equipment Pooled Budget. This is £0.961m less than the +£2.247m forecast overspend in the report to Cabinet in April.

#### Older People and Equipment Pooled Budgets

24. Under the Pooled Budget agreement the variation on the Older People and Equipment Pool is shared between the Council and Oxfordshire Clinical Commissioning Group (OCCG) based on the proportion of the contributions to the pool. This requires the Council to fund +£1.258m of the total overspend compared to a combined share of +£1.628m forecast in the previous report.
25. The council's budget lines had an overall underspend of -£1.825m. The final overspend for Care Homes was +£1.967m but was offset by an increase in income. Client Contributions exceeded the budget by -£2.760m reflecting the increased client numbers and demand for services. Home Support and Extra Care Housing overspent by +£0.608m. During 2013/14 the average weekly value of home care packages and direct payments commissioned by the council increased by 4% to £192.48 and £282.29 respectively. The average number of hours per package increased by almost 6%, from an average of 11.9 hours in March 2013 to 12.6 hours in March 2014. Over the year, the number of Older People supported at home increased from 2,080 to 2,391.
26. The final underspend for Prevention and Early Support Services was -£1.815m. This reflects lower than anticipated activity throughout the year. The Council's element of the Equipment Pool overspent by +£0.099m.
27. While the social care elements underspent, the health budget lines overspent by +£4.015m. This was driven by increased demand with pressures of +£1.399m for Care Homes, +£1.380m for Home Support and +£0.927m for Funded Nursing Care.
28. The continuing pressures on the Older People and Equipment Pooled Budget mean that it would be difficult to manage the overspend within the Pooled Budget if it was carried forward to 2014/15. Annex 2 sets out proposed virements to utilise underspends elsewhere within the Directorate in 2013/14 to offset the overspend in 2014/15.

#### Physical Disabilities and Learning Disabilities Pooled Budgets

29. As set out in the report to Cabinet in April the Council's element of the Learning Disabilities Pool was forecast to overspend by +£1.829m as a result of the on-going effect of increased panel allocations in late 2012/13 and in early 2013/14. The final variation of +£2.810m reflects lower than forecast recovery of surplus personal budget balances.
30. As noted in the last report, £1.800m was transferred from the Learning Disabilities Pooled Budget to the Physical Disabilities Pooled budget during the 2013/14 Service & Resource Planning process. During the year there has been greater pressure on the Learning Disabilities Pool so the intention is that the -£0.665m underspend on the Physical Disabilities Pool is used to part fund the Learning Disability Pool overspend. The final underspend on the Physical Disability Pool

compares to -£0.450m forecast as at the end of February and reflects higher than forecast recovery of surplus personal budget balances.

31. After taking account of the underspend on the Physical Disabilities Pool and the use of other underspends in Community Safety, Joint Commissioning and Adult Social Care Non - Pool Services the remaining overspend of +£0.513m will be carried forward to be managed and recovered by the Learning Disabilities Pool in 2014/15.

Adult Social Care: Non – Pool Services

32. After taking into account a contractual refund of £1.114m received in 2013/14 but relating to contract payments in prior years there is an underspend of -£2.117m for services outside of the Pools compared to an equivalent variation of -£0.760m<sup>4</sup> in the last report. The Emergency Duty Team overspent by +£0.109m as a rise in demand on day time teams increased the need for out of hours work. This is offset by an underspend of -£0.138m on Housing Related Support due to reduced expenditure on contracts and one – off income, and underspends on Mental Health (-£0.102m) and Learning Disabilities (-£0.097m). The remaining underspend relates to underspends on recharges and on budgets for drug and alcohol treatment which are now covered by Public Health.
33. The Adult Social Care Improvement Programme overspent by +£0.176m compared to +£0.207m forecast in the last report. This pressure will be carried forward and offset against underspends in Joint Commissioning. £0.500m funding in the Efficiency Reserve that had been set aside for this purpose will be used to meet Adult Social Care Improvement Programme costs in 2014/15.

S&CS2 Community Safety

34. The total underspend for Community Safety was -£0.180m. Safer Communities underspent by -£0.050m, and Gypsy & Traveller Services by -£0.044m. Trading Standards ended the year with a net underspend of -£0.086m after receiving additional income of £0.108m.

S&CS3 Joint Commissioning

35. Joint Commissioning underspent by -£0.589m compared to -£0.649m forecast in April. -£0.169m of the variation relates to budgeted savings delivered a year in advance of the £0.500m savings target in the Medium Term Financial Plan. As forecast there was also a one – off -£0.075m underspend against the Healthwatch budget.
36. Responsibility for managing a local social fund was transferred from the Department for Work and Pensions to local authorities in 2013/14. The number of successful applications for assistance from the Fund was lower than anticipated resulting in a final underspend of -£0.345m against the un-ringfenced grant funding of £0.944m.

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<sup>4</sup> £0.240m overspend reported to Cabinet in April less an estimated contractual £1.000m refund.

S&CS4 Fire & Rescue and Emergency Planning

37. Fire & Rescue and Emergency Planning underspent by -£0.033m. The +£0.129m cost of firefighter ill health retirements has been met from balances as this is a budget that the service cannot control. A -£0.157m underspend on retained firefighters has been transferred to balances for the same reason. The net variation funded by balances is -£0.028m.

**Environment & Economy (E&E)**

38. The outturn position for E&E is a variation of -£0.997m.

EE1 Strategy and Infrastructure

39. Strategy and Infrastructure has underspent by -£0.165m compared to -£0.521m forecast in the last report to Cabinet in April. Planning, Environment & Transport was previously forecasting an underspend of -£0.409m on staffing and planned energy reduction projects and other non – staffing budgets. The final position is a reduced underspend of -£0.095m due to non – staffing budgets being reallocated to other priorities. There is also an underspend of -£0.087m on non – staffing budgets in Planning Regulation.

EE2 Commercial Services

40. Commercial Services has underspent by -£0.707m compared to a net forecast underspend of -£0.579m reported in April.
41. As noted previously the flooding experienced in January and February 2014 impacted on the ability to undertake routine repairs and maintenance to the highways and high river levels also meant flood related repairs could not be completed by year end. The Highways Maintenance & Operations overspend reduced from +£0.811m forecast in February to +£0.277m reported to Cabinet in April and a final outturn of +£0.218m. Within that overall position a -£0.547m underspend in locality budgets is offset by a +£0.532m overspend on incident response.
42. As noted in the previous reports, and reflected in Annex 6, the budgeted parking income anticipated for 2013/14 has not been fully realised. Because of this the budgeted drawdown from the reserve to support the revenue budget in 2013/14 has been reduced by £0.550m so that future contributions from the reserve included in the Medium Term Financial Plan are sustainable.
43. Waste Management has underspent by -£0.471m as the outturn tonnage is 8,000 tonnes less than budgeted.

	Tonnages	Landfill	Recycling & Composting
Budgeted	295,000	41%	59%
Outturn	287,000	42%	58%

44. The final underspend of -£0.457m on the Highways Services contract management fee reflects higher than expected capital expenditure during the year.
45. Property and Facilities Management has underspent by -£0.683m overall. Underspends on Corporate Facilities Management are offset by pressures relating to unachievable rental income and legal costs.
46. Property Programme Management overspent by +£0.805m. Property related capital expenditure was lower than expected in 2013/14 so less contract management fees could be recovered.
47. The Integrated Transport Unit overspent by +£0.094m while drainage overspent by +£0.361m.
48. There are underspends on Concessionary Fares (-£0.322m), the energy costs of Street Lighting (-£0.306m), street lighting maintenance (-£0.240m), bus subsidies (-£0.116m) and Network & Asset Management (-£0.252m).

#### EE3 Oxfordshire Customer Services

49. Oxfordshire Customer Services has underspent by -£0.125m compared to a forecast underspend of -£0.290m reported in April. There is an overspend of +£0.180m as the planned saving from rationalising the use of printed materials will not be achieved until 2014/15. There is a further net overspend on the Education Support Service (+£0.073m). £0.121m income due from schools was not billed for in 2013/14 so the overspend of +£0.121m arising from that will be carried forward and offset against the income collected in 2014/15. A range of small overspends across the service combine to make up a remaining overspend of +£0.253m.
50. Offsetting the overspends Human Resources has underspent by -£0.630m as a result of savings on staffing costs, the early achievement of savings planned for 2014/15 and a carry forward of £0.154m from 2012/13 which has not been spent.

#### **Chief Executive's Office (CEO)**

51. The provisional outturn position for the Chief Executive's Office is a variation of -£0.878m. This compares to a forecast underspend of -£0.703m reported as at the end of February.
52. The largest element of this is Law & Culture which has underspent by -£0.388m. As reported previously this includes an underspend of -£0.181m on the Coroner's Service due the renegotiation of the mortuary contract and additional income which has been returned to balances. There is also an underspend of -£0.150m on the Legal Services budget reflecting additional income from recharges offset by a pressure arising from an increase in Childcare Court Fees from 1 July 2013. The Registration Service has underspent by -£0.063m after



making a contribution of £0.122m to reserves to help fund the refurbishment of registrar buildings and facilities.

53. An underspend of -£0.067m in Strategy & Communications is due to salary underspends offset by the cost of the broadband project. The remainder of the underspend is made up of a range of underspends including the Chief Executive's Personal Office (-£0.069m), Corporate Finance and Internal Audit (-£0.074m), and Human Resources (-£0.198m). -£0.024m of the underspend on Corporate Finance relates to the external audit fee which has been returned to balances.

### **Public Health**

54. The Public Health function transferred from the National Health Service to local authorities on 1 April 2013. It is fully funded by a ring-fenced grant from the Department of Health for the period 2013/14, 2014/15 and 2015/16. The grant funding for 2013/14 was £25.264m and the final underspend transferred to the Grants and Contributions Reserve at year end was -£4.260m.
55. The Drugs and Alcohol Service underspent by -£1.624m compared to -£1.571m forecast in April. This reflects staffing costs, changes to contracts, reduced legal fees and a lower than expected number of clients receiving treatment. The service is being reviewed and re-commissioned in 2014/15 and 2015/16.
56. There was also a -£1.195m underspend on Sexual Health services as budget set aside to meet high expected demand for direct access services during the first year of operation was not required. A further -£0.589m was due to significant staff vacancies in 2013/14. As noted in the April report recruitment to essential posts is now complete and the budget is expected to be fully spent in 2014/15. Smoking and Tobacco control underspent by -£0.182m because less smokers accessed services than expected. The services are being actively promoted in 2014/15. The -£0.110m underspend on Children's 5-19 Public Health Programmes will be utilised delivering the new School Health Nurse service in 2014/15.
57. A virement request to approve a one – off allocation of £2.000m of the -£4.260m underspend towards the Capital Programme for the provision of children's homes in 2014/15 was agreed by Council on 20 May 2014. Through this contribution the Council will be able to discharge its responsibilities within the Children 5-19 public health programme.
58. Public Health budgets for 2014/15 have been realigned to reflect the council's priorities and expected levels of demand for services. It is expected that £2.260m remainder of the grant funding will be used in 2014/15 in line with the grant criteria along with the £26.086m allocation for 2014/15.

### Ringfenced Grants

59. As set out in Annex 3, ringfenced grants totalling £311.962m for CE&F, £6.265m for E&E, £0.370m for CEO and £25.264m for Public Health were included in directorate budgets. These have been used for the specified purpose or will be available for use in 2014/15. Where necessary unspent amounts have been returned to the funding body. As noted in the report to Cabinet on 25 February 2014, Children, Education & Families was also directly allocated £0.115m that was paid as part of un-ringfenced grant.

### Proposed Carry Forward of under and over spends in 2013/14 to 2014/15

60. Under the Council's Financial Regulations, the Cabinet is responsible for approving all carry forwards. For 2013/14 overspends carried forward are the first call against any underspends carried forward within the directorate. Any overspends that it is not possible to offset by underspends need to be carried forward and managed within year. Any underspends not required to offset overspends will be added to corporate reserves and used to support the Medium Term Financial Plan.
61. The following table summarises the proposed carry forwards and underspends transferred to corporate reserves by Directorate. These are set out in detail in Annex 2a. After taking account of underspends, remaining overspends requested to be carried forward (which will reduce the relevant budget by the amount of the carry forward in 2014/15) relate to the Learning Disabilities Pooled budget in SCS (+£0.513m) and income due from schools in E&E (+£0.121m). The remaining +£0.072m overspend in CE&F will be carried forward and recovered within Children, Education and Families Central Costs. Underspends totalling £1.791m in E&E and CEO will be transferred to Corporate Reserves.

Directorate	Directorate Variation after agreed transfers to/from balances £m	Total Directorate Proposed Carry Forward £m	Underspend Transferred to Corporate Reserves £m
Children, Education & Families	+0.072	+0.072	0.000
Social & Community Services	+0.513	+0.513	0.000
Environment & Economy	-0.997	+0.121	-1.118
Public Health	0.000	0.000	0.000
Chief Executive's Office	-0.673	0.000	-0.673
<b>Total per Annex 2a</b>	<b>-1.085</b>	<b>+0.706</b>	<b>-1.791</b>

62. Some of the virements required to offset over and underpends within CE&F, S&CS and E&E are larger than £0.5m and require approval by Council on 1 July 2014 under the council's Financial Procedure Rules.

### **Strategic Measures**

63. Within Strategic Measures there is a variation of -£0.116m on Capital Financing and -£1.143m additional interest on balances due to cash balances during the year being higher than forecast. These are offset by a shortfall of £1.102m in un-ringfenced government grants (see paragraph 84-85). This primarily reflects the Education Services Grant, which was £1.148m lower than budgeted and the assumed Returned Safety Net Topslice (£0.794m) which was not received.
64. As noted in the report to Cabinet in April, the Council received £4.782m from the Department for Transport for highways as part of the Severe Weather Recovery Scheme. Since neither element of the funding is ring-fenced the £3.027m revenue element has been added to Strategic Measures for use in 2014/15. There is a further £0.011m for the property element of the Severe Weather Recovery Programme. The £1.755m capital element has been added to the capital grants and contributions reserve.
65. The Treasury Management Outturn report for 2013/14, which covers all of the related activities in detail, will be considered by Cabinet on 15 July 2014.

### **Debt Write - Offs**

66. For the year ended 31 March 2014 there were 149 general debt write offs which totalled £81,766. Client Finance wrote off 120 debts totalling £118,354. A further £1,222 related to loans to foster carers.
67. Total debt write offs for the year were £0.201m. This compares to £0.186m for 2012/13 and £0.241m for 2011/12. Most of the debts were written off because they would be uneconomical to recover through the courts.

### **Business Strategies**

68. The outturn position set out in this report incorporates Business Strategy savings that were agreed by Council in February 2013 and previous years. The savings for home to school transport and all rights exhausted in CE&F have not been achieved because of overspends in those areas, while £2.4m of the £5.2m saving within the Older People's Pool in SCS has not been achieved along with a £0.1m saving on Equipment. 86% of the £7.867m savings built into E&E budgets were achieved along with all of the savings in CEO.
69. Overall 87% of the savings built into 2013/14 budgets were achieved. Where this wasn't possible the impact has been managed in 2013/14

within the position set out in this report. Any on-going pressures were either considered as part of the 2014/15 Service & Resource Planning process or will be considered in the 2015/16 process.

## Part 2 - Capital Outturn

70. The capital programme is updated three times each year to reflect the latest forecast profile of expenditure. The original budget for the year is agreed by Council in the February preceding the start of the financial year as part of the Medium Term Financial Plan (February 2013). This was based on the position forecast at the end of December 2012. The latest updated programme, based on the position forecast at the end of December 2013, was agreed by Council on 18 February 2014.
71. The summary outturn position compared to both the original and latest capital programme and also the latest position forecast at the end of February 2014 (set out in the April 2014 Financial Monitoring Report) is shown in Annex 8a. For completeness year end accounting adjustments are included (e.g. capitalisation of revenue expenditure on vehicles and repairs and maintenance).
72. As shown in Annex 8b total capital programme expenditure for 2013/14 was £62.0m. The variation between the original programme and the final outturn is -£18.1m (-23%). Once 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) and after excluding schools local spend the adjusted variation reduces to -£0.9m (-1%). This represents 99% use of resources compared to the original capital programme agreed in February 2013. Total capital expenditure for 2013/14 was £14.9m (32%) higher than in 2012/13.

### Children, Education & Families

73. Total capital expenditure for 2013/14 was £26.2m (excluding schools local capital expenditure). Expenditure incurred during 2013/14 includes £8.5m on pupil places provision which includes 9 projects comprising 592 places for September 2013 and beyond. This includes project development fees and work on basic need schemes that will be delivered in the next financial year. The final phase of the Wood Farm School project was completed in 2013/14 along with projects at Oxford Spires Academy and Chinnor, St Andrew's. £5.0m was spent on the Schools Structural Maintenance Programme.

### Social & Community Services

74. £4.3m expenditure incurred during 2013/14 includes grant payments for an Extra Care Housing project that has provided 50 rented flats and the delivery of the dementia care programme to enhance the lives of residents and the commencement of the joint control room in partnership with the Royal County of Berkshire Fire Service.

Environment & Economy - Transport

75. £25.3m expenditure incurred during 2013/14 includes £10.0m on the integrated transport improvements area and £15.3m on structural maintenance. Projects completed include Thornhill Park & Ride, Wheatley River Bridge and the repair of Bagley Wood Road following subsidence.
76. Additional highways maintenance grant allocation of £3.5m was announced during the year, of which £2.2m was delivered in year. The planned programme for 2013/14 was delivered in full and one carriageway scheme brought forward from 2014/15.

**Summary Programme Financing**

77. As shown in Annex 8c Capital Programme expenditure of £62.0m was funded from a combination of capital grants and other external contributions (£52.5m), developer contributions (£6.3m), project specific prudential borrowing (£1.2m) and revenue contributions (£2m).
78. The level of the un-ringfenced grant balance has increased by £1.1m to £29.8m. As these grants are not time limited, other funding sources are utilised first. The grants are forecast to be spent over the four year capital programme period. The unapplied ringfenced balance held at the start of the year increased by £3.8m to £3.9m (excluding Growing Places Fund £8.3m). There are no issues foreseen with utilising the remaining grants by their deadlines.
79. There was not a requirement to use the capital receipts or reserve balances and therefore these balances have increased by £3.6m to £33.6m. The original forecast for capital receipts from the disposal programme for 2013/14 was £6.6m and actual capital receipts achieved were £3.5m.

**Annual Programme Carry-Forwards**

80. The Capital & Asset Programme Board have agreed that the underspends on some annual programmes can be carried forward to deliver planned work which will now take place in 2014/15. The detail is presented in Annex 8e. In total, £1.6m has been carried forward to 2014/15 and £1.6m is returned to the capital programme.

**Changes to Major Project Budgets**

81. The cost of the Didcot Parkway Station Forecourt project has increased by £1.365m to £8.055m as a result of the discovery and subsequent management of unchartered buried asbestos and fuel tanks and other unexpected poor ground conditions. To contain the increased costs the covered walkway was removed from scope, as it was not deliverable as designed within budget due to unforeseen ground conditions. South Oxfordshire District Council (SODC) is holding back payment of £0.375m of their £0.812m contribution to the scheme pending agreement of an alternative covered walkway design. Cabinet

are recommended to agree that a total of £1.740m additional funding for the scheme should be met from corporate capital programme contingencies. Approval will be sought at a later date for delivery of a revised covered walkway once the design and funding have been agreed with SODC.

82. Prior to construction, detailed budget estimates for the A423 Southern and Eastern Bypass Improvements scheme at Kennington and Hinksey Hill were revised and the cost of the scheme increased by £1.800m to £6.407m. The scheme is due to start on site on 9th June 2014. Delay to this start date is critically linked to completion of the scheme before the Christmas period. In order to meet the tight delivery timescale for this scheme the budget increase and decision to proceed to construction were approved by the Leader of the Council and the Chief Finance Officer at the start of May, which is permitted in exceptional circumstances under the Financial Procedure Rules.

### **Part 3 – Balance Sheet**

#### **General Balances**

83. As set out in Annex 5 general balances were £18.455m as at 31 March 2014. This compares to the MTFP approved by Council in February 2014 which assumed balances would be £17.409m at the end of the financial year based on an assessment of the forecast outturn at that stage. After taking account of £3.039m Severe Weather Recovery Grant total balances are £21.494m.
84. As set out in Part 3 of the Financial Monitoring Report to Cabinet on 17 December 2013, the 2013/14 budget included assumptions about a number of un-ringfenced grants which were not notified until after Council agreed the budget in February 2013. At that stage it was estimated that there would be a shortfall of revenue grant funding in 2013/14 totalling £1.282m. Cabinet agreed that for 2013/14, this shortfall, and any further reduction in the Education Support Grant or Safety Net Topslice during the remainder of the year, should be met from the Budget Reserve.
85. Because the final position on balances was better than expected it has been possible to meet the final £1.102m shortfall in un-ringfenced grant funding from balances.

#### **Earmarked Reserves**

86. Annex 4a sets out earmarked reserves brought forward from 2012/13 and the position as at 31 March 2014. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.
87. Revenue Reserves total £78.296m as at 31 March 2014 and have decreased by £5.779m since 1 April 2013. Explanations of significant changes to School, Directorate and Corporate reserves are set out below.

Grants and Contributions

88. £8.898m Dedicated Schools Grant (DSG) was unspent at the end of 2012/13 and the Schools Forum has been consulted about the use of these balances throughout 2013/14. A significant share of the £11.895m DSG balance at 31 March 2014 is likely to be needed to address expected budget pressures in future years in funding for pupil growth, or basic needs revenue funding for the creation of new schools and academies. There is also continued uncertainty about the level of High Needs DSG funding in future years and budget pressures. Schools Forum will be asked to consider retaining part of the unspent balance to address these pressures.
89. Other ring - fenced grant underspends held in the Grants and Contributions Reserve for use in future years in line with the grant criteria include £0.671m for Thriving Families and £4.260m Public Health Grant which was not spent as at 31 March 2014. A further £0.788m is funding for the Enterprise Zone skills fund and £0.322m relates to funding for the Social Work Improvement Fund. Unspent ringfenced grants & contributions held in the reserve as at 31 March 2014 total £20.598m.

Children, Education & Families

90. The 2012/13 Provisional Outturn Report noted that an additional £2.264m was placed in reserves during the year to support key projects and pressures in 2013/14. These included costs associated with the conversion of schools to Academy status, Joint Working with Thames Valley Police, School Intervention, and Thriving Families Project.
91. Many of these projects and pressures are continuing in 2014/15 and as noted in paragraphs 11 - 12 unspent funding was returned to reserves at year end for that reason. Overall CE&F reserves reduced from £6.612m at 1 April 2013 to £5.709m as at 31 March 2014. The largest amounts within that total are the Thriving Families Reserve (£1.745m), and the School Intervention Fund (£1.116m).
92. £0.990m accumulated balances on self-financing services will be used as required in future years.
93. During the year the school amalgamations reserve was combined with the academies reserve to ensure that there is sufficient provision to meet future costs of academy conversion expected in 2014/15. The balance held on reserve at 31 March 2014 is £0.619m and this is expected to be fully used in 2014/15.

Social & Community Services

94. Reserves held by the directorate have reduced by £5.328m to £4.709m during 2013/14. £2.878m held in the Older People Pooled Budget Reserve (along with a further contribution of £0.459m held in the Grants & Contributions Reserve), and £1.044m held in the Physical Disabilities Pooled Budget Reserve will be used as agreed by the Joint Management Group to continue to support care packages agreed in 2013/14 and previous years. The Learning Disabilities Pool drew down

£0.204m to fund care packages in 2013/14, and a contribution of £0.095m was made to the reserve to support the on-going maintenance of supported living accommodation.

#### Environment & Economy

95. The balance on the Parking Account at 31 March 2014 was £2.086m. £0.273m was taken from the reserve in year to fund costs relating to the Oxford Park & Ride car parks at Thornhill and Water Eaton. Contributions to the Parking Account during 2013/14 include Camera Enforcement income of £0.411m, and On – Street Pay & Display charges income for Oxford City of £1.769m. The year-end position includes a £1.179m contribution from the reserve to the Highways budget. This is £0.550m lower than budgeted in the Medium Term Financial Plan due to park and ride receipts being lower than expected in 2013/14. 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.
96. £2.721m held in the Waste Management Reserve has been used for contract cessation costs and to meet planning obligations as set out in previous Financial Monitoring Reports to Cabinet. The remaining balance of £0.528m will be used to fund any energy from waste deficit payments.
97. 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 was placed in a reserve to be used in future years as an investment fund to continue to implement the asset rationalisation strategy and achieve the associated agreed savings. £0.128m of the £0.765m balance has been used during 2013/14 leaving £0.637m for use in 2014/15.
98. £0.862m was transferred to the Area Stewardship Fund reserve at the end of 2012/13 to be spent on commitments in 2013/14. £0.725m of this was spent in 2013/14; however, due to slippage in works £0.137m remained unspent at year end and remains in the reserve to be spent in 2014/15.
99. The Catering Investment Fund will continue to be used to invest in the business and provide a contingency against unforeseen costs. The balance at the end of 2013/14 was £1.594m.
100. Oxfordshire Customer Services reserves have been used to fund major programmes and projects across the service including the Externalisation programme and the development of the Customer Service Centre.

#### Corporate Reserves

101. The Efficiency Reserve totalled £4.523m as at 31 March 2014. This will be used for one – off projects that support the Council's Medium



Term Financial Plan and directorate business strategies including the Adult Social Care Improvement Programme, Broadband Project, Supported Transport Programme and a contribution to a new Adult Social Care IT system. After taking account of these commitments £1.141m remains available to allocate.

102. The carry forward reserve is the means by which under and/or overspends which are carried forward to the next financial year for use as approved through the virement requests set out in the Provisional Outturn Report. The balance on the reserve as at 31 March 2014 is the directorate underspend of -£1.085m as set out in paragraph 3.

#### School Balances

103. 220 schools had surplus balances at 31 March 2014, while 10 had deficits. Further details of the number of schools with surpluses and deficits and the value of the balances are set out in Annex 4b.
104. 60 schools had converted to academy status up to 31 March 2014. 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 £0.982m 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, apart from one primary school that closed with a deficit of £0.005m.
105. School balances totalled £25.444m as at 31 March 2014. The decrease in school surplus balances during 2013/14 reflects increasing cost pressures faced by schools while Dedicated Schools Grant funding has not been increased other than for pupil numbers, and conversion of more schools to academy status.
106. As noted last year the Guaranteed Unit of Funding for pupils is not expected to increase significantly over the medium term. Early indications of governor approved budget plans again project the level of schools balances will reduce as schools use unspent balances to support their budgets.
107. Oxfordshire's Scheme for Financing Schools makes provision for the local authority to potentially deduct excess balances if a school has held significant balances over a number of years. The local authority will continue to challenge schools about the intended use of balances.

#### Other Reserves

108. As set out in Annex 4a Other Reserves which include Insurance, Capital and Cash flow reserves total £51.897m as at 31 March 2014.
109. A Budget Reserve to manage the cash flow over the Medium Term Financial Plan was set up in 2012/13. The balance on the reserve at 31 March 2014 is £19.393m and will be used in line with the Medium Term Financial Plan agreed by Council on 18 February 2014. The balance is higher than forecast during the year as the shortfall in un-

ringfenced grants has been met from balances rather than the Budget Reserve as explained in paragraph 85.

110. The balance held in the Insurance Reserve reduced from £4.736m as at 1 April 2013 to £3.482m at 31 March 2014. A recent actuarial report highlights impending pressures that are likely to be encountered due to potential premium increases at renewal and the expiry of the current insurance contract in June 2015. The pressure due to higher premiums will need to be considered through the 2015/16 Service & Resource Planning process and any in – year costs will be considered through the Financial Monitoring Report.
111. Capital Reserves total £29.022m and will be used to finance the Capital Programme agreed by Council in February 2014.

## **Part 4 – 2014/15 Virements**

112. Virements for 2014/15 that require Cabinet approval are set out in Annex 7. Virements requested include amendments to the Dedicated Schools Grant and Education Funding Agency grant allocations notified for 2014/15. There are also requests for updates to Highways Maintenance budgets to better reflect service delivery and a request to update budgets within Waste Management to reflect the change in operations from landfill to energy from waste. Neither of these constitute a change in policy.
113. A final request relates to the creation of income and expenditure budgets for the Bus Service Operators Grant (BSOG). This is a grant paid to operators of eligible local bus services and community transport organisations to help them recover some of their fuel costs. The aim of BSOG is to benefit passengers. It does this by helping operators keep their fares down and enabling operators to run services that might not otherwise be profitable and might be cancelled. As shown in Annex 3 the Council received an initial allocation of £0.213m in 2013/14 and has been notified that it will receive £0.795m in 2014/15.

## **RECOMMENDATIONS**

114. **The Cabinet is RECOMMENDED:**
  - (a) in respect of the 2013/14 outturn to:**
    - i. note the provisional revenue and capital outturn for 2013/14 along with the year end position on balances and reserves as set out in the report;**
    - ii. approve the carry-forwards and virements as set out in Annex 2a;**
    - iii. 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 2a;**

- iv. **agree that the surplus on the On-Street Parking Account at the end of the 2013/14 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 2014/15 financial year.**
- (b) in respect of the 2014/15 revenue budget and Capital Programme to:**
- i. **approve the virements for 2014/15 as set out in Annex 7;**
  - ii. **approve the allocation of £1.740m funding to the Didcot Parkway Station Forecourt project from corporate capital programme contingencies in order to increase the total budget by £1.365m to £8.055m;**
  - iii. **note the approval of the £1.800m increase in the budget and full business case for the Kennington/Hinksey Hill Interchange scheme by the Leader of the Council and Chief Finance Officer.**

**LORNA BAXTER**

Chief Finance Officer

Background papers:

Directorate Provisional Outturn Reports for 2013/14 and Financial Monitoring Reports for 2013/14

Business Case for the Kennington/Hinksey Hill Interchange

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