

**STRATEGY AND PARTNERSHIPS SCRUTINY COMMITTEE**  
**17 January 2013**

**FINANCIAL MONITORING OVERVIEW**

**COMMENTARY BY THE LEADER OF THE COUNCIL**

1. The last Financial Monitoring Overview to Strategy and Partnerships Scrutiny Committee on 4 October 2012 set out the Council's financial position at the end of the first four months of 2012/13. This report provides a commentary on the financial monitoring for the next three months and is consistent with the position reported to Cabinet on 18 December 2012. The full Financial Monitoring Reports to Cabinet are available on the Council's website and the Directorate reports are available in the Members' Resource Centre.
2. Part 1 sets out the forecast revenue position, Part 2 the Balance Sheet, and Part 3 provides an update on the Capital Monitoring position and Capital Programme Review.

**Part 1 - Revenue**

3. The current in – year Directorate forecast including the Council elements of the Pooled Budgets is a variation of -£1.262m, or -0.30% against a budget of £417.517m as shown in the table below.

Original Budget 2012/13 £m		Latest Budget 2012/13 £m	Forecast Outturn 2012/13 £m	Variance Forecast October 2012 £m	Variance Forecast October 2012 %
105.814	Children, Education & Families (CE&F)	107.248	106.412	-0.836	-0.78
219.635	Social & Community Services (S&CS)	212.157	211.838	-0.319	-0.15
77.658	Environment & Economy (E&E)	79.711	79.749	+0.038	0.00
8.394	Chief Executive's Office (CEO)	18.401	18.051	-0.350	-1.90
411.501	In year Directorate total	<b>417.517</b>	<b>416.050</b>	<b>-1.467</b>	<b>-0.35</b>
	Add: Underspend on Council Elements of Pooled Budgets			+0.205	
	<b>Total Variation including Council Elements of Pooled Budgets</b>			<b>-1.262</b>	<b>-0.30</b>

4. The -£1.467m variation excluding the Council elements of the pooled budgets reported for October was a decrease of £1.156m compared to the -£2.623m variation for August reported to Cabinet on 16 October 2012<sup>1</sup>. A decrease in the forecast underspend for CE&F is partly offset by an increase in the forecast underspend in S&CS.

<sup>1</sup> There is no Cabinet meeting in November.

Directorate	Forecast Variance as at 31 August 2012 (reported to Cabinet on 16 October 2012) £m	Forecast Variance as at 31 October 2012 (reported to Cabinet on 18 December 2012) £m	Movement in Forecast Variance from 31 August 2012 to 31 October 2012 £m
CE&F	-2.252	-0.836	+1.416
S&CS	-0.047	-0.319	-0.272
Environment & Economy	+0.020	+0.038	+0.018
Chief Executive's Office	-0.344	-0.350	-0.006
<b>Directorate in-year forecast variation</b>	<b>-2.623</b>	<b>-1.467</b>	<b>+1.156</b>

5. The forecast revenue outturn by Directorate based on the position to the end of October 2012 is set out below.

### **Children Education & Families**

6. The directorate is forecasting a variation of -£0.836m. In addition there is a forecast underspend of -£2.546m on services funded by the Dedicated Schools Grant (DSG). Any underspend on DSG will be placed in a reserve at the end of 2012/13 for use in 2013/14.

#### CE&F1 Education & Early Intervention

7. Education & Early Intervention is reporting a variation of -£1.146m. This includes an underspend of -£0.419m on school intervention and savings on staffing budgets. Home to School Transport is now forecasting a breakeven position. The underspend of -£0.991m reported previously has been removed to reflect updated routes for the new academic year, and the impact of some transport providers going into administration, this is the main reason for the change in the forecast from August to October.
8. £0.100m of revenue funding from an underspend on Early Intervention will be used to fund capital work at Littlemore Early Intervention Hub.

#### CE&F2 Children's Social Care

9. Children's Social Care is reporting a net variation of -£0.071m. An underspend of -£0.517m on Corporate Parenting which mainly reflects underspends on in - house fostering is offset by overspends on Placements totalling +£0.442m.

#### CE&F3 Children, Education & Families Central Costs

10. An overspend of +£0.331m includes one – off redundancy costs incurred in 2012/13 and Premature Retirement Compensation that the Schools' Forum Finance & Deprivation Sub Committee agreed should be met centrally rather than from schools' DSG.

### DSG Funded Services

11. A forecast underspend of -£2.546m includes -£1.358m contingency which will be delegated to schools in 2013/14 as part of the new funding formula. There are also underspends on out of county placements for children with special educational needs and on Education Effectiveness services.

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

12. The forecast outturn for S&CS is a variation of -£0.319m. In addition, there is an overspend of +£2.714m on the Council elements of the Older People, Physical Disabilities and Equipment Pooled Budget and a -£2.509m underspend on the Learning Disabilities Pooled Budget.

### SCS1 Adult Social Care

13. Adult Social Care remains broadly on track to deliver the business strategy and are forecasting an overspend of +£0.087m. Pressures relating to Fairer Charging income and additional staffing resources required by locality teams to manage operational pressures are being managed using carry forwards, underspends elsewhere in the service, and reserves. This includes the use of the Learning Disabilities Pool Reserve balance of £0.804m to provide one-off funding for pressures relating to the Locality Teams and Fairer Charging income in Adult Social Care, as agreed by Cabinet on 18 September 2012.

### S&CS3 Joint Commissioning

14. Restructuring of the Joint Commissioning Team is almost complete and the forecast underspend of -£0.366m includes -£0.168m staffing vacancies and slippage in recruitment.

### **Pooled Budgets**

#### Older People, Physical Disabilities & Equipment Pool

15. As shown in Annex 2 the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£6.231m. +£2.714m relates to the Council's element and +£3.517m to the Primary Care Trust (PCT) (which is shadowed by the Oxfordshire Clinical Commissioning Group).
16. The forecast overspend on the Council elements of the Older People's Pooled Budget (+£0.355m) comprises additional expenditure on care home placements offset by underspends on Home Support and the Reablement Service. The care home placements overspend reflects variations in the forecast number of services users and an increase in the average price of placements.
17. It is expected that the Department of Health will release additional one-off resources towards winter pressures before the end of the financial year. This will be used to reduce waiting lists.
18. The council element of the Physical Disabilities Pool is expected to exceed budget by +£1.842m. In February 2012 Council approved additional

funding of £0.800m from 2012/13 to move the base budget to a level to fund current clients and the needs of future clients. Based on more recent information this is insufficient to fund the current year activity and significantly increased demand. On 10 December 2012 Council approved a £1.8m virement from the Learning Disabilities Pooled Budget to offset this pressure on a one-off basis. The on-going effect of the additional activity in the Physical Disabilities Pool will be considered as part of the Service & Resource Planning Process.

19. The Council's element of the Equipment Pooled Budget is overspending by +£0.517m. This is mainly due to pressures relating to the cost of keeping people safely at home, reducing delayed transfers of care and avoiding admissions. The total overspend for the equipment pool is +£0.697m after applying £0.750m of additional funding allocated from Health to Social Care.

#### Learning Disabilities Pooled Budget

20. As set out in Annex 2 the Learning Disabilities Pooled Budget is forecast to underspend by -£2.800m. This comprises -£2.509m on the Council's element and -£0.291m on the PCT element. This underspend has arisen as the provision for additional client numbers of £1.3m in 2012/13 is not required and the cost of de-registration of the Home Farm Trust is forecast to be £0.5m less than anticipated. Furthermore, efficiency savings have been achieved earlier than expected.
21. On 10 December 2012 Council approved the use of £1.8m of this underspend to meet pressures in the Physical Disabilities Pooled Budget on a one-off basis in 2012/13 (see paragraph 18). The remaining forecast underspend is -£1m. The critical and substantial needs of all Learning Disability Service Users who have been assessed are being met from the remaining resources within the Learning Disabilities Pool.

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

22. The directorate is forecasting a variation of +£0.038m.

#### EE1 Highways & Transport

23. The service is forecasting an underspend of -£0.261m. This includes an overspend of +£0.365m in Highways & Transport due to an increase in highway maintenance, vehicle maintenance and rapid incident responses and contract management costs. This overspend is offset by Public Transport contract savings of -£0.516m due to the early realisation of future planned savings. Expenditure on concessionary fares is also expected to be £0.100m less than budgeted.

#### EE2 Growth & Infrastructure

24. An overspend of +£0.095m is forecast by Growth and Infrastructure. This includes an overspend of +£0.403m for Property and Facilities relating to recent implementation of the new contract and Corporate Landlord costs. These pressures are offset by underspends on non – schools repairs and maintenance and health and safety works identified at the end of the

previous property contract. There is also an underspend of -£0.295m in Business & Skills.

25. Waste Management is continuing to forecast a breakeven position. However, tonnages for landfill & recycling remain above the budgeted levels and the proportion of waste going to landfill is also higher than budgeted. The service expects to be able to manage these pressures in 2012/13 but it may be more difficult to make the planned on-going budget reductions in future years.
26. The budget for the Landfill Allowance Trading Scheme (LATS) will not be required this year so £0.794m will be transferred to the Waste Management Reserve for future contract costs.

#### EE3 Oxfordshire Customer Services

27. An overspend of +£0.204m across Oxfordshire Customer Services includes +£0.321m relating to the partial non – achievement of the planned 2012/13 Customer Service Centre savings. This will be offset against other underspends in 2012/13. Alternative savings for future years are being addressed as part of the Service & Resource Planning Process.

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

28. An underspend of -£0.350m is forecast. This mainly relates to staffing vacancies in Strategy and Communications.

#### **Virements and Supplementary Estimates**

29. The virements requested to date in 2012/13 include the use of Learning Disabilities Pooled Budget underspend to meet pressures in the Physical Disabilities Pooled Budget; the update of the income and expenditure budgets for the revised DSG allocation; creation of income and expenditure budgets relating to the Thriving Families Funding received from the Department for Communities and Local Government; and the transfer of budgets from Adult Social Care to Joint Commissioning as part of the restructure of the service
30. There have been no requests for supplementary estimates to date in 2012/13.

#### **Grants Monitoring**

31. As set out in Annex 3, ring-fenced grants totalling £372.550m are included in Directorate budgets and will be used for the specified purpose. The Department for Education continue to make a series of adjustments to local authority DSG following each school's conversion to academy status. The latest DSG total for the authority is £328.421m.

#### **Bad Debt Write Offs**

32. There were 212 general write offs to the end of October 2012 and these totalled £41,715. In addition Client Finance has written off 48 debts totalling £40,388.

### Strategic Measures

33. The average cash balance during September 2012 was £321.6m and the average rate of return for the month was 0.98%. The average cash balance during October 2012 was £320.4m and the average rate of return was 1.03%.
34. The budgeted return for interest receivable on balances invested internally is £2.50m for 2012/13. It is expected that this will be achieved.

## Part 2 – Balance Sheet

### Reserves

35. As set out in the Revenue and Capital Outturn 2011/12 Overview Report, earmarked reserves held for a specified purpose to be utilised on a one – off basis totalled £117.061m as at 1 April 2012. The forecast balance at 31 March 2013 was £95.853m as at the end of October 2012. Of the forecast total £11.881m are school balances

### Balances

36. Current balances are £16.693m. There have been no calls on balances to date in 2012/13, but adverse weather over the winter and the effect of recent floods may change this.

## Part 3 - Capital Monitoring

37. The capital monitoring position shows the forecast expenditure for 2012/13 is £49.8m (excluding schools local capital). This is a decrease of £0.2m compared to the latest approved capital programme. The table below summarises the variations by directorate.

Directorate	Last Approved Programme *	Latest Forecast Expenditure	Variation
	£m	£m	£m
Children, Education & Families	21.2	21.2	0.0
Social & Community Services	3.6	3.6	0.0
Environment & Economy - Transport	22.5	22.3	-0.2
Environment & Economy - Other	1.7	1.7	0.0
Chief Executive's Office	1.0	1.0	0.0
<b>Total Directorate Programmes</b>	<b>50.0</b>	<b>49.8</b>	<b>-0.2</b>
Schools Local Capital	5.1	5.1	0.0
<b>Total Capital Programme</b>	<b>55.1</b>	<b>54.9</b>	<b>-0.2</b>

\* Approved by Cabinet 16 October 2012

38. In the Transport capital programme, £0.129m has been re-profiled from 2012/13 to 2013/14 on the Kennington and Hinksey Hill Roundabouts scheme along with £0.157m on the Thames Towpath Reconstruction scheme.

### Actual & Committed Expenditure

39. Actual capital expenditure for the year to date (excluding schools' local spend) was £14.1m at the end of October. This is 28% of the total forecast expenditure of £49.8m. Actual and committed spend is 55% of the forecast and planned work is greater in the second half of the year due to the transition period to the new property contract with Carillion Capita Symonds earlier in the year. There is a risk that the programme for 2012/13 will not be delivered if there are adverse weather conditions in the final quarter of the year.

### **Conclusion**

40. The overall position on balances and reserves, and the forecast revenue underspend indicates the Council remains in a strong position and is on track to deliver the Business Strategies in future years.

Councillor Ian Hudspeth  
Leader of the Council  
January 2013

