

## **CABINET – 19 JUNE 2012**

### **2012/13 FINANCIAL MONITORING & BUSINESS STRATEGY DELIVERY REPORT**

**Report by the Assistant Chief Executive & Chief Finance Officer**

#### **Introduction**

1. This is the first report for 2012/13 and covers the period to the end of April 2012 for both revenue and capital budgets. The report focuses on significant issues around the on-going delivery of the Directorate Business Strategies. These were approved by Council in February 2011 included savings of £119m from 2011/12 – 2014/15. Funding for demographic and other agreed pressures was also built in.
2. The savings and pressures planned for 2012/13 – 2014/15 were subsequently reviewed as part of the 2012/13 Service & Resource Planning process. Whilst there were inevitably some changes the strategies are in the main being delivered as planned with the majority of the original savings expected to be achieved. Where changes to the existing plans or new pressures were identified, new savings were identified. Annex 1 summarises how changes to budgets in the Business Strategies over the period 2011/12 – 2015/16 have been built up.
3. The following annexes are attached:  
  
Annex 1 Summary of Business Strategy savings and pressures  
Annex 2 Original (February 2012) and Latest Budgets for 2012/13  
Annex 3 Changes to the 2012/13 budget (Virements)  
Annex 4 Treasury Management Lending List as at 31 May 2012
4. The Directorate reports which set out the detail behind this report are available from the contact officers named at the end of this report.

#### **Part 1 - Revenue Budget & Business Strategy Savings**

5. Annex 2 summarises the budget for 2012/13 for each Directorate as agreed by Council on 10 February 2012. Any requests for carry forwards of under and overspends from 2011/12 to 2012/13 are included in the Outturn Report elsewhere on the agenda but since they are subject to Cabinet approval are not reflected in Annex 2.

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

##### **CEF1 Education & Early Intervention**

6. As noted in in the Outturn Report for 2011/12 there was a-£1.115m variation for Home to School Transport in 2011/12. Budgeted savings of -£0.500m in 2012/13 and a further -£0.200m in 2013/14 are expected to be realisable.
7. The Early Intervention Service came into operation during 2011/12. The revised savings target of -£1.500m for 2012/13 is expected to be achievable.

8. The Directorate is intending to realise savings of -£0.800m in 2012/13 through the use of Dedicated Schools Grant (DSG). Following a review of services that can be funded by DSG this is achievable in 2012/13. The grant will be reduced as more schools become academies so there is a risk that it will not be possible to achieve the same level of savings in future years.
9. As part of the next steps on the schools national funding formula the Department for Education (DfE) is consulting on the grant arrangements. It is proposed that the DSG will be split into three grants for schools, high cost pupils and early years. The consultation does not contain finalised figures so the impact cannot be assessed.

### **CEF2 Children's Social Care**

10. Despite the underspends in 2011/12 the Directorate's highest risk area remains placements and asylum.
11. The Social Care service has assessed existing external residential placements to estimate how many on-going support days will be required during 2012/13. In addition there is expected to be an increase in the number of support days required for young people needing to be placed during 2012/13. This reflects the trend in the last three years and known young people who are awaiting placements. There should be sufficient budget to meet the forecast increase but due to the volatility in this area, the service will monitor the position closely throughout the year. Any impact on future years will be reflected in the Service & Resource Planning process for 2013/14 – 2016/17.
12. The number of asylum clients has been reducing over the past three years and is forecast to continue to do so again in 2012/13. The Deputy Director for Children's Social Care has agreed to move a total of £0.387m from the asylum budget to meet pressures elsewhere within Children's Social Care. This is in addition to the -£0.300m of savings from asylum included in the Business Strategy. It is expected that the remaining budget should be sufficient to meet demand in 2012/13.
13. The restructure of the Youth Offending Service is still taking place but it is expected that savings of -£0.300m will be achieved if the new structure is implemented as planned.

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

#### **SCS1 Adult Social Care**

14. Adult Social Care is broadly on track to deliver the business strategy over the next three years.
15. The Oxford Care Partnership is being renegotiated to explore ways of meeting long term care needs in a way which reduces costs and leads to developments that achieve efficiencies. Savings of -£3.362m are planned by 2014/15. Contract negotiations are near completion with a new contract expected to start in October 2012. The exact timing of the premises developments are not known so there is a risk that the anticipated saving of -£0.741m for 2012/13

may not be delivered this year but delivered later. The budget is being kept under close review and if the saving is delayed, the resulting pressure will be managed from within the Older People's Pool.

16. Following consultation, care home providers are being paid a 3% increase in fees. This can be funded from the Older People's Pool this year but the continuing broader consultation on care home fees may place a pressure on the Pool budget in future years. This will be considered as part of the service and resource planning process.
17. Additional resources have been provided for Physical Disabilities to reduce the pressure on this service. Any remaining pressures, including the increase in care home fees, will be managed within the service.
18. The Community Transport saving has been re-phased and reduced by £0.700m by 2014/15. It is proposed that the saving will be delivered by increased charges for day services clients not eligible for free transport. As the new charges are subject to a period of consultation and require Cabinet approval, it is possible that the £0.200m target saving for 2012/13 will not be delivered in full.

### **SCS2 Community Safety**

19. All savings are on track to be delivered this year. Partnership working for Trading Standards is unlikely to deliver planned savings of £0.200m by 2014/15. However, it is expected that this pressure can be managed within the service.

### **SCS3 Joint Commissioning**

20. The restructure of commissioning services in S&CS and CE&F will deliver the savings in the Business Strategy but, as the new structure is not yet complete, there is a risk that savings may not be achieved in full in 2012/13.

### **SCS5 Fire & Rescue and Emergency Planning**

21. All savings are on track to be delivered this year.
22. Both the Cabinet and the Royal Berkshire Fire Authority will be asked in July 2012 to approve a business case for a joint fire control centre. Each fire authority has received government grant funding of £1.8m (£1.3m capital and £0.5m revenue) for this programme.

### **Pooled Budgets**

23. The table overleaf sets out the pooled budgets for 2012/13 and shows contributions agreed to be made by Oxfordshire County Council and the Primary Care Trust (PCT).

	<b>Council Contribution £m</b>	<b>PCT Contribution £m</b>	<b>Total Pooled Budget £m</b>
Older People	76.612	24.649	101.261
Physical Disabilities	8.780	6.231	15.011
Equipment	0.886	0.308	1.19
<b>Total OP, PD and Equipment Pool</b>	<b>86.278</b>	<b>31.138</b>	<b>117.466</b>
<b>Learning Disabilities</b>	<b>66.830</b>	<b>12.346</b>	<b>79.176</b>

24. The total budget for Older People and Physical Disabilities in 2012/13 is £117.466m. This is a decrease of £1.611m compared to the final approved budget for 2011/12. The PCT's contribution to the Older People's, Physical Disabilities and Equipment Pooled Budget is £31.138m. The Council's contribution to the Older People's budget includes additional funding of £5.665m provided via the NHS.
25. The Joint Management Group is reviewing whether the temporary increase of three additional care home placements per week should continue after the end of May 2012. The number of clients placed and the level of funding will be reviewed as part of the Service and Resource Planning process for 2013/14.
26. The additional funding received via the NHS will be used to pay for the on-going commitments of care home placements and packages which commenced in 2010/11 and to provide additional funding for the community equipment budget, alert service and crisis response service.

### **Environment & Economy**

27. As part of its Business Strategy the Directorate is currently consulting on a new organisational design to provide a more integrated approach to service delivery. The new structure will be implemented from July 2012 and follows the implementation of the new model for Highways and Transport and the completion and implementation of the residual waste management contract. The new Property and Facilities Management contract also begins on 1 July 2012 and will introduce a new model of corporate landlord with all the Council's property management being provided through the contract. The focus required to deliver successfully the contracts means that there is a risk that not all operational savings will be realised.

### **Virements and Supplementary Estimates**

28. The 2012/13 virement rules were agreed by Council in February 2012. Cabinet are required to approve permanent virements larger than £0.250m which move budget between the service areas agreed by Council in February 2012.
29. Annex 3a includes a request to move net budgets totalling £8.967m between the social care and corporate parenting budget book lines within CE&F. The restructuring of budgets within Children's Social Care was not completed in time to be included in the budget book agreed by Council in February 2012.

The service provided is unchanged so this does not constitute a change in policy which would need Council approval. Annex 3a also includes the proposed movement of £0.337m budget for Supporting People out of the Learning Disabilities Pooled Budget to Joint Commissioning and the proposed transfer of Integrated Transport Unit staff to Oxfordshire Customer Services.

30. Annex 3b includes virements requested in the 17 April 2012 Cabinet Report, including the movement of Cultural Services from Social & Community Services to the Chief Executive's Office, and 3c virements to be noted.

### **Reserves**

31. In February 2012 Council agreed to allocate £0.800m to the Thriving Families programme. This is a central government initiative that will be partly funded by two un-ringfenced grants plus a contribution from the County Council. One of the grants receivable is on a payment by results basis so the amount received will vary each year. As the programme will last three years a request is being made to create a new reserve within CE&F so the balance on the programme can be rolled forward into the following years.

### **Grants Monitoring**

32. Ringfenced grants totalling £403m (including £366m of Dedicated Schools Grant) are included in Directorate budgets and will be used for the specified purpose. Confirmation of the Music, Youth Justice Board and National Citizen Service grants was received after Council agreed the budget in February 2012. The relevant budgets in CE&F will be updated for these changes.

### **Bad Debt Write Offs**

33. There were 18 general debt write offs in April 2012 totalling £2,556. In addition Client Finance wrote off 10 debts totalling £13,216 during the month.

### **Treasury Management**

34. The Treasury Management lending list is included at Annex 4. Changes to note since the last report to Cabinet in April include the addition of Nationwide to the lending list and the revision upwards of the lending and maturity period limits for Australian and Canadian banks in line with the Strategy and advice from the Council's advisors. The maturity period limits for Lloyds TSB and RBS have been decreased to 35 days from three months.
35. The average cash balance during April 2012 was £270.0m and the average rate of return was 1.10%. The budgeted return for interest receivable on balances invested internally is £2.50m for 2012/13, it is expected that this budget will be achieved.
36. Oxfordshire County Council has received a further £0.620m from the Landsbanki winding up board. This payment brings the total amount recovered to date to nearly £2.1m. The timing and amounts of future distributions are not known.

## Part 2 – Capital Programme

37. The table below summarises 2012/13 planned capital expenditure as agreed by Council in February 2012.

Directorate	Original 2012/13 Budget (Feb 2012)
	£m
Children, Education & Families – Council	20.102
Children, Education & Families – Schools & Partners	5.155
Social & Community Services	3.721
Environment & Economy: Transport	24.115
Environment & Economy: Other	2.314
Chief Executive's Office	0.155
<b>Subtotal Directorate Programmes</b>	<b>55.562</b>
Earmarked Reserve Allocations	0.070
<b>Total Capital Programme</b>	<b>55.632</b>

38. There are no significant variations to report, with directorates reporting planned expenditure as being consistent with the latest programme and the Business Strategies.
39. The next formal programme update will be considered by Cabinet on 17 July 2012 and will include an update on the latest expenditure and funding profiles taking account of the 2011/12 year end position and other changes in April and May 2012.

### RECOMMENDATIONS

40. **The Cabinet is RECOMMENDED to:**
- a) **note the report;**
  - b) **approve the virement requests set out in Annex 3a;**
  - c) **approve the creation of a new reserve for Thriving Families as set out in paragraph 31;**
  - d) **note the updated Treasury Management lending list at Annex 4.**

### SUE SCANE

**Assistant Chief Executive & Chief Finance Officer**

Background papers: Directorate Financial Monitoring Reports 30 April 2012.

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June 2012

Business Strategy Savings and Pressures (February 2011)<sup>1</sup>

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Children, Education & Families	-9.569	-5.885	-0.919	-1.197	-17.570
Social & Community Services	-19.201	-11.265	-4.356	-6.337	-41.159
Environment & Economy	-13.240	-8.906	-6.194	-3.746	-32.086
Chief Executive's Office	-1.307	-0.338	-0.219	+0.010	-1.854
Cross Directorate	-11.251	-10.789	-3.458	-0.591	-26.089
<b>TOTAL</b>	<b>-54.568</b>	<b>-37.183</b>	<b>-15.146</b>	<b>-11.861</b>	<b>118.758</b>

Funding provided for demographic and other agreed pressures (February 2010)<sup>2</sup>

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Children, Education & Families	1.472	0.110	-0.493	0.210	1.299
Social & Community Services	7.598	5.698	3.790	5.041	22.127
Environment & Economy	4.071	5.770	4.856	2.138	16.835
Chief Executive's Office	-0.033	0.051	0.050	0	0.068
<b>TOTAL</b>	<b>13.108</b>	<b>11.629</b>	<b>8.203</b>	<b>7.389</b>	<b>40.329</b>

Changes to Business Strategies agreed by Council in February 2012<sup>3</sup>

	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Children, Education & Families	0.255	0.065	-0.675	-0.355
Social & Community Services	4.094	-1.779	-0.254	2.061
Environment & Economy	-1.250	-1.604	-0.967	-3.821
Chief Executive's Office	-0.100	0	-0.300	-0.400
Funding Changes & Allowed Variations	-3.489	9.320	2.220	8.051
Revenue Contribution to Capital	1.000	-1.000	0	0
Contribution to(+)/from(-) the Efficiency Reserve	-0.510	-5.002	-0.024	-5.536
<b>Total year on year variation compared to 2011/12 – 2015/16 MTFP</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Net Savings Agreed as part of the Medium Term Plan 2011/12 to 2015/16

<sup>2</sup> Pressures/Funding Agreed as part of the Medium Term Plan 2010/11 to 2014/15 and included in the Medium Term Financial Plan 2011/12 to 2015/16

<sup>3</sup> Changes to Business Strategies agreed as part of the Medium Term Financial Plan 2012/13 to 2016/17

## CA7

For each Directorate the three boxes above which show how the current savings and pressures have been built up over time, sum to the same total as the “Total Previously Agreed Pressures/Funding”, “Total Previously Agreed Savings” and “Total Variations to Existing MTFP Savings” in the “**Service and Resource Planning: Service Analysis 2012/13**” publication.