

STRATEGY AND PARTNERSHIPS SCRUTINY COMMITTEE
25 FEBRUARY 2013

FINANCIAL MONITORING OVERVIEW

COMMENTARY BY THE LEADER OF THE COUNCIL

1. The last Financial Monitoring Overview to Strategy and Partnerships Scrutiny Committee on 17 January 2013 set out the Council's financial position at the end of October 2013. This report provides a commentary on the financial monitoring to the end of December 2012 and is consistent with the position that will be considered by Cabinet on 26 February 2013. 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 -£2.966m, or -0.71% against a budget of £417.502m as shown in the table below.

Original Budget 2012/13 £m		Latest Budget 2012/13 £m	Forecast Outturn 2012/13 £m	Variance Forecast December 2012 £m	Variance Forecast December 2012 %
105.814	Children, Education & Families (CE&F)	106.818	106.694	-0.124	-0.12
219.635	Social & Community Services (S&CS)	211.994	210.457	-1.537	-0.73
77.658	Environment & Economy	80.643	80.660	+0.017	+0.02
8.394	Chief Executive's Office	18.047	17.889	-0.158	-0.88
411.501	In year Directorate total	417.502	415.700	-1.802	-0.43
	Less: Net underspend on Council Elements of Pooled Budgets			-1.164	
	Total Variation including Council Elements of Pooled Budgets			-2.966	-0.71

4. The -£1.802m variation excluding the Council elements of the pooled budgets reported for December was an increase of -£0.335m compared to the -£1.467m variation for October reported to Cabinet on 18 December 2012¹. A decrease in the forecast underspend for CE&F and CEO is offset by an increase in the forecast underspend in S&CS.

Directorate	Forecast Variance as at 31 October 2012 (reported to Cabinet on 18 December 2012) £m	Forecast Variance as at 31 December 2012 (being considered by Cabinet on 26 February 2013) £m	Movement in Forecast Variance from 31 October 2012 to 31 December 2012 £m
CE&F	-0.836	-0.124	+0.712
S&CS	-0.319	-1.537	-1.218
Environment & Economy	+0.038	+0.017	-0.021
Chief Executive's Office	-0.350	-0.158	+0.192
Directorate in-year forecast variation	-1.467	-1.802	-0.335

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

Children Education & Families

6. The directorate is forecasting a variation of -£0.124m. In addition there is a forecast underspend of -£4.628m 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. The service is reporting a variation of -£0.546m, a change of +£0.600m since the last report to Strategy and Partnerships Scrutiny Committee. The underspend previously reported on School Intervention has been placed in the School Intervention reserve to be used for projects that will now take place in 2013/14.

CE&F2 Children's Social Care

8. Children's Social Care is reporting a net variation of -£0.131m. An underspend of -£0.402m on Corporate Parenting which mainly reflects underspends on in - house fostering, is offset by overspends on external placements totalling +£0.357m.

CE&F3 Children, Education & Families Central Costs

9. An overspend of +£0.496m includes one-off redundancy costs incurred in 2012/13 and Premature Retirement Compensation that the Schools' Forum

¹ There is no Cabinet Financial Monitoring and Business Strategy Delivery Report for January.

Finance & Deprivation Sub Committee agreed should be met centrally rather than from schools' DSG.

DSG Funded Services

10. The forecast underspend of -£4.628m has increased by -£2.082m since the last report. The change mainly relates to an underspend on Capitalised Repair and Maintenance of -£1.961m. Planned repair and maintenance work has been delayed since the summer term due to a review of the work plan and associated costs as part of the new property contract. This position is subject to change by the year end as planned work and reactive/urgent work takes place. The position also includes -£1.161m contingency which will be delegated to schools in 2013/14 as part of the new funding formula.

Social & Community Services (S&CS)

11. The directorate is forecasting a variation of -£1.537m. In addition, there is an underspend of -£0.220m on the Council elements of the Older People, Physical Disabilities and Equipment Pooled Budget and -£0.944m underspend on the Learning Disabilities Pooled Budget.

S&CS1 Adult Social Care

12. A forecast underspend of -£1.230m is projected for Adult Social Care, a change of -£1.317m since the last report. This mainly relates to over achievement of residential and nursing income of -£1.147m in 2012/13. This is income received from the temporary additional placements being made in the Older People's Pool. This position does not include the additional income of £0.572m relating to the additional Department of Health funding for adult social care which has been transferred to the Older People's pooled budget.

S&CS3 Joint Commissioning

13. Restructuring of the Joint Commissioning Team is almost complete and the forecast underspend of -£0.073m is due to staffing vacancies and slippage in recruitment. There is also an underspend of -£0.146m forecast for Supporting People which is due to a reduction in the number of clients and savings made through the tendering process.

Pooled Budgets

Older People, Physical Disabilities and Equipment Pooled Budget

14. As shown in Annex 2 the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£3.385m. -£0.220m relates to the Council's element and +£3.605m to the Primary Care Trust (PCT) (which is shadowed by the Oxfordshire Clinical Commissioning Group).
15. The Council element of the Older People's Pooled Budget is forecasting an underspend of -£0.718m compared to an overspend of +£0.355m reported to the Committee in January 2013. The change includes underspends on direct payment packages (-£0.400m), Home Support (-£0.727m) and the Reablement Service. This is offset by an overspend on Care Homes of +£0.159m. The care home placements overspend reflects variations in the forecast number of services users and an increase in the average price of placements.

16. The Department of Health has released further information about the additional one-off resources towards winter pressures referred to in the previous report. The funding is subject to a bidding process rather than the formula allocations of previous years. The Council has submitted a bid in early January for this additional funding and has been notified that £1.251m has been awarded. Due to the timing of the notification most of the funding will be placed in the reserve and used to reduce waiting lists in 2013/14.
17. The council element of the Physical Disabilities Pool is expected to underspend by -£0.049m. This takes account of Council's approval in December 2012 of a £1.8m temporary virement from the Learning Disabilities Pooled Budget to offset pressures on the Physical Disabilities Pool. £1.075m of the £1.8m has been utilised to cover the overspend in 2012/13 and new clients that have been assessed to receive a service. The remaining £0.767m will be placed in a reserve to funded on-going costs for the assessed waiting list clients over the next two years. The on-going effect of the additional activity in the Physical Disabilities Pool has been considered as part of the Service & Resource Planning Process.
18. The Council's element of the Equipment Pooled Budget is overspending by +£0.547m. 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 +£0.737m after applying £0.750m of additional funding allocated from Health to Social Care.

Learning Disabilities Pooled Budget

19. As set out in Annex 2 the Learning Disabilities Pooled Budget is forecast to underspend of -£1.008m. This comprises -£0.944m on the Council's element and -£0.064m on the PCT element. The underspend on the Council's element reflects the position after the £1.8m virement to the Physical Disabilities Pooled Budget. The increase in the underspend from the last report is due to vacancies not being filled and underspends on direct payment packages.

Environment & Economy (E&E)

20. The directorate is forecasting a variation of +£0.017m.

EE1 Highways & Transport

21. The service is forecasting an underspend of -£0.088m. This includes an overspend of +£0.629m in Highways & Transport due to an increase in highway maintenance, vehicle maintenance as well as rapid incident responses and contract management costs. This overspend is offset by Public Transport contract savings of -£0.538m arising from the early realisation of future planned savings. Expenditure on concessionary fares is also expected to be £0.100m less than budgeted.

EE2 Growth & Infrastructure

22. An underspend of -£0.076m is forecast by Growth and Infrastructure. This includes an overspend of +£0.292m 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 -£0.253m in Business & Skills.

23. A forecast breakeven position is expected for Waste Management. 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.

EE3 Oxfordshire Customer Services

24. An overspend of +£0.181m 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 managed in year. Alternative savings for future years have been addressed as part of the Service & Resource Planning Process.

Chief Executive's Office (CEO) including Cultural Services

25. The directorate is forecasting an underspend of -£0.158m. This mainly relates to staffing vacancies in Strategy and Communications.

Virements and Supplementary Estimates

26. Virements that Cabinet have been requested to approve on 26 February 2013 include the transfer of telephony budgets from directorates to E&E, the transfer of Cultural Services recharges from S&CS to CEO, and updates of DSG and Sixth Form Funding following the conversion of Schools to academy status. Supplementary Estimates requested this month include two unused S&CS reserves being transferred to balances.

Grants Monitoring

27. As set out in Annex 3, ring-fenced grants totalling £355.270m 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 £325.339m. Additional grants that the Council have been notified of since the last report are for Children's Centres Payment by Results (£0.135m) and Local Enterprise Partnership Funding (£0.125m).

Bad Debt Write Offs

28. There have been 260 general write offs to the end of December 2012 and these totalled £47,388.57. In addition Client Finance has written off 55 debts totalling £44,267.13.

Strategic Measures

29. The average in house cash balance during November 2012 was £323.7m and the average rate of return for the month was 1.01%. The average cash balance during December 2012 was £317.1m and the average rate of return was also 1.01%.

30. The budgeted return for interest receivable on balances is £2.50m for 2012/13 and it is expected that this budget will be achieved.

Part 2 – Balance Sheet

Reserves

31. Forecast reserves are £104.392m and include £11.792m relating to school balances. These are expected to continue to reduce as schools convert to academy status. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.

Balances

32. Current balances are £16.792m and include £0.086m transferred from two unused S&CS reserves. 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

33. Capital monitoring shows that the forecast expenditure for 2012/13 is £47.2m (excluding schools local capital). This is a decrease of £1.6m compared to the latest approved capital programme. The table below summarises the variations by directorate.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	22.6	21.6	-1.0
Social & Community Services	3.6	3.6	0.0
Environment & Economy - Transport	20.3	19.9	-0.4
Environment & Economy - Other	1.3	1.1	-0.2
Chief Executive's Office	1.0	1.0	0.0
Total Directorate Programmes	48.8	47.2	-1.6
Schools Local Capital	5.2	5.2	0.0
Total Capital Programme	54.0	52.4	-1.6

* Approved by Cabinet 29 January 2013

34. Within CE&F the anticipated value of works being delivered through the School Structural Maintenance and Energy Reduction Programme is forecast to be approximately £1m lower than the budget provision. These resources will be held in earmarked reserves until the deliverability of the 2013/14 programmes are confirmed.

35. In the Transport capital programme, expenditure has been re-profiled from 2012/13 to 2013/14 on two schemes. These relate to £0.281m on the Thornhill Park & Ride Extensions scheme as the lease agreement for the land was delayed, (now signed and scheme on site) with a further £0.200m on the Wheatley River Bridge scheme.

Actual & Committed Expenditure

36. Actual capital expenditure for the year to date (excluding schools local spend) was £20.2m at the end of December. This is 44% of the total forecast expenditure of £47.2m. Actual and committed spend is 65% of the forecast and

planned work is greater in the second half of the year. Planned work includes projects within the Schools Structure Maintenance Programme (£4m), annual surface treatment programme (£2m) and Thornhill Park & Ride Extension (£1m).

Five Year Capital Programme Update

37. The total forecast 5-year capital programme (2012/13 to 2016/17) is £320.7m. The latest forecast reflects the updated capital programme considered by Council on 19 February 2013.

Conclusion

38. The overall position on balances and reserves, and the forecast revenue underspend indicates the Council continues to remain in a strong position and is on track to deliver the Business Strategies. The majority of savings built into 2012/13 budgets are either achieved or on track to be achieved by year end. Where there are savings that will not be achieved alternative savings have been found as part of the 2013/14 Service and Resource Planning process.

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February 2013