

## CABINET – 26 FEBRUARY 2013

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

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

#### **Introduction**

1. This report focuses on the delivery of the Directorate Business Strategies which were agreed as part of the Service and Resource Planning Process for 2012/13 – 2016/17. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of December 2012. Capital monitoring is included at Part 3. Fees and Charges are included in Part 4.

#### Summary Position

2. 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. This compares to a forecast underspend of -£1.262m or -0.30% reported to Cabinet on 18 December 2012.

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
<b>411.501</b>	<b>In year Directorate total</b>	<b>417.502</b>	<b>415.700</b>	<b>-1.802</b>	<b>-0.43</b>
	Less: Net underspend on Council Elements of Pooled Budgets			-1.164	
	<b>Total Variation including Council Elements of Pooled Budgets</b>			<b>-2.966</b>	<b>-0.71</b>

3. The following annexes are attached:

Annex 1	Original and Latest Estimates for 2012/13
Annex 2	Virements & Supplementary Estimates
Annex 3	Forecast Earmarked Reserves
Annex 4	Forecast General Balances
Annex 5	Ring-fenced Government Grants 2012/13
Annex 6	Older People & Physical Disabilities and Learning Disabilities Pooled Budgets
Annex 7	Treasury Management Lending List
Annex 8	Capital Programme Monitoring
Annex 9	Fees and Charges

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4. Directorate reports which set out the detail behind this report are available from the contact officers named at the end of this report or in the Members' Resource Centre.

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

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

5. 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

6. The service is reporting a variation of -£0.546m, a change of +£0.600m since the last report. 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

7. 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

8. An overspend of +£0.496m 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

9. 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. As previously reported 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)**

10. 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 a -£0.944m underspend on the Learning Disabilities Pooled Budget.

#### S&CS1 Adult Social Care

11. 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

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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

12. 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.

### S&CS5 Fire & Rescue and Emergency Planning

13. A forecast underspend of -£0.090m is projected for retained duty system (RDS) staff. The underspend includes the cost of implementing the Part Time Workers (Prevention of less favourable treatment) Regulations 2000. Arrears will need to be paid to RDS staff for sickness and light duties' remuneration, backdated to 2010.
14. The budget for fire-fighter ill health retirements continues to forecast an overspend of +£0.112m. As this is a budget that the service cannot control, the variance will be met from balances at year end.

## **Pooled Budgets**

### Older People, Physical Disabilities and Equipment Pooled Budget

15. As shown in Annex 6 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).
16. 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 Cabinet in December 2012. 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.
17. 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 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.
18. 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

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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.

19. 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

20. As set out in Annex 6 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)**

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

### EE1 Highways & Transport

22. 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

23. 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.

24. 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

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25. 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**

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

### **Virements and Supplementary Estimates**

27. Virements larger than £0.250m requiring Cabinet approval are included in Annex 2a. Virements requested this month relate to 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**

28. As set out in Annex 5, 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**

29. 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.

### **Treasury Management**

30. The latest treasury management approved lending list (as at 5 February 2013) is shown in Annex 7. The lending list has been extended to include three Singapore banks: Development Bank of Singapore, Overseas-Chinese Banking Corp and United Overseas Bank. This will enable further counterparty diversification within the in house portfolio while continuing to restrict deposits with banks to those with high credit quality. In addition, the lending limits for Barclays Bank, Nationwide Building Society, JP Morgan Chase and Svenska Handelsbanken have been increased from 3 months to 6 months. This brings the duration limits for these banks more closely in line with those set out in the Treasury Management Strategy and reflects the continuing stabilisation of the banking sector.

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31. 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%.
32. The budgeted return for interest receivable on balances is £2.50m for 2012/13 and it is expected that this will be achieved.

**Part 2 – Balance Sheet**

Reserves

33. Annex 3 sets out earmarked reserves brought forward from 2011/12 and the forecast position as at 31 March 2013. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan. 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.

Balances

34. There have been no calls on balances to date in 2012/13. As set out in Annex 4 current balances are £16.792m and includes £0.086m transferred from two unused S&CS reserves.

**Part 3 – Capital Programme**

35. 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
<b>Total Directorate Programmes</b>	<b>48.8</b>	<b>47.2</b>	<b>-1.6</b>
Schools Local Capital	5.2	5.2	0.0
<b>Total Capital Programme</b>	<b>54.0</b>	<b>52.4</b>	<b>-1.6</b>

\* Approved by Cabinet 29 January 2013

36. 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.
37. 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**

38. 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**

39. The total forecast 5-year capital programme (2012/13 to 2016/17) is £320.7m, which is an increase of £8.8m from the position reported to Cabinet in January 2013.
40. The latest forecast reflects the updated capital programme considered by Council on 19 February 2013. The increase relates to the addition of funding the Townlands Care Home in Henley (£7.7m) and a further £1m for the Residential New Homes programme.

**Part 4 – Fees and Charges**

41. As set out in Annex 3 of Service and Resource Planning report to Cabinet on 18 December 2012 a number of the charges relating to the Heritage Service and Oxfordshire Customer Services were subject to a review. This review is now complete and the proposed charges are set out in Annex 9.

**RECOMMENDATIONS**

42. **The Cabinet is RECOMMENDED to:**
- (a) note the report;**
  - (b) approve the virement requests over £0.250m set out in Annex 2a;**
  - (c) approve the charges for Heritage Service and Oxfordshire Customer Services as set out in paragraph 41 and Annex 9;**
  - (d) note the Treasury Management lending list at Annex 7;**

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**Assistant Chief Executive & Chief Finance Officer**

Background papers: Directorate Financial Monitoring Reports 31 December 2012.

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