

CABINET – 16 APRIL 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. This is the penultimate report for the year. The Provisional Outturn Report will be considered by Cabinet on 18 June 2013. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of February 2013. Capital monitoring is included at Part 3. Fees and Charges are included in Part 4.

Summary Position

2. The current in – year Directorate is a variation of -£2.933m, or -0.70% against a budget of £417.511m as shown in the table below. This compares to a forecast underspend of -£1.802m or -0.43% reported to Cabinet on 26 February 2013.

Original Budget 2012/13 £m		Latest Budget 2012/13 £m	Forecast Outturn 2012/13 £m	Variance Forecast February 2013 £m	Variance Forecast February 2013 %
105.814	Children, Education & Families (CE&F)	106.812	106.106	-0.706	-0.66
219.635	Social & Community Services (S&CS)	212.002	209.890	-2.112	-1.00
77.658	Environment & Economy	80.659	80.942	+0.283	+0.35
8.394	Chief Executive's Office	18.038	17.640	-0.398	-2.21
411.501	In year Directorate total	417.511	414.578	-2.933	-0.70

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	2013/14 Virements to be approved
Annex 10	Fees and Charges

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 -£0.706m. In addition there is a forecast underspend of -£5.144m on services funded by the Dedicated Schools Grant (DSG). The underspend on DSG will be placed in a reserve at the end of 2012/13 for use by schools in 2013/14.

CE&F1 Education & Early Intervention

6. The service is reporting a variation of -£0.926m. This includes underspends on Management and Central Costs (-£0.278m), Early Years Sufficiency and Access (-£0.283m), School Support and Leadership (-£0.119m), School Organisation and Planning (-£0.066m), and Identification and Assessment (-£0.056m).
7. There is also an underspend of -£0.113m for Early Intervention Hubs to a transfer from revenue to capital that was agreed by Cabinet on 18 December 2012 but is not taking place in 2012/13. This will be placed in the Capital Reserve so that the funding for the capital project at Littlemore Early Intervention Hub is available in 2013/14.

CE&F2 Children's Social Care

8. Children's Social Care is reporting a net variation of -£0.646m. An underspend of -£0.537m on Corporate Parenting which mainly reflects underspends on in - house fostering, is partly offset by overspends on external placements totalling +£0.228m. The position also includes underspends for Family Support (-£0.202m), Asylum (-£0.197m), Youth Offending Service (-£0.200m) and Referral & Assessment (-£0.096m), which are partly offset by overspends for Children Looked After (+£0.189m) and Management & Central Costs (+£0.130m).

CE&F3 Children, Education & Families Central Costs

9. An overspend of +£0.802m includes one-off redundancy costs incurred in 2012/13 and estimated redundancy costs for future restructuring.

DSG Funded Services

10. The forecast underspend of -£5.144m has increased by -£0.516m since the last report. The change includes a decrease of +£0.656m in the underspend on Capitalised Repair and Maintenance. This position has been updated to include planned and reactive/urgent work that has taken place during January and February and is subject to change by the year end.
11. The position also includes an underspend of -£1.057m for Early Years Single Funding Formula. The budget for 2012/13 was increased to address the pressures experienced in this area in 2011/12 and to take account of the trend of increased hours being accessed. However, the anticipated growth in pupil numbers has not materialised.

Social & Community Services (S&CS)

12. The directorate is forecasting a variation of -£2.112m. In addition, there is an underspend of -£2.606m on the Council elements of the Older People, Physical Disabilities and Equipment Pooled Budget and a -£0.865m underspend on the Learning Disabilities Pooled Budget. The underspends on the Council elements of the Pooled Budgets will be transferred to reserves at the year end for use in 2013/14.

S&CS1 Adult Social Care

13. A forecast underspend of -£1.717m is projected for Adult Social Care, a change of -£0.487m since the last report. The change mainly relates to an underspend of -£0.350m now being forecast for the Drug and Alcohol Team. This is due to a decrease in the client numbers and service activity levels previously forecast.

S&CS3 Joint Commissioning

14. Restructuring of the Joint Commissioning Team is almost complete and the forecast underspend of -£0.079m is due to staffing vacancies and slippage in recruitment. There is also an underspend of -£0.177m forecast for Supporting People this is due to new contracts and an under spend on Shared Lives.

S&CS5 Fire & Rescue and Emergency Planning

15. A forecast underspend of -£0.130m 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. The budget for fire-fighter ill health retirements continues to forecast an overspend of +£0.116m. The net variation of -£0.014m will be transferred to balances at year end.

Pooled Budgets

Older People, Physical Disabilities and Equipment Pooled Budget

16. As shown in Annex 6 the Older People, Physical Disabilities and Equipment Pooled Budget is forecast to overspend by +£1.583m. -£2.606m relates to the Council's element and +£4.189m to the Primary Care Trust (PCT) (which is shadowed by the Oxfordshire Clinical Commissioning Group).
17. The Council element of the Older People's Pooled Budget is forecasting an underspend of -£2.432m (3% of the total budget) compared to an underspend of -£0.718m reported to Cabinet in February 2013. The changes include a reduction in the forecast overspend on care homes of -£0.499m and an increase in the underspend for Home Support of -£0.808m. The forecast on community support has also been revised to reflect current levels of support and client numbers.
18. As previously reported the £1.251m winter pressures funding from Department of Health has been placed in the reserve and will be used to reduce waiting lists in 2013/14.

19. Agreement has been reached between the Council and Oxfordshire Clinical Commissioning Group to transfer £0.448m of the Dementia Challenge Fund to the Council to consolidate Dementia funding in one place. It is expected only 10% of this budget will be spent in this financial year so the balance will be transferred to reserves at year end.
20. The council element of the Physical Disabilities Pool is expected to underspend by -£0.242m compared to an underspend of -£0.049m previously reported. The change relates to an increased underspend for Home Support.
21. The Council's element of the Equipment Pooled Budget is overspending by +£0.068m, a decrease of -£0.479m since the last report. The change relates to an agreement with the PCT to transfer £0.350m of £0.750m additional funding received from the Department of Health from Health to Social Care. The total overspend for the Equipment pool is +£0.634m after applying £0.750m of additional funding allocated from Health to Social Care. There is an on-going review of the equipment service and it is anticipated that the review with offer options for targeting expenditure more effectively.

Learning Disabilities Pooled Budget

22. As set out in Annex 6 the Learning Disabilities Pooled Budget is forecast to underspend by -£0.914m. This comprises -£0.865m on the Council's element and -£0.049m on the PCT element. The decrease in the underspend from the last report is due to increased spend on personal budgets and a review of the forecast for respite services.

Environment & Economy (E&E)

23. The directorate is forecasting a variation of +£0.283m.

EE1 Highways & Transport

24. The service is forecasting an overspend of +£0.320m. This includes an overspend of +£1.042m in Highways & Transport as a result of the winter weather, highway maintenance, vehicle maintenance as well as rapid incident responses and contract management costs. This is partly offset by Public Transport contract savings of -£0.547m arising from the early realisation of future planned savings. Expenditure on concessionary fares is also expected to be £0.300m less than budgeted.

EE2 Growth & Infrastructure

25. An overspend of +£0.480m 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, health and safety works identified at the end of the previous property contract. There is also an underspend of -£0.431m in Business & Skills. The overall variation for the service is -£0.031m.
26. 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 will 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

27. An underspend of -£0.124m 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 managed in 2012/13 by utilising underspends elsewhere in the service. Alternative savings for future years have been addressed as part of the 2013/14 Service & Resource Planning Process.

Chief Executive's Office (CEO) including Cultural Services

28. The directorate is forecasting an underspend of -£0.398m. This mainly relates to staffing vacancies in Strategy and Communications and underspends on projects in Human Resources. There is also an underspend arising from a reduction in the Council's external audit fee.

Virements and Supplementary Estimates

29. No further 2012/13 virements are allowed to be requested for Cabinet approval after the end of the financial year. 2012/13 virements for Cabinet to note are set out in Annex 2d.
30. Annex 9 sets out 2013/14 virements for Cabinet to approve. They include the realignment of Highways and Transport budgets, the transfer of the Southwark judgement budget from Corporate Parenting to Social Care, creation of income and expenditure budgets of the ring-fenced part of the Adoption Reform Grant and the removal of the Supported Living budget income and expenditure budgets following the outsourcing of the service.

Grants Monitoring

31. As set out in Annex 5, ring-fenced grants totalling £352.309m 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 £323.414m. Additional grants that the Council have been notified of since the last report are for Pupil Premium –Year 7 Catch up (£0.234m).

Bad Debt Write Offs

32. There were 279 general write offs to the end of February 2013 and these totalled £0.049m compared to £0.055m that was written off in 2012/13. In addition Client Finance has written off 78 debts totalling £71,658 compared to £0.156m written off in 2012/13. The final write offs for 2012/13 will be included in the Provisional Outturn Report.

Treasury Management

33. The latest treasury management approved lending list (as at 27 March 2013) is shown in Annex 7. There have been no changes since the last report in February.

34. The average in house cash balance during January 2013 was £317.6m and the average rate of return for the month was 0.98%. The average cash balance during February 2013 was £337.8m and the average rate of return was also 0.98%.
35. 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

36. 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. Excluding School balances of £14.964m forecast reserves are £115.532m.
37. It is proposed to create a new reserve to fund the renewal of print machinery in future years for use by County Print Finishers. It is proposed a contribution of £0.040m is made in 2012/13.

Balances

38. There have been no calls on balances to date in 2012/13. As set out in Annex 4 current balances are £16.792m. The budget and Medium Term Financial Plan approved by Council on 19 February 2013 assumes a year end position of £16.1m.

Part 3 – Capital Programme

39. The capital monitoring position shows the forecast expenditure for 2012/13 is £46.9m (excluding schools local capital). This is a decrease of £0.3m 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	21.6	21.6	0.0
Social & Community Services	3.6	3.5	-0.1
Environment & Economy - Transport	19.9	19.6	-0.3
Environment & Economy - Other	1.1	1.1	0.0
Chief Executive's Office	1.0	1.1	+0.1
Total Directorate Programmes	47.2	46.9	-0.3
Schools Local Capital	5.2	5.2	0.0
Total Capital Programme	52.4	52.1	-0.3

* Approved by Council 19 February 2013

40. In the Transport capital programme there is a forecast underspend of £0.433m on the bridges programme in 2012/13. Cost savings of £0.160m have been identified across the programme and expenditure has been re-profiled from 2012/13 to 2013/14 on two schemes; £0.210m on the Wheatley River Bridge scheme and £0.110m on the Burford Bridge.

41. Planned expenditure of £0.192m on the Thames Towpath has been re-profiled to 2013/14 due to continuing high water levels.
42. The expenditure forecast on the Rural Roads programme has been increased by £0.340m to reflect the certainty of delivery towards the end of the year.

Actual & Committed Expenditure

43. As at the end of February actual capital expenditure for the year to date (excluding schools local spend) was £22.9m. This is 49% of the total forecast expenditure of £46.9m, which is low for this point in the year. However, actual and committed spend is 79% of the forecast and some large payments are still to be made in March 2013.

Five Year Capital Programme Update

44. The total forecast 5-year capital programme (2012/13 to 2016/17) is £320.6m, which is a decrease of £0.1m from the position reported to Council in February 2013. The table below summarises the variations by directorate.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	165.6	165.6	0.0
Social & Community Services	33.8	33.8	0.0
Environment & Economy - Transport	89.7	89.5	-0.2
Environment & Economy - Other	28.8	28.8	0.0
Chief Executive's Office	2.8	2.9	+0.1
Total Directorate Programmes	320.7	320.6	-0.1
Schools Local Capital	14.2	14.2	0.0
Earmarked Reserves	69.4	70.7	+1.3
Total Capital Programme	404.3	405.5	+1.2

* Approved by Council 19 February 2013

Capital Settlement

45. The Education Capital Settlement was received on 1 March 2013. The Basic Need allocation is £16.916m over the 2 year period of 2013/14 and 2014/15. This is £0.053m more than the assumption built into the capital programme.
46. The Schools Structural Maintenance allocation is £7.242m for 2013/14. This is £0.845m less than assumed in the capital programme. The Department of Education has topsliced the funding for schools that are expected to convert to Academies during the next year (schools that have an approved expression of interest), not just the schools that are academies at the start of the year. This is a change in practice as previously the Local Authority continued to have maintenance responsibility during the year a school converted to an Academy.
47. Although the maintenance allocation is lower than expected in 2013/14, large reductions in funding had been assumed over the medium term in the capital programme. The funding has been reprofiled over the medium term and the overall level of funding in the programme remains the same.

48. The Council has previously been notified of an additional £3.551m of funding for Highways & Transport. It is recommended that the funding of the transport programme is reprofiled to increase the later years of the transport capital programme (2015/16 and 2016/17). The current allocation in these years is £12.2m less than the 2013/14 and 2014/15 allocations.
49. An additional £2.193m was received in the Adult Social Services and Fire settlement. It is recommended that this is kept in the earmarked reserves section of the capital programme to be allocated in the next budget setting process.
50. Capital funding allocations to support the two year olds early education entitlement were announced in late 2012. As the announcement of the main Education settlement had not been made, use of this funding was not included in the capital programme agreed by Council in February. The funding of £0.872m is to support the delivery of the statutory early years entitlement for disadvantaged two year olds, although it is an un ring-fenced capital grant. In order to ensure a sufficient supply of places, and in line with Schools Forum recommendations, it is proposed that the full amount of the grant is utilised to support the council to meet its statutory duty.

Part 4 – Fees and Charges

51. 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 Environment and Economy were subject to a review. This review is now complete and the proposed charges are set out in Annex 10.

RECOMMENDATIONS

52. **The Cabinet is RECOMMENDED to:**
- (a) note the report;**
 - (b) Approve virements for financial year 2012/13 included in Annex 9;**
 - (c) Agree the creation of a new reserve for the renewal of Print Machinery as set out in paragraph 37;**
 - (d) note the Treasury Management lending list at Annex 7;**
 - (e) approve changes to the programme in Annex 8c;**
 - (f) approve the use of the additional Capital funding as set out in paragraphs 48 to 50;**
 - (g) approve the charges for Environment & Economy as set out in paragraph 51 and Annex 10.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports 28 February 2013
Business Case for expanding provision for 2 year olds

Contact Officers: Kathy Wilcox, Principal Financial Manager
Tel: (01865) 323981; Lorna Baxter, Deputy Chief Finance
Officer Tel: (01865) 323971 April 2013