

CABINET – 17 SEPTEMBER 2013

2013/14 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 2013/14 – 2016/17. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of July 2013. Capital Programme monitoring is included at Part 3. Changes to Fees and Charges are included in Part 4.

Summary Position

2. The forecast directorate variation is currently an overspend of +£5.830m or +1.4% against a net budget of £412.780m as shown in the table below. Directorates are working hard to reduce the pressures included in this report and there is an expectation that with management action the forecast overspend will reduce by the end of the 2013/14 financial year.

Original Budget 2013/14 £m		Latest Budget 2013/14 £m	Forecast Outturn 2013/14 £m	Variance Forecast July 2013 £m	Variance Forecast July 2013 %
105.201	Children, Education & Families (CE&F)	105.217	106.394	+1.177	+1.1
206.916	Social & Community Services (S&CS) ¹	206.860	210.490	+3.630	+1.8
79.267	Environment & Economy	78.998	79.951	+0.953	+1.2
20.562	Chief Executive's Office	21.705	21.775	+0.070	+0.3
0.000 ²	Public Health	0	0	0	
411.946	Directorate total	412.780	418.610	+5.830	+1.4

3. Requests for one – off carry forwards of under and overspends from 2012/13 to 2013/14 were approved by Council on 9 July 2013 and are reflected in this report.

¹ Social and Community Services includes the forecast outturn and variance for the Pooled Budgets.

² Public Health is funded by a ring-fenced grant of £25.264m which is received from the Department of Health. Public Health are currently forecasting an underspend of- £0.417m. In line with the grant guidelines this has been placed in the Grants and Contributions earmarked reserve for use by Public Health in future years.

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4. The following annexes are attached:
 - Annex 1 Original and Latest Estimates for 2013/14
 - Annex 2 Virements & Supplementary Estimates
 - Annex 3 Forecast Earmarked Reserves
 - Annex 4 Forecast General Balances
 - Annex 5 Ring-fenced Government Grants 2013/14
 - Annex 6 Older People & Physical Disabilities and Learning Disabilities Pooled Budgets
 - Annex 7 Treasury Management Lending List
 - Annex 8 Capital Programme Monitoring
 - Annex 9 Outdoor Education Centre Fees & Charges
5. 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' Lounge.

Part 1 - Revenue Budget

Children, Education & Families (CE&F)

6. The directorate is forecasting a variation of +£1.177m. There is also a +£0.115m forecast overspend on services funded by the Dedicated Schools Grant (DSG).

CE&F1 Education & Early Intervention

7. The Education & Early Intervention service is forecasting a variation of -£0.713m, a change of -£0.529m since the last report. There is an increase of -£0.199m in the underspend on School Intervention Projects to -£0.524m and a forecast underspend of -£0.283m by the Improvement and Development Service. The forecast for both services is likely to change before the end of the financial year as funding is committed to projects in those areas.
8. The position also includes the forecast overspend of +£0.500m for Home to School Transport previously reported. This is subject to change during the year as routes for the new school year are still being finalised or subject to change. Concessionary fare income may also be higher than currently forecast.

CE&F2 Children's Social Care

9. Children's Social Care is forecasting a variation of +£1.845m. A forecast overspend of +£2.122m for external placement costs reflects an increase the number of support days from 2012/13 along with an increase in the number of support days in higher cost placements. The current forecast includes a £0.735m allowance for new placements coming into the service during the year. The overspend on external placements is partly offset by an underspend of -£0.262m on accommodation costs and support days for clients funded under Southwark Judgement responsibilities.
10. There are also overspends of +£0.330m on staffing and central costs and +£0.335m on the Asylum Service Area. These are offset by

underspends in Corporate Parenting (-£0.132m), Family Support (-£0.284m), and Referral and Assessment (-£0.142m).

Social & Community Services (S&CS)

11. The directorate is forecasting an overall variation of +£3.630m, which is due to overspends in the pooled budgets.
12. Council approved recommendations to change the budget arrangements for the Older People's Pool including the transfer of further expenditure and income budgets by both the Council and Oxfordshire Clinical Commissioning Group into the Pool on 9 July 2013. This report is based on the new budget structure, and reflects those changes to budget arrangements approved by Council.

S&CS1 Adult Social Care

13. The service is forecasting an overspend of +£4.154m. As shown in Annex 6 this relates to overspends on the Older People, Physical Disabilities, Equipment and Learning Disabilities Pooled Budgets. There is no variation on the non-Pool services.

Older People

14. Pressures of £5.2m were identified as part of the Council's Service and Resource Planning process for 2013/14 and the pool is required to find savings to meet this pressure. However, the high level of demand for services is a huge challenge and the pool budget needs to be managed carefully throughout 2013/14 and resources used to reduce waiting lists, manage demand and cover the savings requirement as necessary. If activity continues at current levels, there would be an overspend on the Older People's Pool of £5.625m.
15. Review of actual activity for the year to date indicates that care home placements and care at home provision are significantly greater than planned levels. This will have a financial impact beyond the current year as placements can exceed three years.
16. The decision to reduce the waiting lists has meant clients are being seen earlier. This will avoid the need for greater support at crisis point which will in the long term reduce the cost of packages and emergency admissions. However, in the short term this has increased the cost of the service as the number of discharged clients has increased.
17. A review of the Discharge to Assess service has shown that the use of temporary assessment beds has been greater than expected and the majority of clients have been transferred to a long term bed based service. This has led to additional spend on care home placements, support at home packages and additional spend on Funded Nursing Care. The Older People Joint Management Group decided to stop using temporary assessment beds from September 2013 and use other services to support people to return home or where necessary move them into a care home. The impact of the additional activity to the end of September is estimated to be in the region of £2.5m.

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18. £2.3m was set aside as a contingency by the Council for 2013/14 in recognition of the difficulty in balancing the conflict of delivering savings in the face of increased demand. It is recommended that this funding is vired on a temporary basis to the Council's Older People Pooled Budget Contribution from the Corporate Contingency. If approved by Cabinet this reduces the forecast overspend to +£3.325m. It is planned to further manage pressures this year partly by the use of one off resources. It is expected that there will be some extra income from additional clients placed and, as the year progresses, expenditure should reduce as care pathways improve. This will reduce the overspend by £1.3m to +£2.025m. The service will continue to take action to manage the pressures during the remainder of the year. However, it may be necessary to request a supplementary estimate later in the year. The ongoing impact of the increased demand for services will be considered as part of the 2014/15 Service & Resource Planning process.

Physical Disabilities

19. The council element of the Physical Disabilities Pool is forecast to underspend by -£0.047m.

Equipment

20. The Council's element of the Equipment Pooled Budget is forecast to overspend by +£0.903m and assumes that the additional funding of £0.750m received from the Department of Health will be apportioned between the partners on the basis of their contributions to the Equipment Pool. The overspend is mainly due to the pressure of meeting needs to keep people safely at home, reduce delayed transfers of care and avoid hospital admissions.

Learning Disabilities Pooled Budget

21. As set out in Annex 6 the Council's element of the Learning Disabilities Pool is forecasting an overspend of +£1.273m compared to the breakeven position previously reported. The overspend is due to additional new care packages being agreed. Work is continuing to assess the impact of demographic projections and increased demand, and to ensure the achievement of savings.

S&CS2 Community Safety

22. Services within Community Safety are forecasting an underspend of -£0.145m. This relates to vacancies and additional income.

S&CS3 Joint Commissioning

23. A forecast underspend of -£0.200m relates to planned savings of -£0.500m which are expected to be partly delivered early.
24. Responsibility for managing a local social fund to provide welfare assistance to vulnerable people was transferred from the Department of Work & Pensions to local authorities this year. The number of successful applications for assistance so far this year has been less than anticipated and unless there is a significant increase in the level of take up during the remainder of the year, it is currently forecast that the Oxfordshire Support fund will underspend by -£0.300m.

S&CS4 Fire & Rescue and Emergency Planning

25. The Fire & Rescue service is forecasting an overspend of +£0.121m on fire-fighter ill health retirements. As this is a budget that the service cannot control, any variance will be met from Council balances at year-end.

Environment & Economy (E&E)

26. The directorate is currently forecasting an overspend of +£0.953m although this is expected to reduce as a result of management action.

EE2 Commercial Services

27. The service is forecasting an overspend of +£0.720m. This includes an overspend on Highways Maintenance of +£0.918m which is mainly due to the increased number of defects (54,000 potholes compared to a budget of 29,000) and gully emptying. The service is considering how the pressures could be managed within the budget available and updates will be included in future reports.
28. Waste Management is forecast to overspend by +£0.386m due to an increase in landfill disposal. Tonnage is estimated to be around 285kt compared to a budget of 278kt. The increase of 7kt costs approximately £1m and is being partly offset against the residual budget for the Landfill Allowance Trading Scheme (LATS) which ceased at the end of 2012/13.
29. The overspends on Waste Management and Highways maintenance are offset by underspends on Concessionary Fares (-£0.320m) and Street Lighting (-£0.220m).
30. There remains a risk that the additional £0.900m income from Park and Rides and on-street car parking may not be realised. Options for funding any pressure arising if the income is not fully realised will be considered in future reports and through the Service & Resource Planning process.

EE3 Oxfordshire Customer Services

31. The service is forecasting an overspend of +£0.180m which is due to delays in implementing a project to reduce the use of printers and printed materials. The service is expecting to be able to manage this pressure by the end of the year.

Chief Executive's Office

32. The directorate is forecasting an overspend of +£0.070m. This includes an overspend on Legal Services of +£0.126m which is mainly due to an increase in Childcare Court Fees.

Public Health

33. The directorate is forecasting an under spend of -£0.417m due to staff vacancies. As previously reported Public Health is funded by a ringfenced grant. Under the grant guidelines any underspend will be placed in reserves at the end of the financial year to be used to meet Public Health expenditure in future years. Recruitment to essential posts is in progress.

Virements and Supplementary Estimates

34. Virements larger than £0.250m requiring Cabinet approval under the Virement Rules agreed by Council on 19 February 2013 are set out in Annex 2a. The largest of these relates to an adjustment of the income and expenditure budgets for the latest Dedicated Schools Grant allocation which has been updated for schools that have converted to academy status and the transfer of the Thriving Families budget from Children's Social Care to the Early Intervention Service. Also requested this month is a temporary virement transferring the Corporate Contingency of £2.3m to the Older People Pooled Budget. None of the virements requested represent a major change in policy.
35. New virements this month for Cabinet to note are set out in Annex 2d.
36. The Supplementary Estimate requested this month relates to the revised flood defence levy which was received from the Environment Agency after the budget was agreed by Council in February 2013.

Ringfenced Grants

37. As set out in Annex 5, ring-fenced grants totalling £325.093m are included in directorate budgets and will be used for the specified purpose. Changes since the last report include a reduction of -£13.045m in Dedicated Schools Grant which reflects adjustments for schools that have converted to academy status. Additional grant funding of £0.427m from the Education Funding Agency to reflect the current grant allocation.

Bad Debt Write Offs

38. There were 40 general write offs to the end of July 2013 and these totalled £2,580. In addition Client Finance has written off 48 debts totalling £34,074.
39. Cabinet are recommended to approve a debt write off totalling £25,395.61. This relates to an overpayment to a foster carer over a period of 17 months in 2009 and 2010. It is deemed to be more cost efficient to write off the debt now than to recover in instalments over a protracted period.

Treasury Management

40. The latest treasury management approved lending list (as at 21 August 2013) is shown in Annex 7. No new counterparties have been added to the lending list. The lending limits for the Morgan Stanley Money Market Fund and Federated Prime Rate Money Market Fund were both increased by £3m, to £5m and £12m respectively. These limits were increased to reflect the increased size of the funds.
41. The average in-house cash balance during July 2013 was £362.0m and the average rate of return for the month was 0.87%. The average cash balance during June 2013 was £384.9m and the average rate of return was 0.85%. The budgeted return for interest receivable on balances is £2.12m for 2013/14 and it is expected that this will be achieved.
42. During June the authorised lending limit of £25m for Lloyds TSB Bank Plc was exceeded by £6.5m as a result of unexpected receipts being

received, resulting in the balance on the Council's main bank account being higher than forecast for the day. The limit was exceeded for three days as the event occurred on a Friday. As a result of this the Council has foregone approximately £237 of interest as the Council were unable to invest the funds in an alternative way.

Part 2 – Balance Sheet

43. Annex 3 sets out earmarked reserves brought forward from 2012/13 and the forecast position as at 31 March 2014. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.
44. As set out in the Provisional Outturn Report to Cabinet on 18 June 2013, revenue reserves were £84.075m at the end of 2012/13. These are forecast to reduce to £57.550m by 31 March 2014 a reduction of -£4.054m since the last report. The change from the last report includes the reduction of £2.574m in School Reserves from £27.235m to £24.661m as schools convert to academy status. The Adult Social Care Pooled Budget reserves have also reduced by £0.581m which reflects use to meet care packages. The change from the previous report also includes the transfer of the carry forward reserve to fund projects in Environment & Economy and the Chief Executive's Office, and a contribution to the Efficiency Reserve which was approved by Council on 9 July 2013.

Other Reserves

45. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £51.874m at 31 March 2014.
46. Annex 4 sets out that the forecast for general balances at 31 March 2014 is currently £14.350m. This position includes the forecast directorate overspend of +£5.830m and the supplementary estimate request relating to the Flood Defence Levy of £0.053m as set out in paragraph 36. It includes a planned contribution totalling £1.5m as set out in the Medium Term Financial Plan approved by Council in February 2013.

Part 3 – Capital Programme Monitoring

47. The capital monitoring position set out in Annex 8a, shows the forecast expenditure for 2013/14 is £74.6m (excluding schools local capital), an increase of £1.3m 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	33.4	33.6	+0.2
Social & Community Services	14.1	14.4	+0.3
Environment & Economy - Transport	23.2	23.9	+0.7
Environment & Economy - Other	1.6	1.6	0.0
Chief Executive's Office	1.0	1.1	+0.1
Total Directorate Programmes	73.3	74.6	+1.3
Schools Local Capital	3.8	3.8	0.0
Earmarked Reserves	1.0	1.0	0.0
Total Capital Programme	78.1	79.4	+1.3

* Approved by Cabinet 16 July 2013

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48. Significant in-year variations for each directorate are listed in Annex 8b. New schemes and total programme/project budget changes requiring Cabinet approval are listed in Annex 8c.
49. In the Children, Education & Families programme the increase in year relates to the new inclusion of the total cost for the project at St Andrew's School, Chinnor which is funded from developer contributions and a transfer of funding from the Schools Structural Maintenance Programme.
50. The increase in the Social and Community Services programme is due to the inclusion of the Adult Social Care Management System (£1.2m in total) following a report to Cabinet in July 2013. This is funded from the Efficiency Reserve as a revenue contribution to capital.
51. In the Transport programme, the increase is due to a number of new schemes being added to the programme including, funding for the development work of a Park & Ride scheme in Bicester, a Green Road to Warneford Lane Cycle route, a Fairfax Road to Purcell Road Cycle route and a number of small developer funded schemes.

Actual & Committed Expenditure

52. As at the end of July actual capital expenditure for the year to date (excluding schools local spend) was £0.6m. This is 1% of the total forecast expenditure of £74.6m. Accruals raised at the end of 2012/13 are still being realised in 2013/14. Committed spend is 31% of the forecast.

Five Year Capital Programme Update

53. The total forecast 5-year capital programme (2013/14 to 2017/18) is now £363.4m, an increase of £3.3m compared to the last capital programme approved by Cabinet in July 2013. The table below summarises the variations by directorate and the main reasons for these variations are explained in the following paragraphs.

Directorate	Last Approved Total Programme (2013/14 to 2017/18) * £m	Latest Updated Total Programme (2013/14 to 2017/18) £m	Variation £m
Children, Education & Families	147.3	147.8	+0.5
Social & Community Services	30.9	32.1	+1.2
Environment & Economy - Transport	75.4	76.5	+1.1
Environment & Economy – Other	28.1	28.1	0.0
Chief Executive's Office	2.2	2.8	+0.6
Total Directorate Programmes	283.9	287.3	+3.4
Schools Local Capital	8.7	8.7	0.0
Earmarked Reserves	67.5	67.4	-0.1
Total Capital Programme	360.1	363.4	+3.3

* Approved by Cabinet 16 July 2013

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54. The variation in the overall Children, Education & Families programme is the result of the inclusion of developer contributions resources for the Badgemore School, Henley and St Andrew's School, Chinnor schemes.
55. The increase in the Social and Community and Transport programmes are explained in paragraphs 50 and 51 above.
56. There is a pressure on the Wheatley River Bridge scheme in the Transport programme of £0.550m due to the discovery that major concrete repairs are required and need to be addressed whilst the traffic management is in place.
57. It is proposed to meet this pressure from a reserve held within the earmarked reserves of the capital programme and is no longer required. Cabinet is asked to approve the funding for this cost pressure.
58. The Council has been successful in bidding for grant towards the following schemes:
 - £1.807m from the Targeted Basic Need programme for Bartholomew School.
 - £0.875m from the Targeted Basic Need programme for Faringdon Infant & Junior School.
 - £0.963m from the Demographic Growth Capital Fund for Frank Wise School.
 - £1.535m for the Dementia Friendly Environments National Pilot Programme.
59. Cabinet is recommended to approve the funding of for the cost pressure on the Wheatley River Bridge scheme and the inclusion of the grant funding listed in paragraph 58. If approved, these changes will be reflected in the full capital programme update that will be considered by Cabinet on 15 October 2013.

Part 4 – Fees & Charges

60. Cabinet is recommended to approve the revised charges for courses at Hill End Outdoor Education Centre which are set out in Annex 9. The charges relate to educational led sessions being run from 1 October 2013. These include a new course on the Second World War. This change is in response to the centre becoming self-financing, expanding their current provision and bringing their charges in line with other similar establishments.

RECOMMENDATIONS

61. The Cabinet is RECOMMENDED to:
 - (a) note the report;
 - (b) approve the virement requests set out in Annex 2a and the supplementary estimate requests set out in Annex 2e;
 - (c) approve the bad debt write off as set out in paragraph 39;
 - (d) note the updated Treasury Management lending list at Annex 7;
 - (e) approve changes to the Capital programme set out in Annex 8c and to approve the increase to the Wheatley River Bridge scheme of £0.550m to be funded from the earmarked reserves of the

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- capital programme as set out in paragraphs 56 and 57, and approve the inclusion of the grant funding set out in paragraph 58;
- (f) approve the changes to charges at Hill End Outdoor Education Centre as set out in Part 4 and Annex 9.

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Assistant Chief Executive & Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports June 2013 and 31 July 2013

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September 2013