

CABINET – 23 FEBRUARY 2016

**2015/16 FINANCIAL MONITORING &
BUSINESS STRATEGY DELIVERY REPORT**

Report by the Chief Finance Officer

Introduction

1. This report focuses on the management of the 2015/16 budget. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of December 2015. Capital Programme monitoring is included at Part 3.
2. The forecast directorate position for the year is currently an anticipated overspend of +£4.1m (+1.0%) against a net budget of £416.8m as shown in the table below. This compares to an anticipated overspend of +£5.5m (+1.3%) reported to Cabinet in December 2015 and +£4.2m (+1.0%) reported this time last year.
3. Directorates have, and continue to work to reduce the forecast overspend by management action which includes a freeze on non-essential recruitment, and a stop on any non-urgent or uncommitted expenditure.
4. Annual reductions in the budget since 2010 mean there is less flexibility to manage pressures as they arise in year. The on-going impact of the increased demand particularly in Home to School Transport, Children's Social Care Staffing and Waste has been considered through the Service & Resource Planning Process for 2016/17. However, whilst the in-year pressures are expected to be managed in part, it is anticipated that the use of contingency and general balances will be required to bring the budget back into balance. This will be set out in the Provisional Outturn Report to Cabinet in June 2016.

Directorate	Latest Budget 2015/16 £m	Forecast Outturn 2015/16 £m	Forecast Outturn Variance 2015/16 £m	Forecast Outturn Variance 2015/16 %
Children, Education & Families (CE&F)	107.8	111.5	+3.8	+3.5
Social & Community Services (S&CS)	211.0	211.3	+0.3	+0.1
Environment & Economy (E&E)	83.6	83.6	0.0	0.0
Corporate Services (CS)	14.4	14.4	0.0	0.0
Public Health (*)	0.0	0.0	0.0	0.0
Total	416.8	420.9	+4.1	+1.0
Public Health (*)				
Expenditure	28.9	29.1	+0.2	+0.7
Grant and Other Income & Transfer from Reserves	-28.9	-29.1	-0.2	-0.7
Total ¹	0.0	0.0	0.0	0.0

¹ Public Health is funded by a ring-fenced grant of £30.4m from the Department of Health. On 4 November the Council received notification that this grant would be reduced in-year by £1.9m. The forecast overspend of +£0.2m will be funded by a transfer from reserves at year end.

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5. The following annexes are attached:

Annex 1	Original and Latest Budget for 2015/16
Annex 2	2015/16 Virements & Supplementary Estimates
Annex 3	Ring-fenced Government Grants 2015/16
Annex 4	Treasury Management Lending List
Annex 5	Forecast Earmarked Reserves
Annex 6	Forecast General Balances
Annex 7	Capital Programme Monitoring

6. Directorate reports setting 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

Children, Education & Families

7. The directorate is forecasting an overspend of +£3.8m. There is also a -£0.6m forecast underspend on services funded by Dedicated Schools Grant (DSG).
8. There are two main areas identified as overspending that reflect increasing activity and demand; Special Educational Needs (SEN) Home to School Transport and increasing numbers of children requiring intervention from Children's Social Care leading to increased workload and staffing costs in front line social work teams and related legal costs. The Directorate is addressing the overspend by freezing vacancies other than for front line social workers required to maintain safe caseloads, and is reviewing all areas of expenditure. However, these overspends are unlikely to be resolved in the short term given the increased demand. The proposed future integration of Early Intervention, Children's Centres and Family Support aims to match available resources to demand.

CEF1 Education & Learning

9. The Education & Learning service is forecasting to overspend by +£1.1m.
10. In 2014/15 Home to School Transport overspent by £1.3m. The overspend was due to increased costs associated with transporting primary school pupils and increased use of taxis, particularly for pupils with SEN. The budget for 2015/16 was increased by £1.2m from 2015/16 as part of the budget and medium term plan agreed by Council in February 2015. The current forecast for 2015/16 is an overspend of +£2.3m relating to SEN transport. The overspend relates to a combination of growth in demand for services and an increase in the average cost per passenger journey. The increase cost of passenger journeys arises from an increase in the number of contracts and more single passenger journeys. This is partly offset by an underspend of -£0.4m on mainstream transport, due in the main to the impact of the route efficiency programme with the number of routes and passengers reducing by 13% and 8% respectively.
11. There are predicted underspends totalling -£0.8m in other areas of the Education & Learning service. Following Government announcements in December 2015 and feedback received by the service, the strategy for

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the Education and Learning service has undergone a change of direction to focus on statutory services as set out elsewhere on the agenda. As such the transfer of £0.3m from that service to earmarked reserves reported previously is no longer included in the forecast position.

CEF2 Children's Social Care

12. Children's Social Care is forecast to overspend by +£2.8m.
13. As a result of significant increases in the number of children becoming looked after in the last two to three years, additional ongoing funding of £7.4m from 2015/16 was agreed as part of the budget and medium term plan agreed by Council in February 2015. An underspend of -£0.6m on the increased budget for external agency placements is forecast. This forecast includes projected spend for existing clients and an estimate of £0.3m for new placements that could arise during the rest of the year. At the end of March 2015, there were 527 looked after children, an increase of 111 (27%) from April 2013. At 31 December 2015, the number had increased to an all-time high of 606.
14. Service Management and Central Costs are forecast to overspend by +£1.5m. The growth in numbers of children requiring services from Children's Social Care has increased the workload across a number of services, and required additional administrative support for front line social workers as well as resulting in high legal costs. In particular there has been a need for more administrative support around Child Protection Conferences and the Multi Agency Safeguarding Hub (MASH). There has also been additional work around restructuring Early Intervention and Children's Social Care requiring interim consultant support. The Directorate is undertaking a review of all posts and budgets across the whole service, in order to identify the on-going staffing requirement, any necessary realignment of budgets and how to address any remaining shortfall.
15. The growth in demand is also resulting in projected overspends in the Corporate Parenting area. The forecast overspend of +£0.3m mainly relates to overspends on the in-house fostering service (+£0.1m) reflecting a 12% increase in children placed in foster care over the last 12 months. The inter-agency budget is forecast to overspend (+£0.2m) because there are increased numbers of children being placed with adopters from other authorities. There are also pressures in Family Placement teams (+£0.1m) reflecting the use of agency staff to cover vacancies. These overspends are offset by underspends of -£0.1m in the rest of the service.
16. The increase in the number of young people requiring intervention from Children's Social Care has had a significant impact across all Children's Social Care teams including Referral & Assessment (+£0.6m), Family Support (+£0.3m), Safeguarding (+£0.6m), Looked After Children and Leaving Care (+£0.3m) and Asylum (+£0.4m). Staffing has been increased to keep workloads at a safe level, including use of temporary agency staff, due to on-going problems with recruiting social workers. These are partly offset by small underspends totalling -£0.7m across the Early Intervention service.

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17. The Youth Offending Service is now forecasting an overspend of +£0.1m, largely as a result of confirmation from the Youth Justice Board of an in-year grant reduction of an equivalent amount.

Dedicated Schools Grant (DSG)

18. Services funded from DSG are forecast to underspend by -£0.6m compared to the 2015/16 DSG allocation of £261.2m. The position reflects a significant pressure on out of county Special Educational Needs (SEN) placements (+£0.9m) offset by expected underspends relating to the free early education entitlement for disadvantaged two year olds and three and four year olds. This is however subject to change as the Early Years DSG block will be adjusted reflecting actual take up and may reduce. The significant pressure on out of county SEN placements is consistent with the pressures on Home to School SEN transport costs.
19. The use of one – off unspent DSG funding of £11.1m held in reserves at the end of 2014/15 has been considered by Schools Forum. Any funding not already committed is likely to be needed to contribute to the pupil growth and basic needs revenue funding (including pre-opening and diseconomy of scale costs) for the creation of new schools and academies, as approved by Schools Forum in December 2014.

Social & Community Services

20. The directorate is forecasting an overspend of +£0.3m. This includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) position on the various pooled budgets.

S&CS1 Adult Social Care

21. Adult Social Care is forecast to overspend by +£1.0m on non-pool services. There are also overspends of +£0.8m on the Older People and Equipment Pooled budget and +£0.2m on the Physical Disabilities Pooled Budget. The overspends are partly offset by an underspend of -£0.1m on the Learning Disabilities Pooled Budget and by using -£0.9m of funding from the Independent Living Fund and Social Care in Prisons Grant on a one-off basis in 2015/16.

Older People and Equipment Pooled Budgets

22. The Older People and Equipment Pool is forecast to overspend by +£2.3m. It is assumed that the Oxfordshire Clinical Commissioning Group will make an additional contribution of £1.0m to offset part of the overspend which relates to Non-Emergency Patient Transport. Under the risk share agreement the County Council's share of the remaining overspend is +£0.8m.
23. The Social Care spend on packages and placements is the most significant pressure on the Older People's Pool. The forecast for Social Care Home placements is an overspend of +£3.6m which is partially offset by an underspend of -£0.8m on Home Support. Demand for care home placements has been significantly higher than expected during the year. The average number of weekly placements has increased from 11.5 to 11.9 during the year which is against the trend seen in the preceding year when the number of new placements fell. The budget

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was set on the basis of a decrease in demand to ten placements per week.

24. The Council's position also includes a forecast overspend of +£0.2m for the Social and Healthcare Team which is managed within the Customer Service Centre by Environment and Economy.
25. There is also an underspend on Prevention and Early Intervention of -£1.8m. This includes underspends on the Reablement service and Carers grants.
26. The Clinical Commissioning Group services are forecast to overspend by £1.1m, including the overspend of £1.0m on Non-Emergency Patient Transport. This pressure has arisen from the non-delivery of savings and increased activity, particularly for transportation of bariatric patients. The other significant pressure against the Clinical Commissioning Group's budget is a forecast overspend of +£0.7m on Home Support which is partially offset by an underspend -£0.5m on prevention and early support.

Physical Disabilities Pooled Budget

27. The Physical Disabilities Pooled Budget is forecast to overspend by +£0.3m. Under the risk share agreement the County Council share of the overspend is +£0.2m.
28. The Care Homes budget is forecast to underspend by -£0.2m. This is due to the full year effect of the lower number of placements made during 2014/15 and an on-going reduction in 2015/16. The forward forecast reflects the assumption that number of placements remains at the current level throughout the year. If the overall downward trend in client numbers continues there will be a decrease in the forecast spend, partially offset by lower client income.
29. The Home Support budget is forecast to underspend by -£0.1m at year end. Although client numbers have been broadly stable over the last three months, there is an overall upward trend in year.
30. The Council's Acquired Brain Injury budget is now forecast to overspend by +£0.2m. There are 11 clients funded from this budget compared to an average of eight clients during 2014/15.
31. The Clinical Commissioning Group services are forecast to overspend by +£0.4m. Of this, +£0.3m relates to an overspend on the Care Homes budget.

Learning Disabilities Pooled Budget

32. £4.6m was added to the Learning Disabilities pooled budget in 2015/16 to reflect pressures arising due to increased demand. On this increased budget, the Learning Disabilities Pool is forecast to underspend by -£0.1m. Under the risk share agreement the County Council is responsible for 85% of any variation.
33. The Personalisation and On-going Support budget which includes Social Care and Continuing Health Care funded service users is forecast to overspend by +£0.6m. This forecast includes the in-year impact of the

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closure of the Independent Living Fund and includes additional budget to meet this pressure. This overspend is offset by underspends including - £0.2m on in-patient beds and -£0.5m on Out of Area treatments which reflects the low usage of bed based health provision in year.

Independent Living Fund

34. The Independent Living Fund was closed on 30 June 2015 and responsibility transferred to local authorities from 1 July 2015.
35. Adult Social Care has undertaken a review of all 204 recipients of the Independent Living Fund in Oxfordshire in order to transition them into Local Authority funding. This process has resulted in a new personal budget and support plan for these people. In some cases, where this has resulted in a reduction in the total funding available to individuals, short term transition funding has been agreed. Additionally, a revised financial assessment has been completed for each person.
36. Following the Independent Living Fund closure, a grant of £3.0m has been provided to the County Council. On 3 November 2015 Council agreed to add expenditure budgets of £1.7m to the Learning Disabilities Pool and £0.6m to the Physical Disabilities Pool to meet the increased costs to the pools of the agreed personal budgets. Council also agreed that the £0.6m balance of the grant would be used to offset the overspend on the Learning Disabilities Pooled Budget in 2015/16 and the full year effect of the additional expenditure from the closure of the Independent Living Fund in 2016/17. In light of the reduction in the overspend on the Learning Disabilities Pooled Budget the £0.6m will be used to offset overspends elsewhere in Adult Social Care.

Social Care in Prisons Grant

37. The Council receives an un-ringfenced grant of £0.2m for new responsibilities relating to the assessment of and meeting the care needs for offenders residing in prisons, approved premises or bail accommodation within Oxfordshire. This funding was originally put into the Older People's Pool to fund increased workload within the Locality teams relating to the new duty. However, the additional activity has been minimal and has been absorbed within existing budgets. This funding will be used to offset the overall directorate position in year and has been identified as a savings option for 2016/17.

Adult Social Care: Non – Pool Services

38. There is a forecast overspend of +£1.0m for services outside of the Pools. This includes an overspend of +£0.5m on the Mental Health budget due to increased demand for the services and partly as a result of the Supported Independent Living Pathway becoming blocked. The pressure in future years is being managed through the new Mental Health Outcomes Based Contract which includes a risk share arrangement. The delay to the contract start date has contributed to this in year pressure.
39. There are also overspends on Adult Protection and Mental Capacity (+£0.1m), Emergency Duty Team (+£0.3m), and Money Management (+£0.1m).

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SCS3 Fire & Rescue, Emergency Planning and Community Safety

40. The Service is forecasting an underspend of -£0.7m of which -£0.5m relates to Fire and Rescue. This is driven primarily by vacancies for whole-time firefighters and retirements during the year. Recent recruits are included in the forecast underspend but at this stage in the year it is less likely that further recruitment will have a significant impact on expenditure.
41. In addition to the underspend above, there is currently a further underspend of -£0.2m against the budget for on-call firefighters. This forecast is likely to change due to its dependency on the number of emergency calls attended, which can fluctuate due to adverse weather and large incidents which by their nature are unplanned. Depending on the overall position for the directorate and council any underspend would be returned to balances at year end in line with Council policy.

Environment & Economy

42. The directorate is forecasting a breakeven position.

EE1 Strategy & Infrastructure

Strategy & Infrastructure are forecasting an underspend of -£ 0.4m which relates to Planning Regulation (-£0.2m) and Localities, Policy & Programme (-£0.2m) due to staffing vacancies and maximising infrastructure funding receipts.

EE2 Commercial Services

43. Commercial Services is forecasting to underspend by -£0.6m.
44. Due to predicted increases in tonnages of waste disposal arising from the economic upturn and an increase in the number of households in Oxfordshire, an additional £1.0m of funding was added to the Waste Management budget from 2015/16 as part of the budget and medium term plan agreed by Council in February 2015. Despite this, there is currently a forecast overspend of +£1.4m for this service area. Approximately 58% of total waste disposed of is recycled and composted. An estimated overspend of +£0.4m partially relates to increases in tonnage, but is predominately due to the general increased cost of disposal, most significantly the cost of wood processing. Approximately 36% of waste disposed of is processed through the Ardley Energy Recovery Facility. An overspend of +£0.5m is mostly due to the cost of business rates payments being higher than originally budgeted for. There is also a shortfall in income realisation of +£0.1m. The remaining overspend of +£0.4m is mainly due to increased site operations.
45. Supported Transport is forecasting an overspend of +£0.3m. This is due to higher Integrated Transport Unit (ITU) operational costs (+£0.2m) and an overspend on Concessionary Fares (+£0.1m). Further work is being undertaken to consider recovering the increased cost of the ITU through recharging service directorates.
46. The overspends above are partly offset by the current unallocated (-£1.2m) element of the Highways Maintenance Delivery budget. The impact of offsetting this budget against overspends means that there is no funding available for further unplanned ad hoc works or increased

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external demand on maintenance budgets above that already forecast. There is also an underspend of -£0.7m on Network and Asset Management which mainly relates to patching spend being funded by the Capital Programme.

EE3 Oxfordshire Customer Services

47. Oxfordshire Customer Services is forecast to overspend by +£1.0m. This relates in part to the underachievement of income from schools (+£0.7m) due to a combination of academy transfers and maintained schools' uptake of services. A review is already underway to consider the mechanisms for managing the cost of service delivery as volumes change over time. ICT is forecast to overspend (+£0.3m) mainly due to the additional operational cost of the Data Centre, further management action is needed to determine the funding for this pressure.
48. Transition and one-off costs associated with the transfer of services to Hampshire County Council total £2.9m in 2015/16. This will be funded in part by using the Oxfordshire Customer Services Development Reserve and by temporary use of other E&E reserves as reported previously. As planned, costs will be recouped over the next seven years and borrowing from other reserves will also be repaid over this period.

Corporate Services

49. The forecast breakeven position reflects overspends on Corporate Services and Business Support and Law and Governance which are partly offset by an underspend arising from staff vacancies in the Policy Team.

Public Health

50. On the 4 November the Council received notification from the Department of Health of an in-year grant reduction of £1.9m. The directorate has brought forward savings planned for 2016/17 and 2017/18 to meet the majority of this reduction. A small overspend of +£0.2m is forecast which will be met by a transfer from the Public Health Reserve.

Virements and Supplementary Estimates

51. There are no new virements requiring Cabinet approval this month. Annex 2d shows virements Cabinet need to note.

Ringfenced Grants

52. As set out in Annex 3, ring-fenced grants totalling £322.9m are included in Directorate budgets and will be used for the specified purpose. Since the last report the Council has received £1.0m for the autumn and spring term allocations of the PE and Sport Grant which will be delegated to schools. Any grants unspent at year end will be held in the Grants & Contributions Reserve for use in 2016/17, or returned to the funding body.

Business Strategy Savings

53. The forecasts shown in this report incorporate Business Strategy savings that were agreed by Council in February 2015 and previous years. In total £42.8m of savings are incorporated into the budget for 2015/16. £40.7m (95%) of the savings have been delivered or are on track to be delivered.

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£0.4m (0.9%) is currently at some risk of not being achieved and a further £1.8m (4.1%) is at significant risk of not being achieved.

54. £0.9m of savings at significant risk of not being achieved relate to savings for reducing agency and contracted staff and introducing a vacancy factor. Of this, £0.6m is across services in Children, Education & Families, £0.2m relates to Cultural Services and £0.1m in the Music Service. This position may improve as the year progresses and general staff turnover takes place.
55. Other savings at significant risk of being achieved are £0.5m saving from the implementation of the Energy Recovery Facility due to the pressures reported in paragraph 42 above and £0.2m relating to income generated through sponsorship and providing other services in the Network & Asset Management Service, both within Environment & Economy. Alternative savings are being made and the directorate is forecasting a break-even position for the financial year (as set out in paragraph 42).

Treasury Management

56. The latest treasury management approved lending list (as at 1 February 2016) is shown in Annex 4. There have been no changes to the list since the last report.
57. The table below shows average in-house cash balances and average rates of return for November and December 2015. The forecast outturn for interest receivable and return on investments for 2015/16 currently totals £3.35m, exceeding the budgeted figure of £2.06m. Borrowing costs are currently forecast to be in line with the budget.

Month	Average cash balance	Average rate of return
November	£317.561m	0.81%
December	£303.782m	0.84%

Part 2 – Balance Sheet

58. Annex 5 sets out earmarked reserves brought forward from 2014/15 and the forecast position as at 31 March 2016. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.
59. As set out in the Provisional Outturn Report to Cabinet on 23 June 2015, revenue reserves were £63.6m at the end of 2014/15. These are currently forecast to reduce to £49.1m by 31 March 2016.

Grants and Contributions

60. The balance of unspent DSG is forecast to be £8.5m by 31 March 2016. This is likely to be needed to address expected budget pressures in future years in funding for pupil growth, or basic need revenue funding for the creation of new schools and academies.
61. Other ring-fenced grant underspends held in the Grants and Contributions Reserve for use in 2015/16 in line with the grant criteria include £0.9m for revenue Section 106 contributions and £0.3m for the

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Social Work Improvement Fund. There is also £0.3m funding for the Local Enterprise Partnership.

62. Under the terms of the Public Health grant it is legitimate to use the funding on functions which have a significant effect on, or in connection with, the exercise of the public health functions specified in Section 73B(2) of the National Health Service Act 2006. Contributions of £0.2m towards Domestic violence prevention and support and £0.4m to Cycle Improvement Capital schemes will be made during 2015/16. In November 2015 Council agreed to transfer £2m to the capital programme to fund the development of Children's Homes. This is in addition to the £2m Council agreed in May 2014. The total £4m contribution will reduce the cost of prudential borrowing for the scheme from £0.5m to £0.2m. After these additional contributions and a £0.2m contribution to offset the 2015/16 overspend the balance of Public Health grant funding is forecast to be £0.6m by 31 March 2016.

Children, Education & Families

63. School balances are forecast to be £20.9m as at 31 March 2016. A report setting out the reasons why schools have held high balances for a number of years was considered by Education Scrutiny Committee on 1 October 2015. It was agreed to continue to remind schools of the need to spend revenue funding on current cohorts of pupils as part of the annual budget setting process and to continue to challenge schools that have consistent surplus balances.
64. Other reserves held by the Directorate are forecast to reduce from £4.2m to £2.2m by 31 March 2016. Many of the key projects and pressures supported by reserves in 2014/15 are continuing in 2015/16.

Social & Community Services

65. Social & Community Services reserves are forecast to reduce from £3.8m to £3.0m by 31 March 2016. Within this, the Older People Pooled Budget Reserve will reduce from £2.9m to £1.7m as £1.2m has been transferred to the pool in year to support additional Discharge to Assess activity, the Workforce programme and Dementia services.

Environment & Economy

66. Reserves held by the Directorate are forecast to reduce from £8.3m to £4.3m by 31 March 2016. As previously reported the forecast includes the temporary use of £2.9m of reserves (including the Catering Investment Fund, Dix Pit Reserve and Joint Use Reserve) to fund transition and one-off costs relating to the transfer of services to Hampshire County Council and the Supported Transport Programme. This will be repaid over the next seven years as originally planned.

Corporate Reserves

67. The Efficiency Reserve totalled £1.7m at 1 April 2015. Of this £1.1m is committed to be used for one-off projects during 2015/16. The remaining £0.6m, along with an additional contribution of £2.0m will be used for one – off projects supporting the Medium Term Financial Plan.

Other Reserves

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68. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £46.1m at 31 March 2016. The Budget Reserve is forecast to be £8.7m at the year end and is required to manage the cash flow implications of the pressures and savings included in the Medium Term Financial Plan.

Balances

69. As set out in Annex 6 general balances are forecast to be £16.5m as at 31 March 2016 after taking into account the projected Directorate overspends. This compares to an expected £17.5m as set out in the MTFP approved by Council in February 2015 and the risk assessed level of £17.4m.
70. In setting the budget for 2015/16, a Corporate Contingency of £3.6m was agreed. In addition, in July 2015, Cabinet agreed a virement of £0.5m from the contribution to the Older People and Equipment Pooled Budget to Corporate Contingency taking the total to £4.1m. The contingency is held predominantly to manage any high risk demand led budgets.
71. The Service & Resource Planning Report to Cabinet in January set out that £3.1m of the contingency would be used to contribute to the budget reserve to meet the deficit position in 2016/17. This leaves £1m to meet any of the reported overspends that cannot be managed during the remainder of the financial year.

Part 3 – Capital Monitoring

72. An updated capital programme is being considered by Council on 16 February 2016. This reflects forecast expenditure as at the end of December 2015, so effectively also forms the monitoring position for this report.
73. A summary of the changes since the last programme considered by Cabinet on 26 January 2016 as part of the Service & Resource Planning Process is set out in the table on the next page.

Directorate	Last Approved Programme * £m	Last Reported Programme ** £m	Latest Forecast Expenditure *** £m	Variation to Last Reported Programme £m
Children, Education & Families	51.3	52.6	52.7	+0.1
Social & Community Services	6.3	5.8	5.6	-0.2
Environment & Economy - Transport	53.4	52.9	52.4	-0.5
Environment & Economy - Other	11.2	10.3	10.3	0.0
Corporate Services	12.3	12.2	12.2	0.0
Total Directorate Programmes	134.5	133.8	133.2	-0.6
Schools Local Capital	2.0	2.0	2.0	0.0
Earmarked Reserves	0.3	0.3	0.3	0.0
Total Capital Programme	136.8	136.1	135.5	-0.6

* Approved by Cabinet 20 October 2015

** Considered by Cabinet 26 January 2016

*** As per proposals to Council 16 February 2016

74. Significant in-year variations for each directorate are listed in Annex 7b. New schemes and total programme/project budget changes for Cabinet to note are listed in Annex 7c. For completeness this shows the latest forecast position compared to the last capital programme approved by Cabinet on 20 October 2015.
75. £1.0m of the £3.5m planned expenditure on the DfT Challenge Fund Programme has been re-profiled to 2016/17 due to procurement delays on the carriageway edge strengthening element of the programme meaning construction will not now commence until April 2016.

Actual & Committed Expenditure

76. As at the end of December actual capital expenditure for the year to date (excluding schools local spend) was £70.1m. This is 53% of the total forecast expenditure of £133.1m. Actual and committed spend is 88% of the forecast.

Five Year Capital Programme Update

77. The total forecast 5-year capital programme (2015/16 to 2019/20) is now £595.7m. This has decreased by £6.7m compared to the programme considered by Cabinet on 26 January 2016. The table on the next page summarises the variations by directorate and the main reasons for these are explained in the following paragraphs.

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Directorate	Last Approved Total Programme (2015/16 to 2018/19)* £m	Last Reported Total Programme (2015/16 to 2019/20)** £m	Latest Updated Total Programme (2015/16 to 2019/20)*** £m	Variation to Last Reported Programme £m
Children, Education & Families	138.4	211.5	206.0	-5.5
<i>CEF reductions to be identified</i>	-5.8	0.0	0.0	0.0
Social & Community Services	38.6	38.9	38.9	0.0
Environment & Economy – Transport	157.6	197.4	196.9	-0.5
Environment & Economy – Other	35.4	39.2	38.5	-0.7
Corporate Services	14.8	27.3	27.3	0.0
Total Directorate Programmes	379.0	514.3	507.6	-6.7
Schools Local Capital	4.3	6.1	6.1	0.0
Earmarked Reserves	43.1	82.0	82.0	0.0
Total Capital Programme	426.4	602.4	595.7	-6.7

* Approved by Cabinet 20 October 2015

** Considered by Cabinet 26 January 2016

*** As per proposals to Council 16 February 2016

78. The variation in the Children, Education & Families Directorate from the capital programme presented to Cabinet in January 2016 is due to the removal of the £5.5m loan to the King Alfred's Academy to support their strategy to move from three sites to two. The Education Funding Agency has not approved the proposal and will instead offer a loan facility to Academy Schools for this type of work.
79. The County Council has taken on delivery of the Oxfordshire Local Enterprise Partnership (OxLEP) Growing Places Fund project to renovate the currently disused Backhill Tunnel rail underpass and provide a pedestrian and cycle connection from Milton Park to the A4130. A total budget of £0.807m is now included in the transport programme following delegated approval by the Leader of the Council in consultation with the Chief Finance Officer. Work is expected to complete in November 2016.
80. Following completion of feasibility works, Cabinet are recommended to approve the full budget of £11.165m for the Eastern Arc Phase 1: Access to Headington project and to proceed to detailed design. This is funded from the Local Growth Fund (£8.200m) and developer contributions (£2.965m). This has reduced by £1.335m compared to the programme considered by Cabinet on 26 January 2016 due to the separation of a proportion of local developer funding for bus service improvements from the infrastructure improvement project budget. The infrastructure improvement project consists of a package of cycle, pedestrian, bus and junction improvement measures which are expected to be completed by Spring 2018. The objectives of the project are to reduce congestion and improve the overall accessibility of the area by enabling conditions for a

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more comprehensive bus service to operate and encourage greater uptake in walking and cycling. An Outline Business Case is available as a background paper.

81. Cabinet are recommended to approve an increase of £0.935m for the A34 Milton Interchange scheme due to increased design and construction costs. This will need to be managed within the overall Local Enterprise Partnership funding envelope (prudential borrowing supported by business rate growth).

RECOMMENDATIONS

82. **The Cabinet is RECOMMENDED to:**
- (a) note the report;**
 - (b) note the Treasury Management lending list at Annex 4;**
 - (c) approve an increase of £0.935m for the A34 Milton Interchange scheme;**
 - (d) approve the full budget of £11.165m for the Eastern Arc Phase 1: Access to Headington project and to proceed to detailed design; and**
 - (e) note the changes to the Capital Programme set out in Annex 7b and 7c.**

LORNA BAXTER

Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to the end of November and December 2015
Eastern Arc Phase 1: Access to Headington Stage 1
Outline Business Case
Milton Interchange Out of Tolerance Report

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