

Division(s):

CABINET – 23 JUNE 2015

PROVISIONAL REVENUE & CAPITAL OUTTURN 2014/15

Report by the Chief Finance Officer

1. This report sets out the provisional revenue and capital outturn position for 2014/15 and shows how actual expenditure and income for the year compares to the budgeted position. Figures shown in the report reflect the Council's draft Statement of Accounts for 2014/15¹. This will be submitted to the Audit and Governance Committee on 8 July 2015 following certification by the Chief Finance Officer, prior to external audit.

Revenue Outturn Summary

2. As set out in Annex 1 the year end revenue position for directorates is a variation of -£0.196m.

	Final Budget 2014/15	Outturn 2014/15	Outturn Variance 2014/15	Outturn Variance 2014/15	Variance Forecast February 2015	Variance Forecast February 2015
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	105.752	107.302	+1.550	+1.5	+2.844	+2.7
Social & Community Services (S&CS) ²	214.168	214.339	+0.171	+0.1	+0.649	+0.3
Environment & Economy	83.054	81.809	-1.245	-1.5	-1.559	-1.9
Chief Executive's Office	21.211	20.539	-0.672	-3.2	-0.734	-3.5
Public Health(*)	0.000	0.000	0.000	0.0	0.000	0.0
Directorate Total	424.185	423.989	-0.196	0.0	+1.200	+0.3

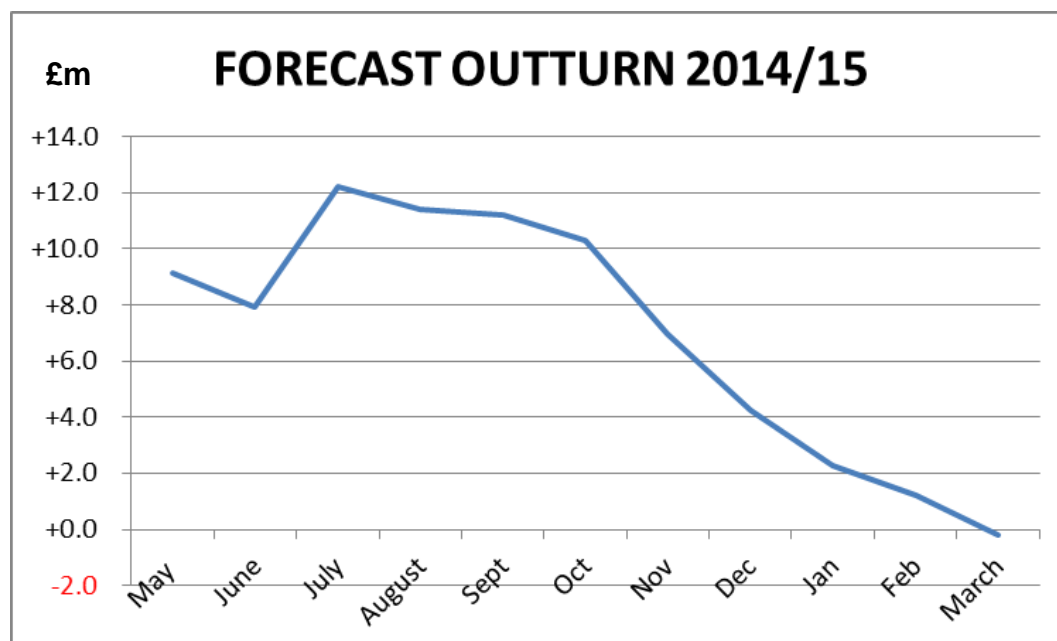
Public Health (*)						
Expenditure	26.689	24.489	-2.310	-9.4	-2.366	-8.9
Grant and Other Income & Transfer to/from Reserves	-26.689	-24.489	2.310	+9.4	2.366	+8.9
Total³	0.000	0.000	0.000	0.0	0.000	0.0

¹ Due to external reporting requirements the presentation of the figures may vary.

² S&CS incorporates the outturn and variance for the Pooled Budgets.

³ Public Health is funded by a ring-fenced grant of £26.086m from the Department of Health. An underspend of -£2.310m against the grant funding has been placed in reserves at year end (see paragraph 52).

3. Throughout the year the Financial Monitoring Reports to Cabinet have highlighted pressures of which the most significant have been in Childrens' and Adult Social Care. The graph below shows the forecast outturn position during the year. This peaked at a forecast overspend of +£12.2m in July 2014. Management action was taken to address the issues, but annual reductions in the budget since 2010 means there is less flexibility to manage pressures as they arise. In addition to utilisation of the corporately held contingency of £2.7m, agreed in November 2014, and the use of one – off funding from reserves, other corporate management actions taken to address the forecast overspend included a recruitment freeze and review of all vacancies along with a freeze on non-urgent expenditure.



4. The following Annexes are attached and referenced in the report:

Annex 1	Revenue Outturn
Annex 2a	Proposed carry forwards to 2015/16 and movement of 2014/15 underspends to other budget heads in 2015/16
Annex 2b	2014/15 virements to note
Annex 3	Ringfenced Grants
Annex 4a	Reserves
Annex 4b	Schools' Balances
Annex 5	General Balances
Annex 6	On and Off - Street Parking – Statement of Income and Expenditure for 2014/15
Annex 7	2015/16 virements to approve
Annex 8	Capital Outturn

Part 1 – Revenue Outturn

Children, Education & Families (CE&F)

5. The provisional outturn position for the directorate is an overspend of +£1.550m. In line with accounting requirements, unspent Dedicated Schools Grant totalling -£3.199m has been placed in the grants and contributions reserve.

CEF1 Education and Early Intervention

6. The Education & Early Intervention service underspent by -£0.942m against a budget of £48.285m (this compares to an underspend of -£0.218m reported in April).
7. The final overspend for Home to School Transport was +£1.326m (compared to +£1.347m in the last report). Increased costs associated with transporting primary school pupils and increased use of taxis, particularly for pupils with Special Educational Needs have been reported throughout the year and the continuing effect of the pressure has been addressed in 2015/16 through the Service & Resource Planning process.
8. The overspend on Home to School Transport is offset by underspends on Early Intervention Hubs (-£0.494m), Children's Centres & Childcare (-£0.672m), Management & Central costs (-£0.467m), School Organisation & Planning (-£0.048m) and Schools and Learning (-£0.492m). Underspends in Early Intervention Hubs and Children's Centres & Childcare predominantly relate to the impact of the recruitment freeze and additional income.

CEF2 Children's Social Care

9. Children's Social Care overspent by +£2.475m or 4.9% compared to the budget of £50.825m. This compares to a projected overspend of +£3.026m reported to Cabinet in April. The change mainly relates to the use of £0.825m one-off funding from directorate reserves to reduce the overspend in this service area.
10. Within the total for the service area, the overspend on external placement costs for existing clients was +£1.678m after taking account of £2.751m corporately held contingency that Council agreed to release on 4 November 2014. The underlying overspend of +£4.429m is in line with a +£4.3m forecast overspend reported since August 2014. The on-going effect of the pressure has been addressed as part of the 2015/16 Service & Resource Planning Process. During 2014/15 there was a significant increase in the number of support days. The number of looked after children increased from 463 at the end of March 2014 to a high of 527 at the end of March 2015. This rise brings Oxfordshire closer into line with the rates of looked after children in neighbouring authorities but still lower than the average for the south east and considerably below the national average.

11. An overall net overspend of +£0.496m is reported for the Corporate Parenting service area (an increase of £0.163m since February). Within the total there are overspends on Residence Orders (+£0.084m) and Special Guardianship Orders (+£0.371m), due to increased placement numbers during the year. There is also overspends on the adoption budget (+£0.111m) and Children's Homes and Residential Strategy (+£0.316m). These are offset by underspends on in-house fostering (-£0.150m), the cross regional commissioning project (-£0.091m) and Multidimensional Treatment Foster Care (-£0.116m).
12. An overspend of +£0.204m on the Safeguarding budget relates to additional staff being recruited during the year to cover increased workloads and responsibilities.
13. The Asylum budget overspent by +£0.087m. This includes an overspend of £0.123m on the All Rights Exhausted budget, as a result of delays in the Home Office making decisions on All Rights Exhausted status. In some cases the delays have been over two years. Currently there are 18 young people waiting for a decision from the Home Office who are continuing to be funded in the meantime.
14. In total there was an overspend of +£0.986m on Management & Central costs. +£0.529m is associated with the continued work on the Kingfisher project. On-going funding for this team has been addressed as part of the 2015/16 Service and Resource Planning process. +£0.457m relates to increased legal fees associated with the increase in child protection cases. The overspend has been offset by the use of £0.825m one-off funding from directorate reserves.
15. There were also overspends on Referral and Assessment (+£0.105m), Family Support (+0.171m), and Looked after Children and Leaving Care (+£0.225m) which are of offset by underspend on Services for Disabled Children (-£0.155m) and Youth Offending Service (-£0.199m).

Dedicated Schools Grant (DSG)

16. Services funded from DSG have underspent by -£3.199m compared to the latest notified 2014/15 DSG funding of £267.494m. Within the total an underspend of -£1.783m on Early Years Sufficiency & Access relates predominantly to an underspend on the budget for payments to providers for two year olds. This arises due to lower take up of places than expected. There were also underspends on the Early Years Single Funding Formula (-£0.796m) and Capitalised Repairs and Maintenance (-£0.321m). An underspend on Schools & Learning of -£0.289m reflects lower than planned spend on projects.

Social & Community Services (S&CS)

17. The provisional outturn position for the directorate is an overspend of +£0.171m. This includes the Council's risk based share of the joint Oxfordshire County Council and Oxfordshire Clinical Commissioning Group (OCCG) spend on the relevant Pooled Budgets.

18. The expected overspend has reduced from +£1.237m reported in February 2015 and +£4.032m in December 2014 when overspends were forecast on all of the Pooled Budgets. The provisional outturn position shows an overspend only on the Learning Disabilities Pooled Budget. This is offset by underspends across the rest of the directorate and one – off contributions from reserves.

S&CS1 Adult Social Care

19. An overspend of +£1.710m is reported for Adult Social Care (compared to +£1.988m forecast at the end of February 2015 and +£2.400m at the end of December 2014). The year-end position includes £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserve agreed by Council on 4 November 2014. A further contribution of £0.352m from Public Health has been used to support preventative services.

Older People and Equipment Pooled Budgets

20. The Older People and Equipment Pooled Budget underspent by -£0.758m compared to the budget of £182.853m. This has reduced from a forecast underspend of -£0.262m at the end of February 2015 and from +£0.648m at the end of December 2014. Within the total for the Pool social care services are forecast to underspend by -£1.666m and health services are forecast to overspend by +£0.908m. Under the risk share agreement Oxfordshire County Council's share of the underspend is -£0.579m and the Oxfordshire Clinical Commissioning Group (OCCG) share is -£0.179m. This is after they have made an additional contribution of £0.286m to cover the non – achievement of savings on Non – Emergency Patient Transport.
21. The County Council's position is after the movement of £0.690m to reserves of which £0.440m is to cover the ongoing costs in 2015/16 from Delayed Transfers of Care schemes. This was agreed by the Older People's Joint Management Group on 24 March 2015. The remainder is to fund the trial rehabilitation at home project which has been delayed.
22. Within the council's variation of -£1.666m the social care funded Care Home Placement budget of £33.593m is forecast to overspend by +£2.538m. This has increased from +£0.276m in the April report because due to backdated costs. Locality teams continue to review placements and packages with a view to reducing costs and balancing the budget.
23. Social care funded Home Support package budgets have underspent by -£0.763m. This compares to an overspend of £0.042m forecast at the end of February 2015. As noted in the previous reports it was expected that activity would increase in January and February following seasonally low activity in December and an allowance for this increase was built into the forecast as at the end of December. However, client numbers continued to reduce over the last three months of the year. This also is after taking account of £0.440m being transferred to the

Older People's Pooled Budget Reserve to offset pressures related to Delayed Transfers of Care work in 2015/16.

24. Other variations reflect client contributions which have underachieved by +£0.048m at year end. This is a decrease of £0.279m since the last report and reflects the decreased spend on packages of care. This excludes £1.753m of contributions collected from self-funders to offset the cost of care commissioned on their behalf. There are also underspends of -£0.651m on staffing and costs within the Pool and -£0.763m on the Prevention and Early Support Services.
25. The County Council element of Social Care Equipment budget is now forecast to underspend by -£0.063m compared to the budget of £2.408m.

Physical Disabilities Pooled Budget

26. The Council element of the Physical Disabilities Pooled Budget underspent by -£0.155m compared to a budget of £12.127m.
27. An overspend on Home Support of +£0.342m is offset by underspends on care home placements (-£0.306m), the Prevention & Early Support Service (-£0.127m), and Acquired Brain Services (-£0.082m). The number of clients receiving support at home has fluctuated between 584 in April 2014 and 580 in March 2015 with an average of 594 clients, while the number of care home placements had reduced from 74 to 61 over the same period.

Learning Disabilities Pooled Budget

28. The outturn position on the Learning Disabilities Pool is an overspend of +£4.978m against a budget of £80.275m. The Council's share of the overspend is +£4.225m. The overspend on this pool in 2013/14 of +£0.513m was agreed to be carried forward and recovered in 2014/15 by Cabinet in June 2014. Adding the carry forward to the in – year variation means the total Council overspend is +£4.738m. This is broadly unchanged from the forecast position back in October 2014.
29. The overspend has partly been offset by the use of £1.500m one-off funding from Pooled Budget reserves so the final position is an overspend of +£3.238m.
30. The number of adults with a learning disability in receipt of services increased from 1,778 in April 2014 to 1,833 in March 2015. Analysis of data shows that allocations have in part increased due to clients turning 18 and/or leaving education. Another significant reason for the increase is increased need due to either physical or mental health. Other additional allocations were due to changes in the ability of carers to meet the clients' needs. The on-going impact of the increase in clients supported was addressed as part of the 2015/16 Service & Resource Planning process.

Adult Social Care: Non – Pool Services

31. An underspend for services outside of the Pools of -£0.795m is reported (compared to an underspend of -£0.526m in April).
32. An overspend of +£0.291m on Mental Health Services reflects pressure on this budget in year due to clients with complex needs not easily accommodated within the Supported Independent Living element of the client pathway. There was also an overspend of +£0.150m relating to the Adult Protection and Mental Capacity team arising from a significant increase in the number of requests for Deprivation of Liberty assessments following the Cheshire West Judgement in March 2014. The Emergency Duty Team also reported an overspend of +£0.169m due to increased workloads of the team during the year.
33. These overspends have been offset by an overachievement of client income for Learning Disabilities (-£0.347m), and an underspend on the Drugs and Alcohol Residential Treatment budget (-£0.155m).

SCS2 Community Safety

34. Services within the Community Safety service area underspent by -£0.319m (compared to -£0.292m reported to Cabinet in April). The underspend relates to staffing vacancies within the Safer Communities Service, Gypsy & Traveller services and Trading Standards.

SCS3 Joint Commissioning

35. Joint Commissioning underspent by -£0.252m. The service was required to deliver £0.500m of savings in 2014/15 of which £0.309m were achieved a year in advance in 2013/14. The remaining £0.191m has been achieved in-year through managing existing vacancies.

SCS4 Fire and Rescue & Emergency Planning

36. Oxfordshire Fire & Rescue Service underspent by -£0.961m. There was also an underspend of -£0.007m on Emergency Planning.
37. The Fire & Rescue Service underspend comprises an underspend on retained firefighters of -£0.518m reduced fire calls during the year and an overspend on ill health of +£0.109m. The remaining underspend was due to a delay in implementing the changes to agreed emergency cover arrangements, unusually high levels of turnover in whole time firefighters and the on-going effect of the recruitment freeze.

Environment & Economy (E&E)

38. The provisional outturn position for the directorate was an underspend of -£1.245m.

EE1 Strategy and Infrastructure

39. Strategy and Infrastructure underspent by -£0.118m compared to a budget of £7.609m. An overspend of +£0.116m due to temporary staffing costs has been offset by an underspend of -£0.295m on the Localities, Policy and Programme service area. A recent restructuring,

the completion of agency contracts and savings arising from the freeze on expenditure have contributed to this.

EE2 Commercial Services

40. Commercial Services underspent by -£1.704m (-£1.676m predicted in the last report), compared to a budget of £66.827m.
41. The Commercial Services Management service area overspent by +£0.739m. This is mainly due a lower than budgeted contribution from the Parking Account reserve by £0.481m at £1.821m. The lower contribution was necessary to ensure that adequate funding remains in the reserve for future investment requirements. The contribution reflects the lower than anticipated income in 2014/15 reported throughout the year.
42. Waste Management underspent by -£1.106m (compared to -£0.606m in the last report). Tonnage for the year was 289 kilo tonnes compared to a budgeted 291 kilo tonnes. Landfill was 18% of all waste disposed of instead of the budgeted 8%. The position also reflects the discounted gate fee at Ardley Energy Recovery Facility agreed throughout the commissioning phase.
43. An underspend of -£0.218m in Property and Facilities Management relates to an underspend on programmed repairs and maintenance (-£0.403m) offset by small overspends in other areas.
44. An overspend on Network and Asset Management of +£0.313m relates to Oxford City Section 42 payments (+£0.208m) and drainage repairs (+£0.247m) partly offset by an underspend on street lighting (-£0.207m).
45. An underspend on the Delivery Service of -£0.549m (an increase of -£0.334m since the last report) relates to road maintenance budgets including scheme slippage on the localities budget.
46. Countryside and Records reported an underspend of -£0.856m. This reflects vacancies in the Tree Team and one – off funding of -£0.597m from Public Health to fund Countryside Access.

EE3 Oxfordshire Customer Services

47. Oxfordshire Customer Services overspent by +£0.577m compared to a budget of £8.618m. Within that, overspends on ICT (+£0.589m) and the Education Support Service (+£0.132m) are offset in part by underspends elsewhere in the service.
48. The ICT overspend of +£0.589m (compared to +£0.235m in the last report) reflects a number of one - off costs associated with the move out of Clarendon House and the Hampshire Partnership project. The overspend on the Education Support Service (+£0.132m) relates to income from academies being lower than budgeted.

49. As set out in the report to Cabinet on the provision of Human Resources and Finance services by Hampshire County Council in May 2015, there are one - off costs associated with joining the partnership. The total identified investment cost is currently estimated at £6.0m. £2.4m of has been spent in 2014/15 and has been funded by reserves.

Chief Executive's Office (CEO)

50. The provisional outturn position for the Chief Executive's Office is an underspend of -£0.672m (compared to -£0.734m at the end of February 2015). Underspends are reported on all service areas. The position reflects staff vacancies, the early achievement of 2015/16 savings and additional income.
51. Within Law and Culture underspends on Legal Services (-£0.150m), Governance (-£0.081m) and the Coroner's Service (-£0.099m) are partly offset by a +£0.192m overspend on Cultural Services where, as reported throughout the year, planned savings are not expected to be realised until April 2015. -£0.073m of the Councillor Community Budgets remained unallocated at year end.

Public Health

52. In 2014/15 the majority of Public Health expenditure was funded by a ring-fenced grant of £26.086m from the Department of Health. An under spend of -£2.310m is reported against the grant allocation. This includes an underspend of -£0.273m on Children's Public Health Programmes arising from contract variations, an underspend of £0.866m in Drug and Alcohol Services due to lower prescribing costs and contract costs, along with an underspend of -£0.453m on Sexual Health services. This has contributed to the early delivery of savings planned for 2016/17 onwards.
53. In accordance with accounting requirements, the unspent grant of -£2.310m has been placed in the grants and contributions reserve and will be used to meet Public Health expenditure in future years.

Grants

54. As set out in Annex 3, ringfenced grants totalling £291.949m for Children, Education & Families, £9.257m for Environment & Economy, £0.727m for the Chief Executive's Office and £26.086m for Public Health were included in directorate budgets. These have been used for the specified purpose or have been placed in the grants and contributions reserve and will be available for use in 2015/16. Where necessary, unspent amounts have been returned to the funding body.
55. Unringfenced grants totalling £133.818m are also set out in Annex 3.

Proposed Carry Forward of under and over spends in 2014/15 to 2015/16

56. Under the Council's Financial Regulations, Cabinet is responsible for approving all carry forwards. For 2014/15 overspends carried forward are the first call against any underspends carried forward within the directorate. Any overspends that it is not possible to offset by underspends need to be carried forward and managed within year. Any underspends not required to offset overspends will be added to corporate reserves and used to support the Medium Term Financial Plan.
57. Given the pressures referred to at the start of the report in both Children's and Adult Social Care, it is proposed that the underspends in Environment & Economy and Chief Executive's Office will be used to offset the overspends in Children, Education & Families and Social & Community Services. The balance of -£0.196m is proposed to be transferred to the Budget Reserve and be used to support the Medium Term Financial Plan. Details are set out in Annex 2a.
58. Some of the virements required to offset over and underspends within and between directorates are larger than £1.0m and will require approval by Council on 14 July 2015 under the council's Financial Procedure Rules.

Strategic Measures

59. An underspend of -£1.337m is reported on Strategic Measures. Within this, there are underspends on Capital Financing (-£0.882m), additional un-ringfenced government grants (-£0.116m), unused contingency (-£0.059m) and -£0.300m additional interest on balances due to cash balances during the year being higher than forecast. Variations on the Strategic Measures budget are transferred to general balances at the end of the financial year.
60. The Treasury Management Outturn report for 2014/15, which covers all of the related activities in detail, will be considered by Cabinet on 21 July 2015.

Debt Write - Offs

61. For the year ended 31 March 2015 there were 128 general debt write offs which totalled £0.160m. Client Finance wrote off 113 debts totalling £0.125m.
62. Total debt write offs for the year were £0.285m. This compares to £0.201m for 2013/14. Most of the debts were written off because they would be uneconomical to recover through the courts.

Business Strategies

63. The outturn position set out in this report incorporates Business Strategy savings that were agreed by Council in February 2014 and previous years. Overall 93.4% of the £34m savings built into 2014/15 budgets were achieved. Savings of £2.230m were not achieved but the impact has been managed in 2014/15 within the position set out in this report. Any on-going implications were considered as part of the 2015/16 Service & Resource Planning.

Part 2 - Capital Outturn

Summary Programme Expenditure

64. The capital programme is updated three times each year to reflect the latest forecast expenditure profile. The original budget is that agreed by Council in the February preceding the start of the financial year. The latest updated programme, based on the position forecast at the end of December 2014, was agreed by Council in February 2015.
65. The summary outturn position compared to both the original and latest capital programme and also the latest position forecast at the end of February 2015 (as set out in the Financial Monitoring Report to Cabinet on 21 April 2015) is shown in Annex 8a.
66. The total capital programme expenditure for the year 2014/15 was £92.0m. The variation between the original programme and the final outturn was -£15.0m (-14%).
67. This is adjusted for the impact of factors that do not reflect the performance of the programme (e.g. technical accounting changes and external influences). Excluding schools local spend the adjusted variation is reduced to -£5.7m (-5%). This represents 95% use of resources compared to the original capital programme (details in Annex 8b) and compares to performance in 2013/14 of 98%. However overall spend for 2014/15 was £30.0m higher than in 2013/14.
68. Further comments explaining the key movements within each directorate are set out below. A detailed analysis of the variations by scheme is shown in Annex 8d.

Children, Education & Families

69. Total capital expenditure for 2014/15 was £34.0m (excluding schools local capital expenditure). This is £7.8m higher than in 2013/14.
70. Expenditure in 2014/15 includes ten basic need projects, with either the whole project or appropriate phase complete. For several projects that were anticipated to have completion dates later than September 2014, the pre-agreed contingency plans to accommodate the additional pupils were implemented.

71. £4.1m was spent on Bayards Hill and Eynsham Primary Schools. A further £3.9m was spent on new schools as a result of major housing development), primarily on the start of the new Primary School at South West Bicester.
72. £0.5m was spent on the new Children's Home & Early Years Entitlement for Disadvantage two year olds Programmes with a further £1.8m on the introduction of the new Universal Infant Free School Meal Programme.
73. The variation compared to the original capital programme is an increase of £1.3m or 4%. Increased costs and new schemes reported throughout the year have been offset by delays in commencement of other growth portfolio schemes.

Social & Community Services

74. Total capital expenditure for 2014/15 was £1.8m. This includes £0.6m spent on Extra Care Housing schemes and £0.8m on the Adult Social Care ICT system.
75. The variation compared to the original Capital Programme is a reduction of £12.2m (-87%). This is mainly due to re-profiling of £10.5m Homes for Older People spend to 2017/18.

Environment & Economy - Transport

76. Total capital expenditure for 2014/15 year was £43.1m. This is £17.8m higher than in 2013/14. Major projects completed include Kennington Interchange, Witney Ducklington/Station Lane Junction, Oxford London Road, A4130 Bix dual carriageway and A420 Shrivenham Bypass. £14.8m was spent on highways structural maintenance programmes.
77. The variation compared to the original capital programme is a reduction of £2.7m (-6%). Additional expenditure following announcement of the City Deal programme and highways maintenance spend funded from Department for Transport Pot Hole and Severe Weather Recovery Grants was offset by reductions in re-profiling of Milton Interchange and Chilton Slip road schemes due to delays in land acquisitions; re-profiling of Bicester Park and Ride due to a delay in the Section 106 agreement and avoidance of winter working; the removal of Bicester Market Square improvement scheme from the programme and the re-profiling of the Network Rail Electrification Betterment programme.
78. The full £22.1m City Deal grant allocation was able to be claimed due to the inclusion of enabling maintenance works and committed advance utility diversion costs.

Environment & Economy – Other

79. Total capital expenditure for 2014/15 was £8.9m and includes the Broadband OxOnline project. The variation compared to the original capital programme was a reduction of £2.9m (-25%).

Chief Executive's Office

80. Total capital expenditure for 2014/15 year was £0.2m. The variation compared to the original Capital Programme is a decrease of £0.6m (-72%) which was due to a delay in the construction of Bicester Library.

Summary Programme Financing

81. Total capital programme expenditure of £92.0m was funded from a combination of capital grants and other external contributions (£80.6m), developer contributions (£7.0m), other external contributions (£0.8m) project specific prudential borrowing (£0.4m) and revenue contributions (£3.2m). Details are set out in Annex 8c.
82. There was no requirement to use the capital receipts or reserve balances and these balances have increased by £5.8m to £39.4m. Actual capital receipts from disposals were £1.9m compared to a forecast of £2.4m.

Annual Programme Carry-Forwards

83. The Capital & Asset Programme Board have agreed that the underspends on some annual programmes can be carried forward to deliver planned work which will now take place in 2015/16. The detail is presented in Annex 1e. In total £1.9m has been carried forward and £0.4m is returned to capital programme balances.

Major Projects for delivery starting in 2015/16

84. The Council has been awarded £3.359m Cycle City Ambition Grant funding from the Department for Transport to deliver new cycle and pedestrian bridge over the River Thames, improvements to the Thames towpath and enhancements to other connecting routes. This project will connect city centre development sites including Westgate, Oxpens and Osney Mead, to some of the city's largest residential areas. Construction is planned to commence in early 2017. An existing capital budget of £0.308m for improvements to the Thames Towpath is to be used as match funding for the scheme and works delivered in conjunction.
85. Cabinet is recommended to approve the inclusion of this project into the capital programme and release £0.336m project development budget to proceed with feasibility and preliminary design works. An initial business case for the scheme is provided as a background paper.

86. The construction schemes at Cutteslowe and Wolvercote roundabouts are planned to start in July 2015 to coincide with the start of the school holidays and expected to complete in September/October 2016. Following completion of the detailed design the estimated cost has increased by £1.615m to £10.539m (including £0.976m contingency provision). The majority of the increase relates to programme duration, influenced by utility costs and traffic restrictions. Value engineering workshops have taken place to reduce the costs and programme duration, resulting in a reduction of approximately £0.750m. Some final elements of savings are still to be confirmed, however reductions in scope to the scheme have been fully investigated and any further de-scoping would result in detrimental impact to the objectives of the scheme.
87. The outline business cases considered by Cabinet in February 2015 set out cost reductions compared to the preliminary design works of £0.748m. This along with the remaining £0.867m budget increase can be contained within the overall City Deal Programme funding. However, there is now minimal capacity to meet any further cost increases on the City Deal programme.
88. Cabinet is recommended to approve the increase in the budgets of these two schemes and to proceed to contractually commit to construction. Full business cases for each scheme are provided as background papers.
89. In October 2014 the Department of Education (DfE) announced the release of an additional £20m of Capital funding for Universal Infant Free School Meals. From the seven bids submitted, five were successfully awarded funding in February 2015 for the combined value of £0.790m. In March 2015, the DfE announced a further £10m capital funding for 2015/16 distributed to local authorities with the lowest infant meal take up rates (below 80%) Oxfordshire has been allocated a further £1.134m.

Part 3 – Balance Sheet

General Balances

90. As set out in Annex 5 general balances were £22.247m as at 31 March 2015. This compares to anticipated balances at the end of the financial year of £17.517m as set out in the Medium Term Financial Plan (MTFP) approved by Council in February 2015. Anticipated balances were based on the forecast outturn at end December 2014 as reported to Cabinet in February 2015. As balances are £4.7m higher than anticipated it is proposed to make contributions of £2.0m to the Efficiency Reserve and £2.7m to the Budget Reserve in 2015/16 to support the Council's MTFP.

Earmarked Reserves

91. Annex 4a sets out earmarked reserves brought forward from 2013/14 and the position as at 31 March 2015. These reserves are held for specified one – off projects, contractual commitments and to support the MTFP. All reserves were challenged during the 2015/16 Service & Resource Planning process.
92. Revenue Reserves total £64.045m as at 31 March 2015 and have decreased by £14.251m since 1 April 2014. Explanations of significant changes to School, Directorate and Corporate reserves are set out below.

Grants and Contributions

93. £11.136m of Dedicated Schools Grant (DSG) was unspent at the end of 2014/15. Proposals were agreed by Schools Forum during 2013 and 2014 for the use of the unspent balances as at 31 March 2014. Some of this allocation remains unspent at the end of 2014/15 but is allocated for use in 2015/16 and beyond. The use of the underspend of -£3.199m relating to 2014/15 as set out in paragraph 16 will be considered by Schools Forum during 2015/16.
94. Other ring - fenced grant underspends held in the Grants and Contributions Reserve for use in future years in line with the grant criteria include £1.112m for Revenue Section 106 contributions and £3.435m Public Health Grant which was not spent as at 31 March 2015. Unspent ringfenced grants & contributions held in the reserve as at 31 March 2015 total £19.2m.
95. A new cross directorate “Government Initiatives” reserve was agreed by Cabinet on 21 April 2015. This is being used to hold funding relating to a number of unringfenced grants received in 2014/15 relate to either specific agreed outcomes or the implementation of Government Initiatives. These include one – off funding for Special Educational Needs Reform, Adoption Reform and Counter Fraud totalling £1.085m. The remaining share of the Severe Weather Recovery Grant that is currently held in balances will also be moved to this reserve in 2015/16.

Children, Education & Families

96. Schools’ balances were £25.444m at 1 April 2014 and were forecast to reduce to £14.944m by 31 March 2015. The final outturn position at 31 March 2015 was £21.919m.
97. During the year, schools holding large balances have been challenged with a particular focus on those schools that have held high balances for a number of years. Some of these schools have met with a panel including Councillors and the Deputy Director for Education & Learning to explain why they are holding these balances and how they plan to use them to improve outcomes for the current cohort of pupils. Education Scrutiny Committee has also been monitoring the position during the year and will continue to do so during 2015/16.

98. Other reserves held by CE&F total £4.156m, after the transfer of £0.825m to Children's Social Care to offset some of the overspend by that area. Other reserves held at the end of 2014/15 include Thriving Families (£1.761m), Children's Social Care (£0.726m), School Intervention Fund (£0.450m), Academies Conversion Support (£0.470m) and CE&F Commercial Services (£0.501m). These will be used to fund projects within CE&F including Thriving Families, school improvement projects and projects relating to the Placement Strategy.

Social & Community Services

99. Social & Community Services reserves reduced from £4.711m at 1 April 2014 to £3.830m by 31 March 2015. £1.000m from the Older People's Pooled Budget Reserve and £0.500m from the Physical Disabilities Pooled Budget Reserves has been used to meet in year pressures on the Learning Disabilities Pool. A contribution of £1.166m has been made to the Older People's Pooled Budget Reserve to help meet expected pressures relating to Delayed Transfers of Care work in 2015/16 and the trial rehabilitation at home project which has been delayed.

Environment & Economy

100. Environment & Economy reserves reduced from £10.827m to £7.197m. As shown in Annex 6 the balance on the Parking Account at 31 March 2014 was £1.445m. Contributions during 2014/15 include Camera Enforcement income of £0.336m, and On – Street Pay & Display charges income for Oxford City of £1.721m. As noted in paragraph 41 the year-end position includes a £1.821m contribution from the reserve to the Highways budget. This is £0.481m lower than budgeted in the Medium Term Financial Plan due to park and ride receipts being lower than assumed in 2014/15. The balance will be used to fund highways expenditure in accordance with Section 55(4) of the Road Traffic Regulation Act 1984. Further analysis is provided in Annex 6.
101. Additional funding of £0.928m was agreed as part of the 2011/12 budget to fund one-off investments to enable asset rationalisation savings to be achieved. £0.400m of the £0.637m balance has been used during 2014/15 leaving £0.237m for use in 2015/16.
102. The Dix Pit Engineering Works reserve has a balance of £0.730m as at 31 March. This will be used to fund engineering works at Dix Pit waste management site and any on-going liabilities due to the closure of other landfill sites.
103. £0.380m was held in the Waste Management Reserve as at 31 March 2015. This will be used to fund financial liabilities due to any contract deficit mechanism payments as part of the Energy from Waste Contract.
104. The Joint Use reserve, with a balance of £0.814m will be used to fund the net costs of the service in the medium term.

105. The Catering Investment Fund will continue to be used to invest in the business and provide a contingency against unforeseen costs. The balance at the end of 2013/14 was £1.118m.
106. Oxfordshire Customer Services reserves have been used to fund major programmes and projects across the service including the Externalisation programme and the development of the Customer Service Centre.

Corporate Reserves

107. The Efficiency Reserve totalled £1.748m as at 31 March 2015. This will be used for one – off projects that support the Council's Medium Term Financial Plan and directorate business strategies including the Adult Social Care Improvement Programme, Broadband Project, Supported Transport Programme and a contribution to a new Adult Social Care IT system. Taking these commitments into account, £0.835m remains available to allocate.
108. The carry forward reserve is the means by which under and/or overspends are carried forward to the next financial year for use as approved through the virement requests set out in this report. The balance on the reserve as at 31 March 2015 is the directorate underspend of -£0.196m (see paragraph 3). It is proposed this should be transferred to the Budget Reserve to support the Council's Medium Term Financial Plan.

School Balances

109. 196 schools had surplus balances at 31 March 2015, while 15 had deficits. Further details of the number of schools with surpluses and deficits and the value of the balances are set out in Annex 4b.
110. 79 schools had converted to academy status up to 31 March 2015. Under the transfer of Balances Regulations the local authority has, once the closed school accounts have been finalised and agreed, transferred school balances to the successor academy. A total of £0.867m remains to be agreed and passed to academies. All schools that converted to academy status were at a breakeven or in a surplus financial position.
111. School balances totalled £21.919m as at 31 March 2015. The decrease in the number and value of surplus balances during 2014/15 reflects increasing cost pressures faced by schools while Dedicated Schools Grant funding has not been increased other than for pupil numbers, and conversion of more schools to academy status.
112. As noted last year the Guaranteed Unit of Funding for pupils is not expected to increase significantly over the medium term for 2015/16. Oxfordshire benefitted from the additional schools block funding for the least well-funded authorities. Further information is available about whether the increase in the schools block Guaranteed Unit of Funding for 2015/16 will continue for 2016/17 onwards. Early indications of governor approved budget plans again project the level of schools

balances will reduce as schools use unspent balances to support their budgets.

113. Oxfordshire's Scheme for Financing Schools makes provision for the local authority to potentially deduct excess balances if a school has held significant balances over a number of years. The local authority will continue to challenge schools about the intended use of balances and will consider whether further action is appropriate.

Other Reserves

114. As set out in Annex 4a Other Reserves which include Insurance, Capital and Cash flow reserves total £48.096m as at 31 March 2015.
115. A Budget Reserve to manage the cash flow over the Medium Term Financial Plan was set up in 2012/13. The balance on the reserve at 31 March 2015 is £8.806m and will be used in line with the Medium Term Financial Plan agreed by Council on 17 February 2015.
116. The balance held in the Insurance Reserve increased from £3.482m as at 1 April 2014 to £4.516m at 31 March 2015. This position includes the additional contribution of £0.435m agreed by Cabinet on 15 July 2014
117. Capital Reserves total £34.774m and will be used to finance the Capital Programme agreed by Council in February 2015. The Rolling Fund reserve is being used as part of the £5.2m agreed to support the MTFP as agreed by Cabinet on 16 December 2014.

Part 4 – 2015/16 Virements

118. Virements for 2015/16 that require Cabinet approval are set out in Annex 7. Virements requested include the transfer of the Learning Disabilities staffing budget to the Learning Disabilities Pooled Budget, the transfer of the Early Intervention Service to Children's Social Care, and the transfer of Cultural Services from the Chief Executive's Office to Environment & Economy. Neither of these constitutes a change in policy as the service is unchanged.

RECOMMENDATIONS

119. **The Cabinet is RECOMMENDED:**
- (a) in respect of the 2014/15 outturn to:**
- i. note the provisional revenue and capital outturn for 2014/15 along with the year end position on balances and reserves as set out in the report;**
 - ii. approve the carry-forwards and virements as set out in Annex 2a;**

- iii. **recommend Council to approve the virements greater than £1.0m for Children, Education & Families, Social & Community Services, Chief Executive's Office, and Environment & Economy Directorates as set out in Annex 2a;**
 - iv. **agree that the surplus on the On-Street Parking Account at the end of the 2014/15 financial year, so far as not applied to particular eligible purposes in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, be carried forward in the account to the 2015/16 financial year;**
 - v. **Agree the use of £0.825m one off funding from Children, Education & Families reserves to offset the overspend within Children's Social Care;**
- (b) **in respect of the 2015/16 revenue budget and Capital Programme to:**
- i. **approve the virements for 2015/16 as set out in Annex 7;**
 - ii. **recommend Council to approve supplementary estimates of £2.0m to the Efficiency Reserve and £2.7m to the Budget Reserve as set out in paragraph 90.**
 - iii. **Approve the entry into the capital programme of the Riverside routes to Oxford city centre cycling scheme with a total budget of £3.667m and release of £0.336m project development budget to proceed with feasibility and preliminary design works.**
 - iv. **Approve the increase in budget of the Cutteslowe roundabout scheme by £1.077m to £5.177m and the increase in budget of the Wolvercote roundabout scheme by £0.538m to £5.632m and to contractually commit to construction of both schemes;**
 - v. **Approve the increase in the Universal Infant Free School Meals Programme by £2.053m to £4.046m.**

LORNA BAXTER
Chief Finance Officer

Background papers: Directorate Provisional Outturn Reports for 2014/15 and Financial Monitoring Reports for 2014/15

CA7

Business Cases for Cycle City Ambition Grant
Business Case for Cutteslowe roundabout, Oxford
Northern Gateways (City Deal)
Business Case Wolvercote roundabout, Oxford
Northern Gateways (City Deal)

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