

CABINET – 21 OCTOBER 2014

2014/15 FINANCIAL MONITORING & BUSINESS STRATEGY DELIVERY REPORT

Report by the Chief Finance Officer

Introduction

- This report focuses on the delivery of the Directorate Business Strategies that were agreed as part of the Service and Resource Planning Process for 2014/15 – 2017/18. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of August 2014. Capital Programme monitoring and an update to the Capital Programme is included in Part 3. Part 4 sets out a change to un-ringfenced grant funding in 2014/15.

Summary Position

- The forecast directorate variation based on the position at the end of August is an overspend of +£11.402m or +2.7% against a net budget of £419.537m as shown in the table below. This has increased by +£2.303m compared to the forecast overspend of +£9.099m or +2.2% as at the end of May reported to Cabinet in July.

Directorate	Latest Budget 2014/15	Forecast Outturn 2014/15	Forecast Outturn Variance August 2014	Forecast Outturn Variance August 2014	Forecast Outturn Variance May 2014	Forecast Outturn Variance May 2014
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	103.344	109.733	+6.389	+6.2	+5.143	+5.0
Social & Community Services (S&CS)	214.052	218.662	+4.610	+2.2	+3.852	+1.8
Environment & Economy (E&E)	81.221	81.871	+0.650	+0.8	+0.265	+0.3
Chief Executive's Office (CEO)	20.920	20.673	-0.247	-1.2	-0.161	-0.8
Public Health (*)	0.000	0.000	0.000	0.0	0.000	0.0
Total	419.537	430.939	+11.402	+2.7	+9.099	+2.2

Public Health (*)						
Expenditure	26.086	25.342	-0.744	-2.9	-0.363	-1.4
Grant and Other Income & Transfer to/from Reserves	-26.086	-25.342	+0.744	+2.9	+0.363	+1.4
Total ¹	0.000	0.000	0.000	0.0	0.000	0.0

¹ In 2014/15 Public Health is funded by a ring-fenced grant of £26.086m from the Department of Health. The forecast underspend of -£0.744m would be placed in reserves at year end for use in 2015/16 so the overall forecast variation is nil.

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3. As in previous years, overspends forecast at this stage in the financial year will need to be reduced through management action and/or the use of one – off funding during the year. While action is being taken to manage the position in year, there is an underlying pressure on both Childrens' and Adult Social Care. Annual reductions in the budget since 2010 also mean there is less flexibility to manage pressures as they arise. The on-going impact of the increased demand is being considered through the Service & Resource Planning Process for 2015/16.
4. Requests for one – off carry forwards of overspends from 2013/14 to be recovered in 2014/15 were set out in the Provisional Outturn Report to Cabinet on 17 June 2014. These were subsequently approved on 1 July 2014 and are included in the forecast position.
5. The following annexes are attached:

Annex 1	Original and Latest Estimates for 2014/15
Annex 2	2014/15 Virements & Supplementary Estimates
Annex 3	Treasury Management Lending List
Annex 4	Forecast Earmarked Reserves
Annex 5	Forecast General Balances
Annex 6	Ring-fenced Government Grants 2014/15
Annex 7	Capital Programme Monitoring
Annex 8	Updated Capital Programme
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 (CE&F)

7. The directorate is forecasting a variation of +£6.389m. This has increased from the +£5.143m overspend reported in July and reflects sustained pressure on Children's Social Care. There is a -£0.265m forecast underspend on services funded by Dedicated Schools Grant (DSG).
- CEF1 Education and Early Intervention
8. The Education & Early Intervention service is forecasting to overspend by +£0.866m, compared to +£0.676m reported in July.
 9. A +£1.165m overspend is forecast for Home to School Transport. The principal means of addressing the over spend in the short term is through the Route Efficiency programme. To date potential savings of £0.375m in 2014/15 (full year £0.441m) have been identified and are included in the forecast. In the longer term the 'nearest school' policy is expected to generate savings. The imminent Zone 1 retendering, informed by the principles of the Route Efficiency programme, may also generate savings although these will not be realised until 2015/16.
 10. The overspend on Home to School Transport is offset by forecast underspends on Early Intervention Hubs (-£0.075m), Management &

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Central costs (-£0.100m), and Schools and Learning (-£0.150m). Taken together these underspends have reduced by £0.226m since July.

CEF2 Children's Social Care

11. Children's Social Care is forecast to overspend by +£5.546m compared to +£4.538m in the last report.
12. A +£4.258m forecast overspend on external placement costs is due to the increased number of children being looked after in the past year. This has risen from +£3.020m in July. As noted in the last report there has been a significant increase in the number of support days. Overall, the number of looked after children has increased from 416 in March 2013 to 512 in August 2014. This rise brings Oxfordshire into line with the rates of looked after children in other authorities. There is a risk that a further overspend of around +£2m could be added to that forecast if new placements during the remainder of the year occur at similarly high levels as in 2013/14 (approximately 35 new placements).
13. The placement strategy is focussed on increasing the number of internal placements children's homes but the impact on external placements will not be realised until 2016/17. Due to the significant pressures it is proposed that £2.751m of corporately held contingency is released to support this budget (see paragraphs 55-56). This will reduce the forecast overspend to +£1.507m.
14. As noted in the last report there is also significant pressure on mainstream residential placements due to a forecast increase in support days for 2014/15. This more expensive type of placement needs to be used due to capacity issues in other types of placement. There is also increased demand for independent foster agency support days due to difficulties in recruiting foster carers.
15. An overall net overspend of +£0.446m is forecast for the Corporate Parenting service area. Within that total overspends are forecast on Residence Orders (+£0.084m) and Special Guardianship Orders (+£0.343m) due to increased placement numbers.
16. Services for Disabled Children are forecast to overspend by +£0.198m. This reflects the number of disabled children supported locally in their own communities who require intensive staff support to keep them safe.
17. An overspend of +£0.315m is forecast on the Asylum budget and reflects service provision costs exceeding the eligible grant income from the Home Office. The All Rights Exhausted budget is forecasting to overspend by +£0.128m, compared to +£0.150m in July. The Youth Offending Service is forecasting an underspend of -£0.200m.
18. As reported in July there is also a +£0.683m forecast overspend on Management & Central costs associated with the continued work on the Kingfisher project. Options for funding this from reserves are being considered.

Dedicated Schools Grant (DSG)

19. Services funded from DSG are forecast to underspend by -£0.265m compared to the 2014/15 DSG funding of £281.533m. This includes a forecast underspend of -£0.196m against the Early Years Single Formula Funding but is subject to change following the pupil count in October 2014. The previous report noted that Special Educational Needs out of county placements were forecasting a pressure of +£0.886m but that this position was subject to change. Following a review at the beginning of the academic year, it is now expected that most of the pressures can be met from within the DSG allocation so the forecast overspend has reduced to +£0.111m.
20. Dedicated Schools Grant is earmarked for education spending and a substantial part is distributed to schools. Use of unspent balances is similarly ringfenced and subject to consultation with Schools Forum. £11.895m unspent central DSG funding was held in reserves at the end of 2013/14. £5.063m of that total was unspent in 2013/14 and the balance of £6.832m in 2012/13. £2.4m of the underspend in 2013/14 arose mainly from the funding for the disadvantaged two year old entitlement, which was allocated on the basis of estimated places rather than numbers of children actually taking up places. As noted in the Provisional Outturn Report for 2013/14, a further £1.5m was received from the Department for Education after the end of the financial year as a result of increased three and four year old pupil numbers in the January 2014 census compared to the number projected.
21. Use of the balance from 2012/13 was discussed with Schools Forum during 2013/14 and earmarked for a number of projects. The expectation is that a substantial part of these funds will be spent in 2014/15. Any remaining balance is due to be discussed with Schools Forum in December 2014, along with the unspent DSG balance from 2013/14. Officers are likely to recommend that a substantial amount is retained to contribute to a pupil growth / basic needs fund to meet the expected increased revenue demands in the next few years arising from the creation of a number of new schools and academies. It is also expected that a significant part of the remaining balance is likely to be used to make a one-off distribution to schools and academies in 2015/16, but this needs to be discussed and agreed with Schools Forum.

Social & Community Services (S&CS)

22. The directorate is forecasting a variation of +£4.610m compared to +£3.852m in July. This overspend includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variations on the Pooled Budgets.

S&CS1 Adult Social Care

23. The majority of the variation for the directorate relates to Adult Social Care which is forecast to overspend by +£5.141m, compared to +£3.950m in July. The largest element of this is a forecast overspend of +£4.661m on the Learning Disability Pooled budget. Under the risk share agreement there are also overspends of +£0.792m on the Older People

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and Equipment Pooled Budget and +£0.797m on the Physical Disabilities Pooled budget. It is proposed that £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserves will be used to offset part of the Council's share of the overspend on the Learning Disabilities Pooled Budget.

Older People and Equipment Pooled Budgets

24. The Older People and Equipment Pooled Budget has a forecast overspend of +£1.428m. Within this social care services are forecast to underspend by -£0.194m and health services are forecast to overspend by +£1.622m. Under the risk share agreement the Oxfordshire County Council share of the overspend is +£0.792m and the Oxfordshire Clinical Commissioning Group share is +£0.636m.
25. Care Home placements and Home Support package budgets are forecast to overspend by +£1.848m. Within this, there is a significant forecast overspend on the Home Support budget of +£1.319m and a forecast overspend of +£0.529m for Care Homes. The Council has not exercised an option to reduce the number of beds in the Order of St John block contract and this has resulted in a pressure of +£0.500m. However, maintaining the existing level of beds within the block has reduced the need to source spot placements and exercising the option to reduce the number of beds would place additional pressure on the spot purchase budget which currently has an overspend of +£0.059m. The number of people supported in a permanent Council funded care home placement fell from a peak of 1,471 at the end of June to 1,465 at the end of August and the number of people supported at home also decreased from 2,335 to 2,330 over the same period. Locality teams will continue to review placements and packages with a view to reducing costs and balancing the budget.
26. Reflecting the increase in demand, client income is forecast to overachieve by -£1.741m. Within that total -£0.344m relates to contributions from clients in care home placements and -£1.397m relates to contributions from clients receiving home support.

Physical Disabilities Pooled Budget

27. The Council element of the Physical Disabilities Pooled Budget is forecasting an overspend of +£0.797m. Within that total, Home Support that is forecast to overspend by +£0.923m compared to a budget of £7.423m.
28. As at 31 August 2014, the Council supported 593 clients to live at home with home support or direct payment and a further 69 clients in a permanent care home placement. This means that 90% of social care clients are supported to live at home.

Learning Disabilities Pooled Budget

29. Following on from an overspend of +£2.810m in 2013/14, the Learning Disabilities Pool has a forecast year end overspend of +£4.893m. Under the risk share arrangements the County Council's share is +£4.148m.
30. A plan is in place which aims to reduce the overspend and deliver saving of £1.300m included in the Medium Term Financial Plan. This is planned

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to be achieved through reviews and service redevelopment of client packages, and managing price increases. The Pool is also required to deliver efficiency savings of £0.484m from the Oxfordshire Clinical Commissioning Group contribution.

31. The carry forward of the +£0.513m 2013/14 overspend on this Pool, to be recovered in 2014/15, was agreed by Cabinet on 17 June 2014. Adding that to the forecast in – year variation means the total Council overspend is +£4.661m.

Adult Social Care: Non – Pool Services

32. There is a forecast overspend of +£0.391m for services outside of the Pools. This includes a +£0.392m overspend in Mental Health Services. There is pressure on this budget due to complex clients who cannot easily be accommodated within the Supported Independent Living element of the client pathway. The Emergency Duty Team is forecasting a +£0.192m overspend based on current workloads. There is also a +£0.050m forecast overspend for the Adult Protection and Mental Capacity team as there has been a significant increase in the number of requests for Deprivation of Liberty assessments following the Cheshire West Judgement in March 2014. Background to the judgement and the resource implication of the increased scope of the definition of “deprivation of liberty” was reported to Cabinet on 16 September 2014.
33. These overspends are offset by an overachievement of client income for Learning Disabilities (-£0.147m) and Physical Disabilities (-£0.098km).

SCS2 Community Safety

34. Community Safety is forecast to underspend by -£0.093m. Of this, -£0.081m relates to staffing vacancies within the Safer Communities Service.

SCS3 Joint Commissioning

35. Joint Commissioning is forecast to breakeven at year end. The service is required to deliver £0.500m of savings in 2014/15 of which £0.310m were achieved a year in advance in 2013/14. The remaining £0.190m will be achieved in-year through managing existing vacancies.

SCS4 Fire and Rescue & Emergency Planning

36. The Oxfordshire Fire & Rescue Service is forecasting an underspend of -£0.420m of which -£0.095m consists of items that will be returned to balances at year end. The underspend has arisen as a result of a delay in implementing the changes to cover in Carterton, exceptional turnover in whole time firefighters and resulting cover from on call staff, as well as employees opting out of the pension scheme and an overtime ban.
37. When the expenditure on retained firefighters and ill-health retirements exceed budget, the overspend is funded from Council balances. The forecast is for an underspend on retained firefighters of -£0.192m due to reduced fire calls and an overspend on ill health of +£0.096m. The net variation of -£0.095m will be returned to Council balances at year end.

Environment & Economy (E&E)

38. The directorate is forecasting to overspend by +£0.650m compared to +£0.265m in July.

EE1 Strategy and Infrastructure

39. Strategy and Infrastructure is forecasting to overspend by +£0.116m, mostly due to temporary staffing costs.

EE2 Commercial Services

40. Commercial Services is forecasting to overspend by +£0.088m.
41. Budgeted parking income anticipated for 2013/14 was not fully realised and the planned drawdown from the reserve to support the revenue budget was reduced by £0.550m so that future contributions from the reserve included in the Medium Term Financial Plan were sustainable. There is a risk that income targets for 2014/15 will not be met, so the budgeted contribution from the reserve is likely to need to be reduced by £0.250m creating a pressure of the equivalent amount.
42. Waste Management is forecasting an overspend of +£0.072m. Tonnages are higher than budgeted but it is expected that this pressure can be managed in 2014/15. The Energy from Waste facility began its commissioning phase in July 2014, and is now processing waste. It is expected to be fully operational by February 2015.
43. A -£0.145m forecast underspend on the Highways Services contract management fee reflects a reduction in the contract management and profit fee for the highways contract.
44. Property and Facilities Management is forecasting to overspend by +£0.686m compared to +£0.045m in the July report. This includes overspends of +£0.200m on Corporate Facilities Management and +£0.400m relating to the under – recovery of contract management fees to the Capital Programme. It is anticipated that this may improve later in the year.
45. There is a forecast underspend of -£0.419m on Network & Asset Management mainly reflecting street lighting utility costs. Supported Transport is forecasting a -£0.402m underspend.

EE3 Oxfordshire Customer Services

46. Oxfordshire Customer Services is forecasting to overspend by +£0.446m compared to a -£0.034m underspend reported in July. Some of this relates to savings that are not expected to be achievable, including +£0.264m in ICT. There is also a +£0.145m overspend within the Customer Service Centre mainly due temporary staffing costs.
47. As set out in the report to Cabinet in July, there are some potentially significant one - off costs associated with the transfer of Human Resources and Finance services to Hampshire County Council as part of

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their Integrated Business Centre (IBC). Some of the costs will be incurred in 2014/15 and these may be included in future reports.

Chief Executive's Office

48. The forecast variation of -£0.247m includes underspends on Human Resources (-£0.029m), Policy (-£0.060m), Legal Services (-£0.237m) and Governance (-£0.032m). These are partly offset by a +£0.151m overspend on Cultural Services. As noted in the report to Cabinet in July savings within the Library Service, relating to the delivery of the community library model, will not be realised until April 2015. The saving is expected to be achieved in full in 2015/16.

Public Health

49. In 2014/15 the majority of Public Health expenditure is funded by a ring-fenced grant of £26.086m from the Department of Health. The service is forecasting a revenue under spend of -£0.744m against the grant. Within the total there is a -£0.277m underspend forecast on Children's Public Health Programmes due to contract variations and a -£0.283m underspend forecast for Drug and Alcohol Services due to lower prescribing costs and contract costs. If the grant is not utilised in 2014/15, 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.

Virements and Supplementary Estimates

50. Virements larger than £0.250m requiring Cabinet approval are included at Annex 2a. These include requests to release funding from contingency on a one – off basis as set out in paragraphs 55 – 56.
51. Other virement requests relate to the realignment of property and facilities budgets in line with 2014/15 task orders. There is a further request to create the delegated directorate continuous professional development budgets for 2014/15.
52. For CE&F there is a request to create an expenditure and income budget for the Roundabout Day Care service; a further request relates to an amendment to the home to school transport recharge budget; the third is to move the budget for the Multi Agency Safeguarding Hub (MASH) to a new cost centre and the final one is to create an expenditure budget for the Staying Put unringfenced grant funding notified in August (see Part 4 for further details).
53. Annex 2a (b) provides an overview of the main budget changes as part of a restructure of Commercial Services within Environment & Economy. The existing EE2-2 Operational Contract/Client Management will become EE2-2 Operational Contract/Client Management relating to both the strategy and delivery arms of Property Management. EE2-5 Highways & Transport/Waste will combine Waste Management, Supported Transport and Area Stewards. A new service area EE2-6 Major Infrastructure Delivery will be responsible for the implementation of the delivery the City

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Deal and other major projects. Work on the restructuring is continuing so Cabinet is asked to delegate the approval of the virements required to implement phase one of the restructure to the relevant service managers, in accordance with the Virement Rules for 2014/15. Since the underlying service is unchanged none of these virements represent a change in policy.

54. Further virements are required to implement saving 14EE31. Since this is already agreed and part of the Medium Term Financial Plan (MTFP), Cabinet are recommended to delegate the virement of transfers of printing budgets from directorates to Property & Facilities Management.

Contingency

55. The Chief Finance Officer's Report on the 2014/15 budget noted that there are some budgets where client numbers for statutory services are notoriously difficult to control and where a degree of judgment has to be applied to estimate the level of risk to the budget. It also set out that there was a significant increase in demand in both Children's and Adults' Social Care in 2013/14. The financial plans assumed this peak in demand would tail off but noted that there is a risk it would not. To mitigate these risks, a contingency budget totalling £3.476m is built into the MTFP.
56. Since demand for both adult and children's social care remains high Cabinet are requested to ask Council to approve the virement of £2.751m of the contingency budget to Children's Social Care. A further £0.400m Winter Maintenance Contingency is requested to be spent on the Western Conveyance Channel £0.150m, Riperian Owner Information £0.050m and Carrier Drain Jetting £0.200m within E&E. £0.217m for S&CS care home fees was agreed to be released from contingency as part of the Care Home Fees report to Cabinet on 15 April 2014. A further £0.040m for inflation relating to Home Support is also requested to be released.
57. Annex 2d shows virements that Cabinet need to note.

Supplementary Estimate Requests

58. As noted in the Provisional Outturn Report for 2013/14, £3.039m Severe Weather Recovery Grant received in March 2014 was held in balances at the end of the 2013/14 financial year. Annex 2e includes a supplementary estimate request to release £1.420m of this funding for revenue road maintenance schemes as well as a £0.209m revenue contribution to capital for capital roads maintenance works. A further request will be made in 2015/16 to utilise the balance of the revenue Severe Weather Recovery grant to fund schemes planned for next year.
59. S&CS are requesting a supplementary estimate of £0.110m to support additional quality assurance and project management costs relating to the Council's review of Learning Disabilities services provided by Southern Health.

Ringfenced Grants

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60. As set out in Annex 6, ring-fenced grants totalling £340.747m are included in Directorate budgets and will be used for the specified purpose. Since the last report there has been a £10.305m reduction in Dedicated Schools Grant because of the conversion of schools to academy status along with a £1.308m reduction in sixth form funding. Any ringfenced grants unspent at year end will be held in the Grants & Contributions Reserve for use in 2015/16, or returned to the funding body.

Bad Debt Write Offs

61. There were 30 general write - offs to the end of August 2014 and these totalled £4,073. In addition Client Finance has written off 43 debts totalling £3,983. Most of these were written off as they would be uneconomical to recover through the courts.
62. Cabinet is recommended to agree the write - off of invoices relating to clients in a care home late in 2012/13 totalling £39,246.67. The care home has subsequently gone into liquidation and there are no assets against which the debt can be recovered.

Treasury Management

63. The latest Treasury Management approved lending list (as at 24 September 2014) is included at Annex 3. Three new counterparties have been added to the lending list; Rabobank, Goldman Sachs International Bank and Landesbank Hessen-Thuringen (Heleba). This will enable further counterparty diversification within the in-house portfolio whilst continuing to restrict deposits with banks to those with high credit quality.
64. The table below sets out the average in-house cash balances and average rates of return during June, July and August 2014. Interest receivable is currently forecast to be £2.5m, exceeding the £2.4m budget by £0.1m. Interest payable is currently forecast to be in line with the budgeted figure of £18.2m.

Month	Average cash balance	Average rate of return
June	£370.139m	0.74%
July	£358.076m	0.75%
August	£364.545m	0.76%

65. It is anticipated that there will be an underspend of -£0.750m on capital financing costs. This will be added to balances at year end.

Part 2 – Balance Sheet

66. Annex 4 sets out earmarked reserves brought forward from 2013/14 and the forecast position as at 31 March 2015. These reserves are held for specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.

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67. As set out in the Provisional Outturn Report to Cabinet on 17 June, revenue reserves were £78.296m at the end of 2013/14. These are forecast to reduce to £55.090m by 31 March 2015.

Grants and Contributions

68. £20.598m ringfenced grants and contributions that were unspent at the end of 2013/14 were available in the reserve at the beginning of 2014/15. This includes £11.895m Dedicated Schools Grant which is estimated to reduce to £4.623m by year end. £0.671m Troubled (or Thriving) Families grant is expected to be spent in 2014/15.
69. The balance of Public Health grant funding is expected to reduce from £4.260m to £3.004m by 31 March 2015. This takes account of a £2.000m transfer to Capital to help fund new Children's homes and the forecast year end underspend of -£0.744m being added to reserves. Options for using this are being explored.

Children, Education & Families

70. School balances were £25.444m at 1 April 2014. Schools holding large balances will be challenged with a particular focus on those schools that have held high balances for a number of years. Some of these schools will be invited to meet with the Deputy Director for Education & Early Intervention to discuss why they are holding these balances and how they plan to use them to improve outcomes for the current pupil cohort.
71. Other reserves held by CE&F are forecast to reduce from £5.709m to £2.383m by 31 March 2015. £1.085m will be used to support school improvement, £0.537m for the Thriving Families Project and £0.619m for costs associated with academy conversions.

Social & Community Services

72. Social & Community Services reserves are forecast to reduce from £4.709m to £2.996m by 31 March 2015. £1.000m from the Older People's Pooled Budget Reserve and £0.500m from the Physical Disabilities Pooled Budget Reserves are recommended to be used to meet in year pressures across the pools, including the Learning Disabilities Pool.
73. The Fire & Rescue Service are requesting a new joint reserve for the Thames Valley Control Centre, held on behalf of the partnership with Berkshire and Buckinghamshire. No contributions will be made at this stage but the reserve will enable the service to carry forward funding and investment in the Thames Valley Control Centre project.

Environment & Economy

74. Reserves held by E&E are forecast to reduce from £10.287m to £7.194m by 31 March 2015. This includes a forecast £0.941m reduction in the balance held in the On Street Car Parking Account from £2.086m to £1.145m. As set out in paragraph 84 £0.480m of the Catering Investment Fund is recommended to be used towards the delivery of the capital scheme for the delivery of Universal Infant Free School Meals.

Corporate Reserves

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75. The Efficiency Reserve totalled £4.253m at 1 April 2014. Subject to actual expenditure incurred during the year an estimated £3.063m is expected to be used to fund one – off expenditure in 2014/15. After taking into account the requests set out in paragraph 76, £0.656m remains uncommitted and will be used for one – off projects supporting the Medium Term Financial Plan.
76. It is proposed to release £0.500m from the Efficiency Reserve to SCS1-4 to fund the Adult Social Care Improvement Programme (ASIP) within Social & Community Services. This was originally requested as a carry forward at the end of 2012/13 when it was agreed that £0.500m from underspends in Adult Social Care and Joint Commissioning would be earmarked in a corporate reserve to be drawn down when required to provide funding for the Futures Programme. Since this is over £0.500m Cabinet are requested to ask Council to approve this on 4 November 2014. A further £0.210m will be used to fund the one – off replacement of IT equipment related to Agile Working.
77. Underspends held in the carry forward reserve at the end of 2013/14 totalled £1.791m. Cabinet is requested to recommend Council to agree that £1.193m is transferred to the Budget Reserve to support the Medium Term Financial Plan. The remaining £0.598m will be held in the reserve and will be released later in the year if required, or considered as part of the Service & Resource Planning process.

Other Reserves

78. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £40.911m at 31 March 2015. This includes £1.193m from the Carry Forward Reserve being added to Budget Reserve.

Balances

79. Annex 5, which is summarised in the table below, sets out that forecast general balances are £13.109m after taking account of the forecast overspend, an assumed £2.751m contribution from contingency, and an estimated contribution of £0.850m from Strategic Measures as set out in paragraphs 64 and 65.
80. The budgeted level of balances is based on an assessment of risk undertaken as part of the Service & Resource Planning process and is part of the Chief Finance Officer’s assessment of the adequacy of financial reserves. As noted in the Service & Resource Planning Report to Cabinet on 16 September 2014 any temporary use of balances to manage the in – year position for 2014/15 would need to be replaced in 2015/16 commensurate with that risk assessment.

	Budget 2014/15 £m	Forecast 2014/15 £m
2013/14 Outturn	17.409	18.455
Planned Contribution	3.000	3.000
Calls on Balances	-2.000	-0.545
Additional Strategic Measures		0.850

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Less forecast overspend		-11.402
Reduce overspend using contingency		2.751
Forecast Balances	18.409	13.109

81. As noted in paragraph 58, the revenue element of the £3.039m Severe Weather Recovery Grant, received in late March 2014 is also being held in balances. A supplementary estimate request to release £1.629m of this for use in 2014/15 is included at Annex 2e. The remainder will be spent in 2015/16.

Part 3 – Capital Programme

82. The capital monitoring position set out in Annex 7a and reflected in the updated programme at Annex 8, shows that the forecast expenditure for 2014/15 is £122.7m (excluding schools local capital). This has increased by £10.7m compared to the capital programme agreed by Cabinet on 15 July 2014. The table below summarises the variations by directorate.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	35.8	38.5	+2.7
Social & Community Services	14.3	13.7	-0.6
Environment & Economy – Transport	48.4	57.0	+8.6
Environment & Economy – Other	12.1	12.1	0.0
Chief Executive's Office	1.4	1.4	0.0
Total Directorate Programmes	112.0	122.7	+10.7
Schools Local Capital	2.5	2.5	0.0
Earmarked Reserves	0.9	1.4	+0.5
Total Capital Programme	115.4	126.6	+11.2

* Approved by Cabinet 15 July 2014

83. Significant in-year variations for each directorate are listed in Annex 7b. New schemes and total programme/project budget changes requiring Cabinet approval are listed in Annex 7c.
84. In the CE&F programme the full budget requirement of £1.993m has been added for the delivery of Universal Infant Free School Meals. Cabinet approved the addition of the grant funding of £1.120m in July 2014 and were informed that options to address the budget shortfall were being explored. Additional funding of £0.873m has been identified from the Catering Investment Fund revenue reserve (£0.480m) and Dedicated Schools Grant funding (£0.393m). This increase was approved by the Leader of the Council and Chief Finance Officer under Financial Procedure Rule 38 on 3 September 2014.
85. The budget for the Special Educational Needs Residential School has been increased by £1.158m. During the excavation works for the foundations the ground was discovered to be contaminated with Asbestos. The increase in cost will be met from £0.250m held in a specific contingency for this scheme and the remaining shortfall of £0.908m being financed from the capital programme general

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contingency. The increase was approved by the Leader of the Council and Chief Finance Officer under Financial Procedure Rule 38 on 3 September 2014.

86. The Demographic Growth Grant of £0.672m towards the project at Bardwell School has been included within the basic need programme.
87. The budgets on the new primary schools planned at South West Bicester and Great Western Park in Didcot have been re-profiled by £2.8m to reflect the estimated start dates.
88. The Early Years Entitlement for Disadvantaged two year olds programme has increased by £0.4m in the current year due to the approval and progress of external bids by providers undertaking additional provision in designated areas.
89. In the Social & Community Services programme the 2014/15 budgets for the Extra Care Housing, Fire Review and Relocation of Rewley Road Training Facility schemes have been reviewed and re-profiled by £0.843m to later years of the programme.
90. Two specific capital grants totalling £0.183m have been issued for Public Health and have been included in the programme.
91. In the Transport programme:
 - a) £0.260m has been added to the Kennington and Hinksey scheme from the additional Pothole grant funding for additional carriageway maintenance works.
 - b) The London Road scheme has increased by £0.340m for additional cycle facilities as a result of the public consultation and additional waterproofing and surfacing works above the existing subway at Green Road roundabout.
 - c) £0.426m on the Frideswide Square scheme has been re-profiled to 2015/16 as the early works costs are lower than forecast. These commenced in September 2014.
 - d) £0.226m has been re-profiled budget for Milton Interchange to 2015/16 to reflect updated delivery schedule and spend profile in the Stage 2 business case approved at Cabinet in September 2014.
92. The Structural Maintenance programme has increased by £1.057m compared to the programme approved by Cabinet in July 2014. Budgets have been updated to reflect the Transport Asset Management Plan approved by the Director for Environment & Economy and Chief Finance Officer in August 2014. This includes the additional expenditure funded from the £3.1m pothole grant.

Actual & Committed Expenditure

93. As at the end of August actual capital expenditure for the year to date (excluding schools local spend) was £16.8m. This is 14% of the total forecast expenditure of £122.7m. Committed spend is 54% of the forecast.

Five Year Capital Programme Update

94. The total forecast 5-year capital programme (2014/15 to 2018/19) is now £404.5m. This has increased by £40.3m compared to the last capital programme approved by Council in July 2014. The full updated capital programme is included at Annex 8. 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 (2014/15 to 2017/18) * £m	Latest Updated Total Programme (2014/15 to 2017/18) £m	Variation £m
Children, Education & Families (CE&F)	149.5	157.5	+8.0
CE&F Reductions to be identified	-18.4	-18.4	0.0
Social & Community Services	32.8	33.0	+0.2
Environment & Economy – Transport	106.7	141.9	+35.2
Environment & Economy – Other	27.2	27.2	0.0
Chief Executive's Office	1.8	3.8	+2.0
Total Directorate Programmes	299.6	345.0	+45.4
Schools Local Capital	7.4	7.4	0.0
Earmarked Reserves	57.2	56.9	-0.3
Total Capital Programme	364.2	404.5	+40.3

* Approved by Cabinet 15 July 2014

95. As well as the changes to the CE&F programme for the current year set out in paragraphs 84-88, a £2m contribution towards the University Technical College at Didcot for 14-19 provision has also been added to the programme. This was reported to Cabinet in October 2013. The construction of the College has now commenced and is expected to open in September 2015.
96. At its meeting in July 2014, Cabinet approved the use of £1.7m developer funding as a contribution towards the expansion of Cheney Academy this has now been included in the capital programme.
97. Secondary school education in the Grove and Wantage area is provided by King Alfred's Academy (part of the Vale Academy Trust). There is extensive housing growth in the area and the current capacity of the school to admit children is likely to be exceeded, based on current known primary school numbers. Cabinet are recommended to approve the use of developer funding of £0.532m as a contribution to King Alfred's Academy to secure additional school places.
98. To increase capacity for two year olds, a further contribution to capital of £0.850m of the Early Years Sufficiency and Access DSG funding is required. This will increase the capital programme for the provision of two year old places to £2.422m. Cabinet are recommended to ask Council to approve that £0.850m can form a revenue contribution to

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capital towards the two year old programme. This will be placed in the capital reserve to be spent in the next two years.

99. In the Transport programme, Harwell Link Road B4493 to A417 (£11.3m), Harwell Link Road Hagbourne Hill (£6.015m) and Featherbed Lane and Steventon Lights (£7.543m) have been included. These schemes are being delivered by the Council as part of the City Deal. The schemes are funded from a variety of funding sources including City Deal grant, Prudential Borrowing repaid through the retained business rates of the Local Enterprise Partnership and the Council's own capital resources. The schemes require release of a total budget of £2.132m for detailed design and procurement by sign-off of the outline business cases (see background papers) to enable them to produce a full business case for delivery of these schemes. Cabinet are recommended to approve the outline business cases for the three City Deal schemes and release a total budget of £2.132m for detailed design and procurement.
100. In order to ensure timely delivery of the City Deal programme, as required by the grant conditions, it is recommended that Cabinet delegate authority for the approval of land purchase and advanced utility diversions ahead of full business case approval by Cabinet to the Chief Finance Officer and Director for Environment & Economy.
101. On the A423 Southern bypass Kennington and Hinksey Hill roundabouts scheme a budget increase of £0.610m is required due to a four week delay in the disconnection of a power cable by SSE and associated programme acceleration to meet the planned completion date. This can be met from forecast savings on the structural maintenance programme. Cabinet are recommended to approve this budget increase.
102. Didcot Station Car Park Expansion scheme has also been included in the Transport programme. This scheme is part of Oxfordshire's successful Local Growth Deal and will be delivered and part funded by First Great Western. The remainder of the funding for the scheme is from the Local Growth Fund and will come to Oxfordshire County Council as Accountable Body for the Local Enterprise Partnership. First Great Western can deliver the scheme earlier than the timescales set out in the Growth Deal if the Council forward funds the expenditure ahead of receiving the grant funding. Cabinet are recommended to approve the inclusion of the Didcot Station Car Park Expansion project in the capital programme and the forward funding of the scheme to enable its early delivery in advance of receiving the grant through the Local Growth Fund.
103. As part of the City Deal agreement, funding was awarded to support the construction of an Advanced Manufacturing Hub in Culham. The Oxfordshire Local Enterprise Partnership (OxLEP) also agreed a £2m match funding contribution to the project. As Accountable Body for OxLEP, the Council will prudentially borrow the £2m to give to the project as grant funding. The loan will be repaid through the retained business rates of the LEP. Cabinet are recommended to approve the inclusion of the £2m contribution to the Advanced Manufacturing Hub in Culham as part of Chief Executive's Office capital programme to enable the full delivery of this City Deal scheme.

Part 4 – Changes to Unringfenced Grant Funding

104. £0.070m 'Staying Put' grant was notified by the Department for Education (DfE) in August 2014. The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of a young person aged 18 and their former foster carer to continue to live together in a 'Staying Put' arrangement. Annex 2a includes a request to increase the Corporate Parenting (CEF2-2) budget in CE&F by the equivalent amount. Because the grant is not ring-fenced the income will be held in Strategic Measures.

RECOMMENDATIONS

105. **The Cabinet is RECOMMENDED to:**
- a) **note the report and annexes including the Treasury Management lending list at Annex 3 and changes set out in paragraph 63;**
 - b) **approve the virement requests set out in Annex 2a and the supplementary estimate requests in Annex 2e;**
 - c) **delegate the approval of virements relating to the restructuring of Commercial Services (EE2) within Environment & Economy as set out in Annex 2a(b) and paragraph 53 and the implementation of saving 14EE31 relating to the consolidation of print services (paragraph 54);**
 - d) **approve the write off of invoices totalling £39,246.67 as set out in paragraph 62;**
 - e) **approve the new joint reserve for the Thames Valley Control Centre (paragraph 73);**
 - f) **approve the £0.480m contribution to capital from the Catering Investment Fund to part fund the capital scheme for the delivery of Universal Infant Free School Meals (paragraph 74);**
 - g) **approve the contribution of £0.532m of developer contributions funding to King Alfred's Academy to secure additional school places (paragraph 97);**
 - h) **approve the outline business cases for the three City Deal schemes and release a total budget of £2.132m for detailed design and procurement (paragraph 99);**
 - i) **approve to delegate authority for the approval of land purchase and advanced utility diversions ahead of full business case approval by Cabinet to the Chief Finance Officer and Director for Environment & Economy (paragraph 100);**
 - j) **approve the budget increase of £0.610m on the A423 Southern bypass Kennington and Hinksey Hill roundabouts scheme (paragraph 101);**

- k) approve the forward funding of the Didcot Station Car Park Expansion to enable early delivery of the scheme in advance of receiving the grant through the Local Growth Fund (subject to final confirmation of the Local Growth Fund allocation) (paragraph 102);
- l) approve the inclusion of the £2m contribution to the Advanced Manufacturing Hub in Culham as part of Chief Executive's Office capital programme to enable the full delivery of this City Deal scheme (paragraph 103);
- m) approve the updated capital programme in Annex 8 (changes to the Capital Programme are set out in Annex 7c); and
- n) RECOMMEND Council to:
 - i. approve the release of £2.751m contingency to Children's Social Care (CEF2-3) within CE&F on a one – off basis (paragraphs 55-56);
 - ii. agree that that £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserves will be used to offset part of the in – year pressure across the pools including the Learning Disabilities Pool (paragraph 72);
 - iii. approve the request to release £0.500m one – off funding from the Efficiency Reserve for the Adult Social Care Improvement Programme (paragraph 76);
 - iv. approve the transfer of £1.193m from the Carry Forward reserve to the Budget Reserve (paragraph 77); and
 - v. approve the £0.850m contribution to capital from the Early Years DSG funding to increase capacity for two year olds (paragraph 98).

LORNA BAXTER
Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to the end of August 2014

Stage 1 Outline Business Cases for:

- Harwell Link Road B4493 to A417
- Harwell Link Road Hagbourne Hill
- Featherbed Lane and Steventon Lights

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