

CABINET – 15 JULY 2014**2014/15 FINANCIAL MONITORING &
BUSINESS STRATEGY DELIVERY REPORT****Report by the Chief Finance Officer****Introduction**

1. 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 May 2014. Capital Programme monitoring and update is included at Part 3 and Part 4 sets out a change to un-ringfenced grant funding in 2014/15. Changes to Fees and Charges are included at Part 5.

Summary Position

2. The forecast directorate variation at this early stage in the year is an overspend of +£9.099m or +2.2% against a net budget of £419.622m as shown in the table below. In previous years overspends reported at this stage have been reduced by management action or the use of one – off funding during the year.

| Directorate | Latest Budget 2014/15 £m | Forecast Outturn 2014/15 £m | Forecast Outturn Variance 2014/15 £m | Forecast Outturn Variance 2014/15 % |
|---------------------------------------|--------------------------------|--------------------------------------|--|---|
| Children, Education & Families (CE&F) | 102.905 | 108.048 | +5.143 | +5.0 |
| Social & Community Services (S&CS) | 214.437 | 218.289 | +3.852 | +1.8 |
| Environment & Economy (E&E) | 81.495 | 81.760 | +0.265 | +0.3 |
| Chief Executive's Office (CEO) | 20.785 | 20.624 | -0.161 | -0.8 |
| Public Health (*) | 0.000 | 0.000 | 0.000 | 0.0 |
| Total | 419.622 | 428.721 | +9.099 | +2.2 |

| Public Health (*) | | | | |
|---|--------------|--------------|--------------|------------|
| Expenditure | 26.846 | 26.483 | -0.363 | -1.4 |
| Grant and Other Income & Transfer to Reserves | -26.846 | -26.483 | +0.363 | +1.4 |
| Total¹ | 0.000 | 0.000 | 0.000 | 0.0 |

3. The 2014/15 revenue budget was approved by Council on 18 February 2014. The Latest Budget for 2014/15 includes virements approved by Cabinet on 15 April 2014.
4. Requests for one – off carry forwards of overspends from 2013/14 to be recovered in 2014/15 were included in the Provisional Outturn Report to Cabinet on 17 June 2014. These relate to the Learning Disabilities

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 -£0.363m would be placed in reserves at year end for use in 2015/16 so the overall forecast variation is nil.

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Pooled budget in S&CS (+£0.513m), income due from schools in E&E (+£0.121m) and the remaining +£0.072m overspend in CE&F. Because some of the virements required to offset over and underspends within CE&F, S&CS and E&E are larger than £0.5m they required approval by Council under the council's Financial Procedure Rules. These were approved on 1 July 2014 and are not reflected in the position reported in the table above. They will be included in the Financial Monitoring Report to the end of August 2014 that will be considered by Cabinet on 21 October 2014.

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 |
| Annex 9 | 2014/15 Fees and Charges |

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 +£5.143m. There is also a +£0.118m forecast overspend on services funded by Dedicated Schools Grant (DSG).

CEF1 Education and Early Intervention

8. The Education & Early Intervention service is forecasting to overspend by +£0.676m.
9. The 2013/14 Provisional Outturn Report to Cabinet noted that there was a +£1.352m overspend on mainstream and special educational needs (SEN) home to school transport in 2013/14. An overspend of +£1.220m is forecast in 2014/15. Overall, expenditure in this service area has increased by £1.9m (14%) between 2011/12 and 2013/14. Within that total, expenditure on SEN transport increased by £1.1m (24%). Mainstream expenditure also rose significantly in 2013/14 compared to the previous year mainly due to increased costs of transporting primary school pupils. Across all sectors there has been increased expenditure on taxis. This accounts for £1.4m of the total increase in expenditure since 2011/12.
10. 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.

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11. 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.
12. The overspend on Home to School Transport is offset by forecast underspends on Early Intervention Hubs (-£0.090m), Management & Central costs (-£0.126m), and Schools and Learning (-£0.335m).

CEF2 Children's Social Care

13. Children's Social Care is forecast to overspend by +£4.538m.
14. 43,890 support days were provided in 2013/14 compared to 36,642 in 2012/13. This was reflected in an overspend of +£1.761m on external placements at the end of 2013/14. Continuing the upward trend an overspend of +£3.020m is forecast on direct external placement costs in 2014/15. This reflects a significant increase in the number of support days in and an increase in the use of expensive placement types due to capacity issues on in-house provision.
15. There is a 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.
16. In addition, the number of independent foster agency support days is expected to be higher than in 2013/14. In monetary terms this means the forecast spend is likely to be double the budget. The increased demand for support days is also affected by capacity issues on the in-house fostering provision due to difficulties in recruiting foster carers, in particular those willing to look after adolescent children.
17. 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.
18. An overall net overspend of +£0.409m is forecast for the Corporate Parenting service area. Due to increased placement numbers significant overspends are forecast on Residence Orders (+£0.078m) and Special Guardianship Orders (+£0.308m).
19. The All Rights Exhausted budget is forecasting to overspend by +£0.150m. This prudent position is based on the area overspending in 2013/14 and the budget being reduced by £0.150m as per the savings plan in the Business Strategy. The service is still completing Human Rights assessments with a view to reducing the financial support to these clients so the position is expected to improve later in the year.
20. There is also a forecast overspend of +£0.660m on Management & Central costs, reflecting legal fees, staffing costs and costs associated with the continued work on the Kingfisher project.

Dedicated Schools Grant (DSG)

21. Services funded from DSG are forecast to overspend by +£0.118m compared to the 2014/15 DSG funding of £281.533m. Special Educational Needs out of county placements are forecasting a pressure of +£0.886m based on current students although this position is subject to change as recharges for looked after children are updated in the next few months and placements and costs for the new autism school are agreed in September. Offsetting that there is a forecast underspend of -£0.410m on Foundation Years.
22. The use of one – off unspent DSG funding of £11.895m held in reserves at the end of 2013/14 will be considered by Schools Forum, but any funding not already committed is likely to be needed to aid pupil growth and basic needs revenue funding for the creation of new schools and academies.

Social & Community Services (S&CS)

23. The directorate is forecasting a variation of +£3.852m. The overspend includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variation on the Older People and Equipment Pooled budget.

S&CS1 Adult Social Care

24. The majority of the variation for the directorate relates to Adult Social Care which is forecast to overspend by +£3.950m. The largest element of this is a forecast overspend of +£2.860m on the Learning Disability Pooled budget. Under the risk share agreement there is also an overspend of +£0.532m on the Older People and Equipment Pooled Budget. Overall, the Physical Disabilities Pooled budget has a forecast underspend of -£0.237m but pending the Section 75 agreement being finalised the forecast also includes the County Council overspend of +£0.304m.

Older People and Equipment Pooled Budgets

25. The Older People's and Equipment Pooled Budget has a total forecast overspend of +£0.962m. This is the net position of a forecast underspend of -£0.325m on Council funded social care services and a +£1.287m overspend on Oxfordshire Clinical Commissioning Group health services. The forecast is primarily driven by continued high demand for both residential and support at home Continuing Health Care services. Under the risk share arrangement the County Council's share of the total overspend is +£0.532m.
26. Within the overall overspend, County Council funded Care Home placements and Home Support packages are forecast to overspend by +£0.811m and +£1.422m respectively. This is partially offset by a -£1.223m forecast increase in client contribution income from Social Care clients. The net position is a forecast pressure of +£1.010m.
27. Council funded Prevention and Early Intervention services are forecast to underspend by -£1.069m of which -£0.578m relates to the Re-ablement Service.

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28. The overall position includes an underspend of -£0.224m on equipment of which the County Council's share is -£0.124m. This reflects the efficiency of the current contract and the significant increase in the base budget which has risen from £1.898m in 2013/14 to £3.533m in 2014/15.

Physical Disabilities Pooled Budget

29. The Physical Disabilities Pooled Budget is forecasting an underspend of -£0.237m. Within this the Oxfordshire County Council budget lines are forecast to overspend by +£0.304m and the Oxfordshire Clinical Commissioning Group lines are forecast to underspend by -£0.541m.

30. The Section 75 Agreement for 2014/15 which governs the pooled budget arrangements is currently being finalised. As set out in item CA8 to Cabinet on 17 June 2014 the intention is to move to a true risk share for this pool based on the partner contributions. Based on the current contributions to the pool and the current forecast underspend, Oxfordshire County Council's share of the overall position would be an underspend of -£0.149m.

31. Within the overall position, County Council funded care homes are forecast to overspend by +£0.381m at year end. This is due to an increase in client numbers in the first two months of the financial year. If client numbers continue to increase at the level experienced in April and May there will be further pressure on the Care Home and Home Support budgets.

Learning Disabilities Pooled Budget

32. Following on from the overspend of +£2.810m in 2013/14, the Learning Disabilities Pool has a forecast year end overspend of +£3.373m. Under the risk share arrangements the County Council's share is +£2.860m. This is before the addition of the +£0.513m residual overspend from 2013/14 that could not be offset against other underspends at year end.

33. A savings plan is in place and the expectation is that the forecast overspend will reduce as the year progresses. A saving of £1.300m is planned 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.

34. Savings of £0.250m and £0.309m from the reorganisation of the provision of day services and limiting contract inflation have been delivered.

Adult Social Care: Non – Pool Services

35. There is a forecast overspend of +£0.254m for services outside of the Pools. This includes a pressure of +£0.150m in Mental Health Services due to clients with complex needs who cannot easily be accommodated within the Supported Independent Living element of the client pathway. This budget will be reviewed as part of the Service & Resource Planning process.

36. A further overspend of £+0.120m is forecast for the Adult Protection and Mental Capacity service which has seen a significant increase in the

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number of requests for Deprivation of Liberty assessments following the Cheshire West Judgement. In April and May 2014 155 requests were received compared to 30 in the same period last year.

37. £0.500m funding in the Efficiency Reserve that was set aside for this purpose is being used to meet Adult Social Care Improvement Programme costs in 2014/15. In addition, and as noted in Part 4, £0.125m of government grant will be received in year to help fund the Implementation of the Care Act. It is not yet known whether or not this will be sufficient funding for this work as the detail of the regulations are still being worked through and the Funding Reform regulations will not be released until October. This pressure could continue into 2015/16.

Environment & Economy (E&E)

38. The directorate is forecasting an overspend of +£0.265m.

EE1 Strategy and Infrastructure

39. Strategy and Infrastructure is forecasting to overspend by +£0.199m. £0.150m of this is due to costs associated with the advanced design work for City Deal projects. Funding from the Efficiency Reserve was agreed in June 2014 so this will be included in future forecasts.

EE2 Commercial Services

40. Commercial Services is forecasting to overspend by +£0.100m.
41. As noted previously the flooding experienced in January and February 2014 impacted on the ability to undertake routine repairs and maintenance to the highways and high river levels also meant flood related repairs could not be completed by year end. The budget for defect repairs is forecast to overspend by +£0.646m, and the Locality Budget by +£0.101m. These overspends are offset by several small underspends totalling -£0.214m.
42. As set out in the Provisional Outturn Report to Cabinet on 17 June 2014, the budgeted parking income anticipated for 2013/14 was not fully realised and the budgeted drawdown from the reserve to support the revenue budget in 2013/14 was reduced by £0.550m so that future contributions from the reserve included in the Medium Term Financial Plan are sustainable. There is a risk that income targets for 2014/15 will not be met, so the budgeted contribution from the reserve may need to be reduced by a similar amount again.
43. Waste Management is forecasting a breakeven position until tonnage data for the first quarter is available. The Energy from Waste facility will begin its commissioning phase in July 2014, and it is expected to be fully operational by February 2015.
44. A forecast underspend of -£0.145m on the Highways Services contract management fee reflects a reduction in the contract management and profit fee for the highways contract.
45. Property and Facilities Management is forecasting to overspend by +£0.045m. Underspends of -£0.293m on Corporate Facilities

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Management are offset by overspends of +£0.338m relating to asbestos survey work and costs associated with schools transferring to academy status.

46. There is a forecast underspend of -£0.333m on Network & Asset Management mainly reflecting street lighting costs.

EE3 Oxfordshire Customer Services

47. Oxfordshire Customer Services is forecasting to underspend by -£0.034m. One - off costs associated with the externalisation of the service will be included in future reports.

Chief Executive's Office

48. The forecast variation of -£0.161m reflects underspends on Human Resources, Corporate Finance, Policy and the Chief Executive's Office. These are partly offset by an overspend of +£0.156m on Cultural Services. 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 -£0.363m against the grant primarily due to underspends on Sexual Health (-£0.216m) and the NHS Health Check Programme (-£0.218m) where demand is around 65% of the budgeted level. Under the grant guidelines any underspend will be placed in reserves at the end of the financial year to be used to meet Public Health expenditure in future years.

Virements and Supplementary Estimates

50. Virements larger than £0.250m requiring Cabinet approval under the Virement Rules agreed by Council on 18 February 2014 are included at Annex 2a. These include the transfer of the Integrated Transport Unit to a separate budget head to reflect the management structure and to aid reporting; a request to transfer the Property Strategy function from Strategy & Infrastructure to Commercial Services due to structural changes; and the transfer the Money Management function from E&E to S&CS. None of these virements represent a change in policy as the service is unchanged.
51. Annex 2d shows virements Cabinet need to note.
52. Because of pressures relating to insurance set out in paragraph 80 there is a supplementary estimate request in Annex 2e to increase the balance held in the Insurance Reserve by £0.435m. A further supplementary estimate will be requested later in the year to release the Severe Weather Recovery Grant from balances.

Ringfenced Grants

53. As set out in Annex 6, ring-fenced grants totalling £351.889m are included in Directorate budgets and will be used for the specified purpose. Since the budget was agreed by Council in February 2014, there has been a £0.664m revision to the DSG and Sixth Form and

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Bursary Funding. Details of the Universal Infant Free School Meals grant have also been received and the allocation for Oxfordshire maintained schools is £4.052m for the 2014/15 financial year. This allocation is subject to change during the year as schools convert to academy status. Any grants unspent at year end will be held in the Grants & Contributions Reserve for use in 2015/16, or returned to the funding body. E&E expenditure and income budgets have been adjusted for the addition of £0.795m Bus Services Operators Grant and £1.961m for the Regional Growth Fund.

Business Strategy Savings

54. The forecasts shown in this report incorporate Business Strategy savings that were agreed by Council in February 2014 and previous years. All CE&F savings are expected to be achieved other than £0.150m relating to All Rights Exhausted clients because of pressures on the service noted in paragraph 19.
55. Within Social & Community Services there is a risk that a saving of £1.300m, relating to the Learning Disabilities Pool, will not be achieved due to the forecast pressure on the service.
56. Overall all of the savings within E&E and 90% of the CEO savings are expected to be achieved. The remaining 10% relates to the community library model saving which, as outlined in paragraph 48, will not be achieved in full until April 2015.
57. Any on-going pressures will be considered as part of the 2015/16 Service & Resource Planning process.

Bad Debt Write Offs

58. There were seven general write - offs in the financial year to the end of May 2014 and these totalled £139. In addition Client Finance has written off 20 debts totalling £10,037.

Treasury Management

59. The latest Treasury Management approved lending list (as at 20 June 2014) is included at Annex 3. This is unchanged since the report to Cabinet on 15 April 2014.
60. The average in-house cash balance during May 2014 was £372.990m and the average rate of return for the month was 0.76%. The average in-house cash balance during April 2014 was £339.792m and the average rate of return for the month was 0.82%. The budgeted return for interest receivable on balances is £2.404m for 2014/15. Actual interest receivable is currently forecast to be in line with the budgeted figure. An overspend of +£0.126m is currently forecast on the 2014/15 interest payable budget of £18.181m.

Part 2 – Balance Sheet

61. 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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62. 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 £58.936m by 31 March 2015.

Grants and Contributions

63. £11.895m unspent DSG is likely to be needed to address expected budget pressures in future years in funding for pupil growth, or basic needs revenue funding for the creation of new schools and academies.
64. Other ring fenced grant underspends held in the Grants and Contributions Reserve for use in 2014/15 in line with the grant criteria include £0.671m for Thriving Families and £0.322m for the Social Work Improvement Fund. A further £0.788m is funding for the Enterprise Skills Fund and £0.322m relates to the Social Work Improvement Fund.
65. The balance of Public Health grant funding is forecast to reduce from £4.260m to £2.623m 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 -£0.363m being added to reserves.

Children, Education & Families

66. School balances were £25.444m at 1 April 2014. The reasons for schools holding large balances are being explored and there will be particular focus on those schools that have held high balances for a number of years. The continued uncertainty around future funding mechanisms and levels and known future cost increases such as with pension contributions will probably have contributed.
67. Other reserves held by CE&F are forecast to reduce from £5.709m to £2.488m by 31 March 2015. Many of the key projects and pressures supported by reserves in 2013/14 are continuing in 2014/15. As at 1 April 2014 funding held in reserves included £0.272m for on-going Joint Working with Thames Valley Police, £1.116m for School Improvement, and £1.745m for the Thriving Families Project. This is in addition to the £0.671m Thriving Families grant funding and 2014/15 base budget funding.
68. During 2013/14 the school amalgamations reserve was combined with the academies reserve to ensure that there was sufficient provision to meet future costs of academy conversion expected in 2014/15. The balance held on reserve at 31 March 2014 was £0.619m and this is expected to be fully used in 2014/15. Further funding will need to be identified if costs are greater than this.
69. £0.990m accumulated balances on self-financing services will be used as required in 2014/15 and future years.

Social & Community Services

70. Social & Community Services reserves are forecast to reduce from £4.709m to £4.674m by 31 March 2015.
71. £2.878m held in the Older People Pooled Budget Reserve (along with a further contribution of £0.459m held in the Grants & Contributions

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Reserve), and £1.044m held in the Physical Disabilities Pooled Budget Reserve will be used as agreed by the Joint Management Group to continue to support care packages agreed in 2013/14 and previous years.

Environment & Economy

72. Reserves held by E&E are forecast to reduce from £10.287m to £7.123m by 31 March 2015.
73. The £0.637m balance in the Asset Rationalisation reserve is expected to be utilised in 2014/15 to fund one-off investments to enable asset rationalisation savings to be achieved.
74. The remaining £0.528m held in the Waste Management Reserve will be used to fund financial liabilities due to any contract deficit mechanism payments as part of the Energy from Waste contract.
75. 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 start of 2014/15 was £1.594m and at present around £0.300m is expected to be used in 2014/15.
76. Oxfordshire Customer Services reserves will be used to fund major programmes and projects across the service including the Externalisation programme and the development of the Customer Service Centre.

Corporate Reserves

77. The Efficiency Reserve totalled £4.253m at 1 April 2014. After taking account of allocating £0.150m to fund costs arising from the City Deal (see paragraph 39) £0.990m remains uncommitted and will be used for one – off projects supporting the Medium Term Financial Plan. Subject to expenditure incurred during the year an estimated £2.578m will be used to fund one – off expenditure in 2014/15.
78. Underspends held in the carry forward reserve at the end of 2013/14 totalled £1.791m and will be considered as part of the 2015/16 Service & Resource Planning Process.

Other Reserves

79. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £39.718m at 31 March 2015.
80. The balance held in the Insurance Reserve was £3.482m at 1 April 2014,. Recent actuarial advice is that the balance held should be increased to £3.917m. The risk assessment for balances included an element for contingent liabilities including insurance so it is proposed that the additional £0.435m is transferred from balances to the Insurance Reserve to meet future liabilities. The impact of premium increases and a new insurance contract from 2015 will be considered as information becomes available but it is expected that any further pressures in 2014/15 will also need to be met from balances.

Balances

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81. Annex 5, which is summarised in the table on the next page, sets out that forecast general balances are currently £11.921m.

| | 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 | -0.435 |
| Less forecast overspend | | -9.099 |
| Forecast Balances | 18.409 | 11.921 |

82. The revenue element of the £3.039m Severe Weather Recovery Grant, that was received in late March 2014 is also being held in balances pending a supplementary estimate request to release this later in the year.

Part 3 – Capital Programme

83. The capital monitoring position set out in Annex 7a shows forecast expenditure is £112.0m in 2014/15 (excluding schools local capital expenditure). This is £6.9m more than the capital programme approved by Council on 18 February 2014. The table below summarises the variations by directorate.

| Directorate | Last Approved Programme * £m | Latest Forecast Expenditure £m | Variation £m |
|--------------------------------------|------------------------------------|---|-----------------|
| Children, Education & Families | 32.6 | 35.8 | +3.2 |
| Social & Community Services | 14.0 | 14.3 | +0.3 |
| Environment & Economy – Transport | 45.8 | 48.4 | +2.6 |
| Environment & Economy – Other | 11.8 | 12.1 | +0.3 |
| Chief Executive's Office | 0.9 | 1.4 | +0.5 |
| Total Directorate Programmes | 105.1 | 112.0 | +6.9 |
| Schools Local Capital | 1.9 | 2.5 | +0.6 |
| Earmarked Reserves | 0.0 | 0.9 | +0.9 |
| Total Capital Programme | 107.0 | 115.4 | +8.4 |

* Approved by Council 18 February 2014

84. The variations in 2014/15 take into account the impact of the 2013/14 outturn position and any re-profiling of schemes required to reflect that. 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.
85. The increase in the Children, Education & Families programme is mainly due to a carry forward of £2.7m from the 2013/14 outturn position. This included £1.9m on Basic Need projects and £0.6m on the Bayards Hill School scheme. A further £1m has been added to the Basic Need programme, mainly from developer contributions.

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86. £0.6m has been re-profiled to 2015/16 on the growth portfolio schemes at Great Western Park in Didcot and South West Bicester. Both primary schools are due to open in September 2015.
87. In the Social & Community Services programme there is an increase of £0.469m on the Extra Care Housing programme. This funding has been brought forward from future years of this programme and reflects planned payments in 2014/15. The Dementia Care programme was fully delivered in 2013/14.
88. In the Transport programme, the Kennington and Hinksey scheme has increased by £1.451m and reflects the £1.800m total scheme budget increase approved prior to start of construction and reported to Cabinet in June 2014. Project development budgets for the City Deal Access to Enterprise Zone schemes have been added to the programme. The in-year spend forecast is £1.076m from the £1.5m total project development budget approved by Cabinet in April 2014. £1.970m on the Chilton Slip Roads scheme has been re-profiled to 2015/16 to reflect the current delivery timetable.
89. The current year budget for the Didcot Parkway scheme has increased by £0.976m following the approval of £1.740m additional funding by Cabinet on 17 June 2014.
90. The Carriageway structural maintenance programme has increased by £1.143m due to the additional funding from the capital element of the Severe Weather Recovery Grant announced in March 2014. This has been allocated to the London Road, Walterbush and Sonning Eye schemes.
91. The 2014/15 forecast expenditure on the A420 Shrivenham Bypass scheme has increased by £0.856m due to deterioration in ground conditions and the extension of the project scope to cover a larger area. The cost increase has been met from project contingencies and the capital element of the Severe Weather Recovery Grant. Construction is due to commence in July 2014.
92. £2.410m has been re-profiled to 2015/16 on the Network Rail Betterment programme to reflect the delays in Network Rail's delivery programme.
93. In the Chief Executive's Office programme, an overall cost increase of £0.300m has been approved on the Bicester Library scheme. The 2014/15 expenditure forecast has increased by £0.450m.

Five Year Capital Programme Update

94. The total forecast 5-year capital programme (2014/15 to 2018/19) is now £364.2m, and has increased by £18.9m compared to the last capital programme approved by Council in February 2014. The full updated capital programme is included at Annex 8. Taking into account the outturn position for 2013/14, the overall size of the capital programme has increased by £13.6m. The table below summarises the variations by directorate and the main reasons for these variations are explained in paragraphs 88 to 92 above.

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| Directorate | Last Approved Total Programme (2014/15 to 2018/19) * £m | Latest Updated Total Programme (2014/15 to 2018/19) £m | Variation £m | Variation in the size of the overall programme (including 2013/14) £m |
|---------------------------------------|--|---|-----------------|--|
| Children, Education & Families (CE&F) | 145.0 | 149.5 | +4.5 | 0.0 |
| CE&F Reductions to be identified | -18.4 | -18.4 | 0.0 | 0.0 |
| S&CS | 32.9 | 32.8 | -0.1 | -0.1 |
| E&E – Transport | 98.8 | 106.7 | +7.9 | +7.2 |
| E&E – Other | 26.8 | 27.2 | +0.4 | 0.0 |
| Chief Executive's Office | 1.4 | 1.8 | +0.4 | 0.0 |
| Total Directorate Programmes | 286.5 | 299.6 | +13.1 | +7.1 |
| Schools Local Capital | 5.7 | 7.4 | +1.7 | +2.3 |
| Earmarked Reserves | 53.1 | 57.2 | +4.1 | +4.2 |
| Total Capital Programme | 345.3 | 364.2 | +18.9 | +13.6 |

95. The Education Funding Agency has approved a capital bid by Cheney Academy for the replacement of the science area of the school under the Academy Capital Maintenance Fund (ACMF). This bid was developed with CE&F and includes additional basic need capacity to support the expansion of the school by an additional class each year as part of the strategy to accommodate the future pupil increase from the housing development at Barton Park. This will be funded from Section 106 contributions.
96. Cabinet is recommended to approve the use of developer funding of £1.7m as a contribution towards the expansion of Cheney Academy and the addition of the scheme to the Capital Programme. Cabinet is also recommended to authorise the Director for Children, Education & Families and the Chief Finance Officer to enter into a funding agreement with the academy to enable the transfer in stages to the maximum grant of £1.7m. The delivery of the scheme is being managed by the school.
97. In December 2013, the Government announced a Free School Meals programme for Reception and Key Stage 1 pupils. The Council has received £1.120m grant funding in 2014/15 to support the delivery of free school meals for 4 to 7 year olds in Local Education Authority maintained schools from September 2014. The current forecast to implement the policy across the school estate is £1.7m. Options to meet the funding gap are being explored and will be reported to Cabinet with the total programme budget requirement.
98. The £1.120m grant funding for the Universal Infant Free School Meals Programme was included in the capital programme agreed by Council in February 2014 pending details of the work required being finalised. Cabinet is recommended to approve the use of the grant to support the provision of capital investment either for equipment or building adaptation and the addition of the scheme to the Capital Programme.

Part 4 – Changes to Unringfenced Grant Funding

99. An additional £0.495m Special Educational Needs and Disability (SEND) grant was notified by the Department for Education (DfE) on 10 June 2014. This is to support the cost of implementing the SEND reforms, including the transfer of children and young people from statements or Learning Difficulty Assessments to Education, Health and Care Plans. Annex 2a includes a request to increase the Additional & Special Educational Needs (CEF1-2) budget in CE&F by the equivalent amount. Because the grant is not ring-fenced the income will be held in Strategic Measures.
100. £0.125m grant funding from the Department of Health for Care Bill Implementation costs is also expected in 2014/15. Annex 2a includes a request to increase the budget for the Adult Social Care Improvement Programme (SCS1-4J) by the equivalent amount.

Part 5 – Fees and Charges

101. Proposals for fees and charges for searches and applications relating to the Commons Act 2006 which would come into force from 1 October 2014 are set out in Annex 9.

RECOMMENDATIONS

102. **The Cabinet is RECOMMENDED to:**
- a) **note the report;**
 - b) **approve the virement requests and changes related to unringfenced grants set out in Annex 2a and Part 4;**
 - c) **approve the supplementary estimate request in Annex 2e;**
 - d) **note the Treasury Management lending list at Annex 3;**
 - e) **approve the updated Capital Programme at Annex 8 and the associated changes to the programme in Annex 7c;**
 - f) **approve the contribution of £1.7m of developer contributions funding to the Cheney Academy to expand the school by an additional class in each year;**
 - g) **authorise the Director for Children, Education & Families and the Chief Finance Officer to enter into a funding agreement with Cheney Academy to transfer £1.7m of developer funding in stages;**
 - h) **approve the use of the £1.120m grant to implement the Universal Infant Free School Meal programme and the addition of the scheme to the Capital Programme;**
 - i) **approve the fees and charges as set out in Part 5 and Annex 9.**

LORNA BAXTER

Chief Finance Officer

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

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