

## CABINET – 15 DECEMBER 2015

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

#### Report by the Chief Finance Officer

##### Introduction

1. This report focuses on the management of the 2015/16 budget. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of October 2015. Capital Programme monitoring is included at Part 3.
2. The forecast directorate position for the year is currently an anticipated overspend of +£5.5m (+1.3%) against a net budget of £413.7m as shown in the table below. This compares to an anticipated overspend of +£5.9m (+1.4%) reported to Cabinet in October 2015 and +£10.3m (+2.4%) reported this time last year.
3. Directorates are continuing to work to reduce the forecast overspend by management action which now includes a recruitment freeze on non-essential staff and a stop on any non-urgent or uncommitted expenditure.
4. Annual reductions in the budget since 2010 mean there is less flexibility to manage pressures as they arise in year. The on-going impact of the increased demand particularly in Children's Social Care and Waste is being considered through the Service & Resource Planning Process for 2016/17 as set out in the Service & Resource Planning Report elsewhere on the agenda.

Directorate	Latest Budget 2015/16 £m	Forecast Outturn 2015/16 £m	Forecast Outturn Variance 2015/16 £m	Forecast Outturn Variance 2015/16 %
Children, Education & Families (CE&F)	107.8	111.6	+3.8	+3.5
Social & Community Services (S&CS)	208.4	209.0	+0.6	+0.3
Environment & Economy (E&E)	84.9	85.9	+1.0	+1.2
Corporate Services (CS)	12.6	12.7	+0.1	+0.8
Public Health (*)	0.0	0.0	0.0	0.0
<b>Total</b>	<b>413.7</b>	<b>419.2</b>	<b>+5.5</b>	<b>+1.3</b>

<b>Public Health (*)</b>				
Expenditure	31.0	31.4	+0.4	+1.3
Grant and Other Income & Transfer from Reserves	-31.0	-31.4	-0.4	-1.3
<b>Total</b> <sup>1</sup>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

5. The following annexes are attached:

<sup>1</sup> Public Health is funded by a ring-fenced grant of £30.4m from the Department of Health. On 4 November the Council received notification that this grant would be reduced in-year by £1.9m. The forecast overspend of +£0.4m will be funded by a transfer from reserves at year end.

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

6. Directorate reports setting out the detail behind this report are available from the contact officers named at the end of this report or in the Members' Resource Centre.

## **Part 1 - Revenue Budget**

### **Children, Education & Families**

7. The directorate is forecasting an overspend of +£3.8m. There is also a +£0.1m forecast overspend on services funded by Dedicated Schools Grant (DSG).
8. There are two main areas identified as overspending that reflect increasing activity and demand; Special Educational Needs (SEN) Home to School Transport and increasing numbers of children requiring intervention from Children's Social Care leading to increased workload and staffing costs in front line social work teams. The Directorate is addressing the overspend by freezing vacancies other than for front line social workers required to maintain safe caseloads, and is reviewing all areas of expenditure. However, these overspends are unlikely to be resolved in the short term given the increased demand. The proposed future integration of Early Intervention, Children's Centres and Family Support aims to match available resources to demand.

### CEF1 Education & Learning

9. The Education & Learning service is forecasting to overspend by +£0.8m.
10. In 2014/15 Home to School Transport overspent by £1.3m. The overspend was due to increased costs associated with transporting primary school pupils and increased use of taxis, particularly for pupils with SEN. The budget for 2015/16 was increased by £1.2m from 2014/15 as part of the budget and medium term plan agreed by Council in February 2015. The current forecast for 2015/16 is an overspend of +£1.8m relating to SEN transport. Approximately two thirds of this relates to an increase in demand, with a 12% increase in the number of pupils transported. One third of the forecast overspend relates to cost increases. The overspend on SEN transport is partly offset by an underspend of -£0.5m on mainstream transport. The underspend is in the main due to the impact of the route efficiency programme with the number of routes and passengers reducing by 13% and 8% respectively.
11. There are predicted underspends totalling -£0.5m in other areas of Education & Learning. There is also an underspend of -£0.3m which relates to a surplus from trading within Schools & Learning. It is proposed this is transferred into reserves to support the development of the ring-fenced trading arm, approved in principle by Cabinet on 20 October 2015.

## CEF2 Children's Social Care

12. Children's Social Care is forecast to overspend by +£3.1m.
13. As a result of significant increases in the number of children becoming looked after in the last two to three years, additional ongoing funding of £7.4m from 2015/16 was agreed as part of the budget and medium term plan agreed by Council in February 2015. An underspend of only -£0.3m on the increased budget for external agency placements is forecast. This forecast includes projected spend for existing clients and an estimate of £1.2m for new placements that could arise during the rest of the year. The current number of children in care is 604<sup>2</sup> compared to a high of 527 at 31 March 2015. If these very high levels continue, the £1.2m allocation for new placements may not be sufficient.
14. Service Management and Central Costs are forecast to overspend by +£1.1m. The growth in numbers of children requiring services from Children's Social Care has increased workload across a number of services, and required additional administrative support required for front line social workers. In particular there has been a need for more administrative support around Child Protection Conferences and the Multi Agency Safeguarding Hub (MASH). There has also been additional work around restructuring Early Intervention and Children's Social Care requiring interim consultant support. The Directorate is undertaking a review of all posts and budgets across the whole service, in order to identify the on-going staffing requirement, any necessary realignment of budgets and how to address any remaining shortfall.
15. The growth in demand is also resulting in projected overspends in the Corporate Parenting area. The forecast overspend of +£0.2m mainly relates to overspends on the in-house fostering service (+£0.1m) reflecting a 12% increase in children placed in foster care over the last 12 months. The inter-agency budget is forecast to overspend (+£0.2m) because there are increased numbers of children being placed with adopters from other authorities. There are also pressures in Family Placement teams (+£0.1m) reflecting use of agency staff to cover vacancies. These overspends are offset by underspends of -£0.2m in the rest of the service.
16. The increase in the number of young people requiring intervention from Children's Social Care has had a significant impact across all Children's Social Care teams including Referral & Assessment (+£0.5m), Family Support (+£0.2m) Safeguarding (+£0.6m), Looked After Children and Leaving Care (+£0.5m), and Asylum (+£0.3m). Staffing has been increased to keep workloads at a safe level, including use of temporary agency staff, due to on-going problems with recruiting social workers. These are partly offset by small underspends totalling £0.1m in Thriving Families and in Youth Engagement & Opportunities.
17. The Youth Offending Service is now forecasting an overspend of +£0.1m, largely as a result of confirmation from the Youth Justice Board of an in-year grant reduction of an equivalent amount.

## Dedicated Schools Grant (DSG)

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<sup>2</sup> As at 20 November 2015

18. Services funded from DSG are forecast to overspend by +£0.1m compared to the 2015/16 DSG funding receivable of £261.2m. The projected overspend reflects a significant pressure on out of county Special Educational Needs (SEN) placements (+£0.9m) offset in part by expected underspends relating to the free early education entitlement for disadvantaged two year olds and three and four year olds. This is however subject to change as the Early Years DSG block will be adjusted reflecting actual take up and may reduce. The significant pressure on out of county SEN placements is consistent with the pressures on Home to School SEN transport costs.
19. The use of one – off unspent DSG funding of £11.1m held in reserves at the end of 2014/15 is being considered by Schools Forum. Any funding not already committed is likely to be needed to contribute to the pupil growth and basic needs revenue funding (including pre-opening and diseconomy of scale costs) for the creation of new schools and academies, as approved by Schools Forum in December 2014.

### **Social & Community Services**

20. The directorate is forecasting an overspend of +£0.6m. This includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) position on the various pooled budgets.

#### S&CS1 Adult Social Care

21. Adult Social Care is forecast to overspend by +£1.3m. Of this, +£1.2m relates to non-pool services. There are also overspends of +£0.6m on the Older People and Equipment Pooled budget, +£0.1m on the Physical Disabilities Pooled Budget, and +£0.3m on the Learning Disability Pooled budget. The overspends are partly offset by using -£0.9m of funding from the Independent Living Fund and Social Care in Prisons Grant on a one-off basis in 2015/16.

#### Older People and Equipment Pooled Budgets

22. The Older People and Equipment Pool is forecast to overspend by +£2.0m. Oxfordshire Clinical Commissioning Group will make an additional contribution of £0.8m to offset part of the overspend which relates to Non-Emergency Patient Transport. Under the risk share agreement the County Council's share of the remaining overspend is +£0.6m.
23. The Social Care spend on packages and placements is the most significant pressure on the Older People's Pool. The forecast for Social Care Home placements is an overspend of +£3.3m which is partially offset by an underspend of -£1.1m on Home Support resulting in a net position of +£2.2m. There has been a significant increase in the demand for Care Home placements which has risen from an average of 11.5 per week to an average of 11.9 per week during the year. It is expected that demand for care home placements will continue to increase for the remainder of the financial year. This is partly due to a shortage of capacity within the Home Care market which means that it is sometimes appropriate to meet people's needs with a care home placement rather than waiting for a home support package.

24. The Council's position also includes a forecast overspend of +£0.2m for the Social and Healthcare Team which is managed within the Customer Service Centre by Environment and Economy.
25. There is also an underspend on Prevention and Early Intervention of -£1.1m. This includes underspends on the Reablement service and Carers grants.
26. The Clinical Commissioning Group services are forecast to overspend by £0.7m, including the overspend of £0.8m on Non-Emergency Patient Transport. As agreed last year, the Clinical Commissioning Group will meet this pressure in full and it will not be risk shared.

#### Physical Disabilities Pooled Budget

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

#### Learning Disabilities Pooled Budget

32. £4.6m was added to the Learning Disabilities pooled budget in 2015/16 to reflect pressures arising due to increased demand. On this increased budget, the Learning Disabilities Pool is forecast to overspend by +£0.3m. Under the risk share agreement the County Council is responsible for 85% of any variation.
33. Personalisation and On-going Support is forecast to overspend by +£0.9m. It is assumed that the impact of changes to packages as a result of the closure of the Independent Living Fund will be cost neutral to the pool in year as it will be funded from the grant, subject to agreement by the County Council in December. The overspend is partially offset by small underspends in other areas.

#### Independent Living Fund

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

#### Social Care in Prisons Grant

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

#### Adult Social Care: Non – Pool Services

38. There is a forecast overspend of +£1.2m for services outside of the Pools. This includes an overspend of +£0.5m on the Mental Health budget due to increased demand for the services and partly as a result of the Supported Independent Living Pathway becoming blocked. The pressure in future years is being managed through the new Mental Health Outcomes Based Contract which includes risk share. The delay to the contract start date has contributed to this in year pressure.
39. There are also overspends on Adult Protection and Mental Capacity (+£0.2m), Emergency Duty Team (+£0.3m), Money Management (+£0.2m) and Adult Survivors of Sexual Abuse (+£0.1m).

#### SCS3 Fire & Rescue, Emergency Planning and Community Safety

40. The Service is forecasting an underspend of -£0.6m of which -£0.4m relates to the Fire and Rescue. This is driven primarily by vacancies for whole-time firefighters and retirements during the year. Recent recruits are included in the forecast underspend but at this stage in the year it is less likely that further recruitment will have a significant impact on expenditure.

41. In addition to the underspend above, there is currently a further underspend of -£0.2m against the budget for on-call firefighters. This forecast is likely to change due to its dependency on the number of emergency calls attended, which can fluctuate due to adverse weather and large incidents which by their nature are unplanned. Depending on the overall position for the directorate and council any underspend would be returned to balances at year end in line with Council policy.

### **Environment & Economy**

42. The directorate is forecasting an overspend of +£1.0m.

#### EE1 Strategy & Infrastructure

Strategy & Infrastructure are forecasting an underspend of -£ 0.2m which relates to an underspend in Planning Regulation due to staffing vacancies and maximising infrastructure funding receipts.

#### EE2 Commercial Services

43. Commercial Services is forecasting to overspend by +£0.4m.
44. Due to predicted increases in tonnages of waste disposal arising from the economic upturn and an increase in the number of households in Oxfordshire, an additional £1.0m of funding was added to the Waste Management budget from 2015/16 as part of the budget and medium term plan agreed by Council in February 2015. Despite this, there is currently a forecast overspend of +£1.2m for this service area. Approximately 58% of total waste disposed of is recycled and composted. An estimated overspend of +£0.6m partially relates to increases in tonnage, but is predominately due to the general increased cost of disposal, most significantly the cost of wood processing. Approximately 37% of waste disposed of is processed through the Ardley Energy Recovery Facility. An overspend of +£0.5m is mostly due to the cost of business rates payments being higher than originally budgeted for. The remaining 5% of waste is sent to landfill for disposal and the balancing overspend of +£0.1m is due to a mixture of cost and tonnage.
45. Supported Transport is forecasting an overspend of +£0.2m. This is due to higher Integrated Transport Unit (ITU) operational costs, and programme implementation costs integral to the realisation of the £6m savings in Supported Transport included in the Medium Term Financial Plan (MTFP). Further work is being undertaken to consider recovering the increased cost of the ITU through recharging service directorates and the potential for carrying forward the implementation costs against future year's savings.
46. The overspends above are partly offset by the current unallocated (-£1.0m) element of the Highways Maintenance Delivery budget. The impact of offsetting this budget against overspends means that there is no funding available for further unplanned ad hoc works or increased external demand on maintenance budgets above that already forecast.

#### EE3 Oxfordshire Customer Services

47. Oxfordshire Customer Services is forecast to overspend by +£0.8m. This relates in part to the underachievement of income from schools (+£0.5m) due to a combination of academy transfers and

maintained schools' uptake of services. A review is already underway to consider the mechanisms for managing the cost of service delivery as volumes change over time. ICT is forecast to overspend (+£0.3m) mainly due to the additional operational cost of the Data Centre, further management action is need to determine the funding for this pressure.

48. Transition and one-off costs associated with the transfer of services to Hampshire County Council total £2.3m in 2015/16. This will be funded in part by using the Oxfordshire Customer Services Development Reserve and by temporary use of other E&E reserves. As planned, costs will be recouped over the next six to seven years and borrowing from other reserves will also be repaid over this period.

#### **Corporate Services**

49. The forecast variation of +£0.1m mainly reflects overspends on Corporate Services and Business Support and Corporate Finance. These are partly offset by an underspend arising from staff vacancies in the Policy Team. It is expected that a breakeven position will be achieved by the year end.

#### **Public Health**

50. On the 4 November the Council received notification from the Department of Health of an in-year grant reduction of £1.9m. This reduction has been reflected in the forecast overspend of +£0.4m. This overspend will be met by a transfer from the Public Health Reserve.

#### **Virements and Supplementary Estimates**

51. Virements larger than £0.5m or relate to un-ringfenced grants requiring Cabinet approval under the Virement Rules agreed by Council on 17 February 2015 are included at Annex 2a. It is proposed to transfer £0.5m of the Early Assessment part of the Care Act Grant funding from Adult Social Care to the Corporate Contingency. This un-ringfenced grant was received from the Department for Communities & Local Government to support Early Assessments relating to the implementation of the Care Act. As the Care Act reforms have been delayed there is a risk that this funding will need to be repaid so it will be held corporately until further information becomes available.

52. Annex 2d shows virements Cabinet need to note.

53. Annex 2e sets out one Supplementary Estimate for approval. This request relates to costs of £0.6m to fund the Transport Safeguarding Assurance Framework project. The project is designed to build and implement a Transport Safeguarding Assurance Framework ensuring that clients using transport service supported by Oxfordshire County Council are safeguarded effectively.

#### **Ringfenced Grants**

54. As set out in Annex 3, ring-fenced grants totalling £321.9m are included in Directorate budgets and will be used for the specified purpose. Since the last report the Council received notification from the Youth Justice board of an in-year reduction of £0.1m in the Youth Justice Grant, a reduction in DSG of -£1.4m, and the reduction in the Public Health Grant of £1.9m. Any grants unspent at year end will be held in the Grants & Contributions Reserve for use in 2016/17, or returned to the funding body.



### **Business Strategy Savings**

55. The forecasts shown in this report incorporate Business Strategy savings that were agreed by Council in February 2015 and previous years. In total £42.8m of savings are incorporated into the budget for 2015/16. £39.6m (92%) of the savings have been delivered or are on track to be delivered. £1.6m (4%) is currently at some risk of not being achieved and a further £1.6m (4%) is at significant risk of not being achieved.
56. £0.9m of savings at significant risk of not being achieved relate to savings for reducing agency and contracted staff and introducing a vacancy factor. Of this, £0.6m is across services in Children, Education & Families, £0.2m relates to Cultural Services and £0.1m in the Music Service. This position may improve as the year progresses and general staff turnover takes place.
57. Other savings at significant risk of being achieved are £0.5m saving from the implementation of the Energy Recovery Facility due to the pressures reported in paragraph 42 above and £0.2m relating to income generated through sponsorship and providing other services in the Network & Asset Management Service in Environment & Economy.

### **Bad Debt Write Offs**

58. The total debt write-offs for the year to the end of October 2015 comprised 50 general write-offs equalling £36,834 (an average of £737 per write-off), plus 127 Client Finance debt write-offs totalling £183,076 (an average of £1,441 per write-off).
59. There were 35 new write-offs of Client Finance Accounts during September and October 2015 and these totalled £32,422 (an average of £926 per write-off).

### **Treasury Management**

60. The latest treasury management approved lending list<sup>3</sup> is shown in Annex 4. This includes a decrease to the maximum investment total for Standard Chartered Bank to £15m.
61. The table below shows average in-house cash balances and average rates of return for September and October 2015. The forecast outturn for interest receivable and return on investments for 2015/16 currently totals £3.1m, exceeding the budgeted figure of £2.1m. Interest payable is currently forecast to be in line with the budgeted figure of £18.1m.

<b>Month</b>	<b>Average cash balance</b>	<b>Average rate of return</b>
September	£329.1m	0.81%
October	£323.0m	0.79%

## **Part 2 – Balance Sheet**

62. Annex 5 sets out earmarked reserves brought forward from 2014/15 and the forecast position as at 31 March 2016. These reserves are held for

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<sup>3</sup> as at 27 November 2015

specified one – off projects, contractual commitments and to support the Medium Term Financial Plan.

63. As set out in the Provisional Outturn Report to Cabinet on 23 June 2015, revenue reserves were £63.6m at the end of 2014/15. These are currently forecast to reduce to £50.9m by 31 March 2016.

#### Grants and Contributions

64. The balance of unspent DSG is forecast to be £10.6m by 31 March 2016. This is likely to be needed to address expected budget pressures in future years in funding for pupil growth, or basic needs revenue funding for the creation of new schools and academies.
65. Other ring-fenced grant underspends held in the Grants and Contributions Reserve for use in 2015/16 in line with the grant criteria include £0.9m for revenue Section 106 contributions and £0.3m for the Social Work Improvement Fund. There is also £0.3m funding for the Local Enterprise Partnership.
66. Under the terms of the Public Health grant it is legitimate to use the funding on functions which have a significant effect on, or in connection with, the exercise of the public health functions specified in Section 73B(2) of the National Health Service Act 2006. Contributions of £0.2m towards Domestic violence prevention and support and £0.4m to Cycle Improvement Capital schemes will be made during 2015/16. In November 2015 Council agreed to transfer £2m to the capital programme to fund the development of Children's Homes. This is in addition to the £2m Council agreed in May 2014. The total £4m contribution will reduce the need for prudential borrowing to fund the scheme from £0.5 to £0.2m. After these additional contributions and a £0.4m contribution to offset the 2015/16 overspend the balance of Public Health grant funding is forecast to be £0.4m by 31 March 2016.

#### Children, Education & Families

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

#### Social & Community Services

69. Social & Community Services reserves are forecast to reduce from £3.8m to £3.0m by 31 March 2016. £2.9m held in the Older People Pooled Budget Reserve will be used to help meet expected pressures relating to Delayed Transfers of Care work in 2015/16 and future years and the trial rehabilitation at home project which has been delayed.

### Environment & Economy

70. Reserves held by the Directorate are forecast to reduce from £8.3m to £4.4m by 31 March 2016. As set out in paragraph 52 this forecast includes the temporary use of £2.3m of reserves (including the Catering Investment Fund, Dix Pit Reserve and Joint Use Reserve) to fund transition and one-off costs relating to the transfer of services to Hampshire County Council and the Supported Transport Programme. This will be repaid over the next six to seven years as originally planned.

### Corporate Reserves

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

### Other Reserves

72. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £44.4m at 31 March 2016. The Budget Reserve is forecast to be £7.0m at the year end and is required to manage the cash flow implications of the pressures and savings included in the Medium Term Financial Plan.

### Balances

73. As set out in Annex 6 general balances are forecast to be £14.6m as at 31 March 2016 after taking into account the projected Directorate overspends and the supplementary estimate requested in this report. This compares to an expected £17.5m as set out in the MTFP approved by Council in February 2015 and the risk assessed level of £17.4m.
74. In setting the budget for 2015/16, a Corporate Contingency of £3.6m was agreed. In addition, in July 2015, Cabinet agreed a virement of £0.5m from the contribution to the Older People and Equipment Pooled Budget to Corporate Contingency<sup>4</sup>. The contingency is held predominantly to manage any high risk demand led budgets. Also, as the Budget Reserve for 2016/17 set out in the MTFP is in deficit by £6.0m, any un-used contingency was planned to be used towards reducing the deficit. A decision will need to be made later in the financial year whether the contingency will be needed instead to meet any of the overspends reported, particularly in relation to the Children, Education & Families Directorate.

## **Part 3 – Capital Monitoring**

75. The capital monitoring position set out in Annex 7a, shows the forecast expenditure for 2015/16 is £134.8m (excluding schools local capital), an increase of £0.2m compared to the latest approved capital programme. The table below summarises the variations by directorate.

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<sup>4</sup> The £0.5m referred to in Paragraph 49 is not included in the contingency position as it is expected that it will be clawed back before the year-end.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	51.3	51.3	0.0
Social & Community Services	6.3	6.4	+0.1
Environment & Economy - Transport	62.1	62.3	+0.2
Environment & Economy - Other	11.2	11.2	0.0
Chief Executive's Office	3.7	3.6	-0.1
<b>Total Directorate Programmes</b>	<b>134.6</b>	<b>134.8</b>	<b>+0.2</b>
Schools Local Capital	2.0	2.0	0.0
Earmarked Reserves	0.3	0.3	0.0
<b>Total Capital Programme</b>	<b>136.9</b>	<b>137.1</b>	<b>+0.2</b>

\* Approved by Cabinet 20 October 2015

76. Significant in-year variations for each directorate are listed in Annex 7b. New schemes and total programme/project budget changes are listed in Annex 7c.
77. In the Children, Education & Families programme, whilst there is no change in the overall in-year forecast, there are a number of offsetting changes. With the expected commencement of the Aureus Secondary School project in January 2016 for the Didcot Great Western Park housing development, £1.7m has been rephased into 2015/16. This has been offset by £1.6m being re-profiled from 2015/16 to 2016/17 for three new primary school projects within the Growth Portfolio programme and the Early Years Entitlement for Disadvantaged 2 year olds programme.
78. Within the Children's Home Programme, the fourth project has been approved and works have commenced.
79. There are no significant changes to report in other Directorate programmes.

#### **Actual & Committed Expenditure**

80. At 31 October actual capital expenditure for the year to date (excluding schools local spend) was £42.7m. This is 32% of the total forecast expenditure. Actual and committed spend is 73% of the forecast.

#### **Five Year Capital Programme Update**

81. The total forecast 5-year capital programme (2015/16 to 2018/19) is now £427.8m, an increase of £1.3m compared to the last capital programme approved by Cabinet in October 2015. The table below summarises the variations by directorate and the main reasons for these variations are explained in the following paragraphs.

Directorate	Last Approved Programme (2015/16 to 2018/19) * £m	Latest Updated Programme (2015/16 to 2018/19) £m	Variation £m
Children, Education & Families	138.4	139.3	+0.9
CEF Reductions to be identified	-5.8	-5.8	0.0
Social & Community Services	38.7	38.8	+0.1
Environment & Economy - Transport	167.0	167.3	+0.3
Environment & Economy – Other	35.5	35.5	0.0
Chief Executive’s Office	5.3	5.3	0.0
<b>Total Directorate Programmes</b>	<b>379.1</b>	<b>380.4</b>	<b>+1.3</b>
Schools Local Capital	4.3	4.3	0.0
Earmarked Reserves	43.1	43.1	0.0
<b>Total Capital Programme</b>	<b>426.5</b>	<b>427.8</b>	<b>+1.3</b>

\* Approved by Cabinet 20 October 2015

82. In the Children, Education and Families programme, additional funding from developer contributions of £1.4m is included towards projects within the growth portfolio programme that have reached contract let. The value of £0.2m has been removed from the Children’s Home Programme to reimburse the loss of the capital receipt from a site that was earmarked for disposal but now being used for a new children’s home.
83. There are no significant changes to report in other Directorate programmes.

## RECOMMENDATIONS

84. **The Cabinet is RECOMMENDED to:**
- (a) **note the report;**
  - (b) **approve the virement requests set out in Annex 2a;**
  - (c) **approve the supplementary estimate set out in Annex 2e of £0.6m relating to the cost of the Transport Safeguarding Assurance Framework project;**
  - (d) **note the Treasury Management lending list at Annex 4;**
  - (e) **in relation to reserves:**
    - i. **approve the temporary use of Environment & Economy reserves as set out in paragraph 76;**
    - ii. **approve the transfer of £0.3m to a new Commercial Reserve to support the development of the Children, Education & Families trading arm as set out in paragraph 9; and**
  - (f) **approve the changes to the Capital Programme set out in annex 7c.**

**LORNA BAXTER**  
Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to the end of September and October 2015

Contact Officers: Katy Jurczynsyn, Strategic Finance Manager – Financial Strategy & Monitoring (01865 323975)

December 2015