

Division(s):

CABINET – 28 JUNE 2016

PROVISIONAL REVENUE & CAPITAL OUTTURN 2015/16

Report by the Chief Finance Officer

1. This report sets out the provisional revenue and capital outturn position for 2015/16 and shows how actual expenditure and income for the year compares to the budgeted position. The Council's draft Statement of Accounts for 2015/16 is required to be signed by the Chief Financial Officer by 30 June following which a period of public inspection will commence¹. The final Statement of Accounts will be submitted to the Audit and Governance Committee on 14 September 2016 following external audit and certification by the Chief Finance Officer.

Revenue Outturn Summary

2. As set out in Annex 1 the year end revenue position for directorates is a variation of +£0.7m or 0.2%.

	Final Budget 2015/16	Outturn 2015/16	Outturn Variance 2015/16	Outturn Variance 2015/16	Variance Forecast February 2016	Variance Forecast February 2016
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	109.5	112.3	+2.8	+2.6%	+2.9	+2.7%
Social & Community Services (S&CS) ²	211.0	209.6	-1.4	-0.7%	-0.3	-0.1%
Environment & Economy	83.5	83.2	-0.3	-0.4%	0.0	0.0%
Corporate Services	14.5	14.1	-0.4	-2.8%	-0.3	-2.0%
Public Health(*)	0.0	0.0	0.0	0.0%	0.0	0.0%
Directorate Total	418.5	419.2	+0.7	+0.2%	+2.3	+0.6%

Public Health (*)						
Expenditure	28.9	29.0	+0.1	+0.3%	+0.2	+0.7%
Grant and Other Income & Transfer to/from Reserves	-28.9	-29.0	-0.1	-0.3%	-0.2	-0.7%
Total³	0.0	0.0	0.0	0.0%	0.0	0.0%

¹ Figures in this report may vary from those in the published draft Statement of Accounts for 2015/16 as at the time of writing this report the accounts had not been finalised.

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

³ Public Health is funded by a ring-fenced grant of £30.4m from the Department of Health. On 4 November 2015 the Council received notification that this grant would be reduced in year by £1.9m.

3. Throughout the year the Financial Monitoring and Business Strategy Delivery Reports to Cabinet have highlighted pressures of which the most significant have been in Special Educational Needs (SEN) Home to School Transport, Children's Social Care staffing and Waste. This peaked at a forecast overspend of +£5.9m reported to Cabinet in October 2015 (based on the forecast to the end of August 2015). Directorates have worked to reduce the forecast overspend by management action which included a freeze on non-essential recruitment, and a stop on any non-urgent or uncommitted expenditure. Annual reductions in the budget since 2010 mean there is less flexibility to manage pressures as they arise. The on-going impact of the increased demand particularly in Home to School Transport, Children's Social Care staffing and Waste, based on the expected position for the year in December 2015, have been reflected in the 2016/17 budget agreed by Council in February 2016.
4. Whilst the in-year pressures have reduced significantly by the year-end, the use of the contingency funding has been required. This report requests a virement from Corporate Contingency of £1.5m to contribute towards the provision for redundancy costs in Children, Education & Families as reflected in this report and set out in the report to Cabinet in April.
5. The following Annexes are attached and referenced in the report:

Annex 1	Revenue Outturn
Annex 2a	Movement of Variations between Directorates and Balances
Annex 2b	2015/16 virements to note
Annex 3	Government Grants
Annex 4a	Reserves
Annex 4b	Schools' Balances
Annex 5	General Balances
Annex 6	On and Off - Street Parking – Statement of Income and Expenditure for 2015/16
Annex 7	Capital Outturn

Part 1 – Revenue Outturn

Children, Education & Families (CE&F)

6. The provisional outturn position for the directorate is an overspend of +£4.3m. This includes accruals and provisions for redundancy costs of £2.0m associated with decisions Cabinet made in February 2016 relating to Early Intervention and Children Centres plus Schools and Learning. A transfer of £1.5m from the Corporate Contingency is requested as part of this report and has been reflected as part of the Provisional Outturn position. The virement reduces the final overspend to £2.8m or 2.4% of the budget. In line with accounting requirements, unspent Dedicated Schools Grant totalling -£0.4m has been placed in the grants and contributions reserve.

7. The two main areas identified as overspending throughout the year of Special Educational Needs (SEN) Home to School Transport and Children's Social Care staffing reflect increasing activity and increasing demand.

CEF1 Education and Early Intervention

8. The Education & Early Intervention service overspent by +£1.1m against a budget of £21.9m (this compares to an overspend of +£1.0m reported in April).
9. The final overspend for SEN transport was +£2.4m (compared to +£2.1m in the last report). As reported previously, the overspend relates to a combination of growth in demand for services and an increase in the average cost per passenger journey. The increased cost of passenger journeys results from a rise in the number of contracts and more single passenger journeys. This is partly offset by an underspend of -£0.5m on mainstream transport due in the main to the impact of route efficiency programme with the numbers of routes and passengers reducing. The continuing effect of the pressure (based on the position at December 2015) has been addressed in 2016/17 through the Service & Resource Planning process.
10. There are underspends in other areas of the Education & Learning service: Management and Central Costs (-£0.3m), SEN Support Services (-£0.1m), Schools and Learning (-£0.1m), Foundation Years (-£0.1m) and School Organisation and Planning (-£0.1m).

CEF2 Children's Social Care

11. Children's Social Care overspent by +£3.4m or 4.9% compared to the budget of £68.4m. This compares to a projected overspend of +£3.6m reported to Cabinet in April.
12. 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 by Council in February 2015. Expenditure on external agency placements was £11.4m in 2015/16 giving rise to an underspend of -£0.9m on the increased budget compared to expenditure of £9.4m in 2014/15. At the end of March 2016 there were 609 looked after children⁴, an increase from a then all-time high of 527 at the end of March 2015. The number of support days has increased from 49,925 in 2014/15 to 54,013 in 2015/16. In the last three years there has been a 46% increase in the numbers of looked after children.
13. Service Management and Central Costs overspent by +£1.7m. The growth in numbers of children requiring services from Children's Social Care has increased the workload across a number of services, and required additional administrative support for front line social workers as well as resulting in high legal costs. In particular there has been a need for more administrative support around Child Protection

⁴ this incorporates all looked after children including placements

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. An additional £2.0m funding is built into the Directorate budget from 2016/17 to address increased staffing necessitated by the high levels of demand from children's social care services.

14. 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. This has led to overspends including Corporate Parenting (+£0.1m), Referral & Assessment (+£0.6m), Family Support (+£0.2m), Safeguarding (+£0.5m), Looked After Children and Leaving Care (+£0.5m), Early Intervention Hubs and Children's Centres (+£0.5m). The overspends relate to additional staff required to bring caseloads in line with guidance levels. There has also been an increase in Asylum (+£0.4m) which is due to high demand and costs related to the Housing Pathway.
15. The Children's disability budget underspent by -£0.2m due to staffing vacancies.

Dedicated Schools Grant (DSG)

16. Services funded from DSG underspent by -£0.4m compared to the 2015/16 DSG latest allocation of £246.8m. This is based on current figures for DSG and reflects a significant pressure on High Needs being offset by an underspend in early years, predominantly relating to 2 year old funding. The final adjustment for early years DSG has not been announced, and may reduce the early years DSG funding available. Depending on the degree of this adjustment, there could be an overspend on DSG at the year end. In the event of an overspend there are two options - either to carry forward the overspend into 2016/17, or to fund it from any remaining DSG balances brought forward from previous years, subject to agreement with Schools Forum.

Social & Community Services (S&CS)

17. The provisional outturn position for the directorate is an underspend of -£1.3m, a 0.6% variation against the budget (compared to -£0.5m in April). This includes the Council's risk based share of the joint Oxfordshire County Council and Oxfordshire Clinical Commissioning Group (OCCG) spend on the various Pooled Budgets.

S&CS1 Adult Social Care

18. Adult Social Care overspent by +£0.8m on non-pool services. There are also overspends of +£0.8m on the Older People and Equipment Pooled budget and +£0.6m on the Physical Disabilities Pooled Budget. The overspends are offset by an underspend of -£1.5m on the Learning Disabilities Pooled Budget and by use of -£0.9m of funding from the Independent Living Fund and Social Care in Prisons Grant on a one-off basis in 2015/16.

Adult Social Care: Non – Pool Services

19. An overspend for services outside of the Pools of +£0.8m is reported (compared to an overspend of +£1.0m in April).
20. This includes an overspend of +£0.6m on the Mental Health budget. Of this, +£0.5m is the overspend from 1 April 2015 to 30 September 2015 for Social Care packages and placements and +£0.1m is the additional cost to the Council from 1 October after the risk share arrangements with the Clinical Commissioning Group on the new Outcomes Based Contract described in previous monitoring reports.
21. There are also overspends on Adult Protection and Mental Capacity (+£0.2m), Emergency Duty Team (+£0.3m), and Money Management (+£0.1m). These have been offset by underspends in other Adult Social Care budgets of -£0.5m including -£0.3m for Housing Related Support representing early delivery of savings planned for 2016/17.

Older People and Equipment Pooled Budgets

22. The Older People and Equipment Pool outturn position is an overspend of +£2.4m. This is after an additional contribution of £0.5m from the Oxfordshire Clinical Commissioning Group to offset part of the overspend which relates to Non-Emergency Patient Transport. Under the risk share agreement the County Council's share of the remaining overspend is +£0.8m.
23. The Social Care spend on packages and placements was the most significant pressure on the Older People's Pool during the year. Social Care placements overspent by +£4.5m (+£3.7m reported in April) as a result of increases in both prices and the number of weekly placements to care homes. This is contrary to the trend in previous years but reflects the shortage in the market for home care during the year. The average number of weekly placements increased to 12.1 per week in 2015/16 from a budget that was set on the basis of 10 per week. This is one of the key risks for adult social care in 2016/17 and will be carefully monitored by the Joint Management Group.
24. There is also an underspend on Prevention and Early Intervention of -£2.1m. This includes underspends on Reablement service and Carers grants.
25. The Clinical Commissioning Group services outturn position is an overspend of +£1.4m, including +£1.2m on Non-Emergency Patient Transport. This pressure has arisen from the non-delivery of savings and increased activity, particularly for transportation of bariatric patients.
26. As reported during the year, the other significant pressure against the Clinical Commissioning Group's budgets was an overspend of +£0.7m on Home Support. This was partly offset by an underspend of -£0.5m on prevention and early support.

Physical Disabilities Pooled Budget

27. The Physical Disabilities Pooled Budget outturn position is an overspend of +£0.9m. Under the risk share agreement, the County Council's share of the overspend is +£0.6m.
28. The Home Support budget is overspent by +£0.4m. Although client numbers were broadly stable for the first six months of the year, overall there has been an increase in year.
29. The Council's Acquired Brain Injury budget is overspent by +£0.1m. There are 11 clients funded from this budget compared to an average of eight clients during 2014/15.
30. The Clinical Commissioning Group services overspent by +£0.4m predominantly relating to the Care Homes budget.

Learning Disabilities Pooled Budget

31. £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 outturn position is underspent by -£1.8m. Under the risk share agreement the County Council is responsible for 85% of any variation (the County Council's share of the underspend is -£1.5m).
32. The Personalisation and On-going Support budget which includes Social Care and Continuing Health Care funded service users underspent by -£0.6m. This includes the in-year impact of the closure of the Independent Living Fund and includes additional budget to meet this pressure. The outturn position reflects significant work undertaken by operational staff to control spend and to continue to meet people's needs through personalised packages of care that increase independence
33. An underspend of -£0.7m is reported for Out of Area treatments which reflects the low usage of bed based health provision in year.

Independent Living Fund

34. The Independent Living Fund was closed on 30 June 2015 and responsibility transferred to local authorities from 1 July 2015.
35. Adult Social Care has undertaken a review of all 204 recipients of the Independent Living Fund in Oxfordshire in order to transition them into Local Authority funding. This process has resulted in a new personal budget and support plan for them. In some cases, where the review 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. In 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 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 underspend on the Learning Disabilities Pooled Budget the £0.6m has been used to offset overspends elsewhere in Adult Social Care.

Social Care in Prisons Grant

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

SCS3 Fire and Rescue, Emergency Planning and Community Safety

38. Oxfordshire Fire & Rescue Service underspent by -£0.6m. There was also an underspend of -£0.1m on Emergency Planning. The Fire and Rescue Service position includes +£0.3m of one – off operational costs relating to the incident and subsequent search and recovery operation at Didcot A Power Station in February 2016. These costs are less than reported in April mainly because of lower than expected recharges from other local authorities under Sections 13 and 16 of the Fire and Rescue Services Act for mutual assistance to operational incidents. As noted previously the underspend for the Fire & Rescue Service primarily reflects vacancies for whole-time firefighters and retirements during the year. The vacancies have been held ahead of savings planned for 2016/17. There was also an underspend of -£0.3m against the budget for on-call firefighters. This reflects the number of emergency calls attended, which can fluctuate due to adverse weather and large incidents which by their nature are unplanned.
39. There was an underspend of -£0.3m in Community Safety because of the early achievement of planned savings in Trading Standards and lower than expected expenditure on gypsy and traveller sites.

Environment & Economy (E&E)

40. The provisional outturn position for the directorate was an underspend of -£0.3m, a variation of -0.3% against the budget.

EE1 Strategy and Infrastructure

41. Strategy and Infrastructure underspent by -£0.1m compared to a budget of £7.5m. An overspend of +£0.1m due to temporary staffing costs has been offset by an underspend of -£0.2m on the Localities, Policy and Programme service area.

EE2 Commercial Services

42. Commercial Services underspent by -£1.6m (-£1.0m reported in April), compared to a budget of £83.0m.
43. 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, and as reported previously, there is an overspend of +£1.5m for this service area. Overall tonnage was 10,000 tonnes greater than that budgeted for. Approximately 56% of total waste disposed of is recycled and composted and because the cost of disposal has increased (most significantly the cost of wood processing) there is an overspend of +£0.3m in this area. Around 36% of waste disposed of is processed through the Ardley Energy Recovery Facility. An overspend of +£0.5m is mostly due to the cost of business rates payments being higher than originally budgeted for. The remaining overspend of +£0.6m is due to increased transportation and site operation costs.
44. There are overspends on Network and Asset Management (+£0.5m), Commercial Services Management (+£0.6m), Supported Transport (+£0.3m), Major Infrastructure Delivery (+£0.2m) and the Property Programme Office (+£0.2m). These are offset by an underspend of -£2.3m from the planned cessation of preventative and ad hoc maintenance works by Highways Maintenance Delivery in order to bring the Directorate budget into balance by the year end.
45. There is also an underspend of -£1.5m on Property and Facilities Management which mainly relates to underspends on planned repairs and maintenance along with underspends on Contract and Performance Management (-£0.1m), Area Stewards (-£0.2m), Countryside and Records (-£0.3m) and Property and Procurement Management (-£0.4m).

EE3 Oxfordshire Customer Services

46. Oxfordshire Customer Services is overspent by +£1.5m. This relates in part to the underachievement of income from schools (+£0.7m) due to a combination of academy transfers and maintained schools' uptake of services. A review is already underway to consider the mechanisms for managing the cost of service delivery as volumes change over time. In addition, ICT overspent by +£0.4m mainly due to the additional operational cost of the Data Centre and Business Development overspent by +£0.3m.
47. Transition and one-off costs associated with the transfer of services to Hampshire County Council totalled £3.2m in 2015/16. As set out previously, this has been funded through a combination of revenue, the Oxfordshire Customer Services Development Reserve and by temporary use of other E&E reserves. As planned, costs will be recouped over the next seven years and borrowing from other reserves will also be repaid over this period.

Corporate Services

48. Corporate Services underspent by -£0.4m. The overspends for Business Support (+£0.1m) and Corporate Finance & Internal Audit (+£0.1m) are offset against underspends elsewhere in Corporate Services. The underspends are on Policy (-£0.2m), Law and Governance (-£0.1m), Corporate and Democratic Core (-£0.1m) and Human Resources (-£0.2m). As agreed by Cabinet in April 2015, £0.2m will be available to drawdown from balances in 2016/17 to support restructuring and training activity.

Public Health

49. In November the Council received notification from the Department of Health of an in-year grant reduction of £1.9m. The directorate has brought forward savings planned for 2016/17 and 2017/18 to meet this reduction and the report to Cabinet in April set out a small forecast overspend (+£0.2m). At year end, notification was received of additional income for achieving health premium targets. This has resulted in an underspend of -£0.1m.
50. In accordance with accounting requirements, the underspend has been placed in the grants and contributions reserve and will be used to meet Public Health expenditure in future years.

Grants

51. As set out in Annex 3, ringfenced grants totalling £269.0m for Children, Education & Families, £8.7m for Environment & Economy, £0.9m for the Corporate Services and £28.5m for Public Health were included in directorate budgets. These have been used for the specified purpose or have been placed in the grants and contributions reserve and will be available for use in 2016/17. Where necessary, unspent amounts have been returned to the funding body.
52. Un-Ringfenced grants totalling £119.6m are also set out in Annex 3.

Proposed Virements of under and over spends in 2015/16

53. It is proposed that the underspends in Social & Community Services, Environment & Economy and Chief Executive's Office will be used to offset the overspend in Children, Education & Families. The balance of +£0.7m is offset by the underspend on Strategic Measures of -£0.7m bringing the budget into balance. Details are set out in Annex 2a.
54. Some of the virements required to offset over and underspends within and between directorates are larger than £1.0m and will require approval by Council on 12 July 2016 under the council's Financial Procedure Rules.

Strategic Measures

55. An underspend of -£0.7m is reported on Strategic Measures. Within this, there are underspends on Capital Financing (-£0.1m) and additional un-ringfenced government grants (-£0.3m). Additional interest on balances of -£1.4m is due to a combination of higher than forecast average interest rates, higher than forecast average cash balances and large gains from pooled funds not included in the original budget. These underspends are offset by an overspend of £1.0m on business rate income. The actual business rate income from the Energy Recovery Facility at Ardley was lower than the estimate included in the NNDR1 returns when setting the 2015/16 budget. Any variation on renewable energy schemes is settled outside of the collection fund mechanism so is not included in the deficit position for 2016/17 which has been built into the budget agreed by Council in February 2016.
56. Variations on the Strategic Measures budget are transferred to general balances at the end of the financial year, and as set out in paragraph 54, this will offset the net Directorate overspend of £0.7m.
57. The Treasury Management Outturn report for 2015/16, which covers all of the related activities in detail, will be considered by Cabinet on 19 July 2015.
58. In setting the budget for 2015/16, a Corporate Contingency of £3.6m was agreed. In addition, in July 2015, Cabinet agreed virements totalling £1.0m from S&CS to Corporate Contingency taking the total to £4.6m. The contingency was held predominantly to manage any high risk demand led budgets. A transfer of £1.5m from the Corporate Contingency to CE&F is requested as part of this report. As part of the 2016/17 Service & Resource Planning Process it was agreed to add the remaining £3.1m to the Budget Reserve.

Debt Write - Offs

59. For the year ended 31 March 2016 there were 69 general debt write offs which totalled £0.040m. Client Finance wrote off 151 debts totalling £0.214m.
60. An invoice valued at £16,387 is recommended to be written off as it is uneconomical to pursue further. This relates to a client in residential care whose estate was insolvent when they deceased.
61. Total debt write offs for the year were £0.270m (including the debt in paragraph 60 above). This compares to £0.285m for 2014/15. Most of the debts were written off because they would be uneconomical to recover through the courts.

Business Strategies

62. The outturn position set out in this report incorporates Business Strategy savings that were agreed by Council in February 2015 and previous years. Overall 96% of the £42.8m savings built into 2015/16 budgets were achieved. Savings of £1.8m were not achieved but the impact has been managed in 2015/16 within the position set out in this report. Any on-going implications were considered as part of the 2016/17 Service & Resource Planning.

Part 2 - Capital Outturn

Summary Programme Expenditure

63. The capital programme is updated three times each year to reflect the latest forecast profile of expenditure. The original budget for the year is that agreed by Council in the February preceding the start of the financial year as part of the Medium Term Financial Plan (February 2015). This was based on the position forecast at the end of December 2014. The latest updated programme, based on the position forecast at the end of December 2015, was agreed by Council in February 2016.
64. The summary outturn position compared to both the original and latest capital programme and also the latest position forecast at the end of February 2016 (Financial Monitoring Report to Cabinet in April 2016) is shown in Annex 7a. For completeness year end accounting adjustments are included (e.g. capitalisation of revenue expenditure on vehicles and repairs and maintenance).
65. The total capital programme expenditure for the year 2015/16 was £123.7m. The variation between the original programme and the final outturn is -£3.7m (-3%).
66. The overall variation has been adjusted to take into account the impact of changes that have arisen due to factors that do not reflect the performance of the programme (e.g. technical accounting changes and external influences outside of our control). Excluding schools local spend the adjusted variation reduces to -£0.7m (-1%). This represents 99% use of resources compared to the original capital programme. This is shown Annex 7b.
67. It should also be noted that final outturn spend for 2015/16 was £31.7m (34%) higher than in 2014/15 which in turn was £30m higher than in 2013/14.
68. The outturn position for the total directorate programmes compared to the latest updated capital programme (February 2015) is a reduction of £11.3m (-8%). This represents the movement in the last quarter of the year.
69. The outturn position for the total directorate programmes compared to the last forecast position at the end of February 2016 (reported to

Cabinet in April 2016) is a reduction of £7.4m (-6%). These represent variations that were not forecasted and reported to Cabinet throughout the year.

70. Further comments explaining the key movements within each directorate are set out below. A detailed analysis of the variations by scheme is shown in Annex 7d.

Children, Education & Families

71. The total capital expenditure for the year 2015/16 was £52.0m (excluding schools local capital expenditure). This is £18m higher than in 2014/15. This is a reduction of £0.2m against the latest forecast position (February 2016).
72. Expenditure incurred during 2015/16 includes 16 basic need projects, with either the whole project or appropriate phase complete. For several projects that were anticipated to having completion dates later than September 2015, the pre-agreed contingency plans to accommodate the additional pupils were implemented and once complete will create an additional 1,628 pupil places.
73. The projects delivered as part of the 2015/16 Basic Need programme, including project development fees and work on schemes expected for 2016/17 and beyond total £21.5m.
74. The total was £1m lower than the latest forecasts for the Basic Need Programme. A number of projects required for September 2016 have not yet passed the stage 2 gateway process. Had these projects progressed as originally planned the level of spend in 2015/16 would have been higher.
75. The phased completion of Bayards Primary School was completed during the year at a total cost of £7.2m. Two new school buildings opened during 2015 at Didcot UTC(14-19) and Bicester St Edburg's Primary School while construction work started on three new primary schools and one new secondary school with an in-year cost of £19.8m.
76. A total of £2.3m was spent on the Schools Structural Maintenance Programme and a further £0.7m on annual programmes covering Access, Health & Safety and Temporary Classroom Programmes.
77. A combined sum of £4.4m was spent on the four new Children's Home's. The site in Didcot was completed in April 2016 and the expectation is for the other three sites to be completed during the summer.
78. A total of £0.5m was spent on the Early Years Entitlement for Disadvantage 2 year olds Programmes with a further £1.3m on the creation and upgrade of kitchen and dining facilities through the Universal Infant Free School Meal Programme.

Social & Community Services

79. The total capital expenditure for the year 2015/16 was £4.1m.
80. The variation against the latest forecast position and the latest approved Capital Programme is a reduction of £1.4m (-25%). The main variations not previously reported arise from a reduced level of providers seeking OCC partnership/funding for Extra Care Housing projects (-£0.5m) and slower progress on the Adult Social Care programme for day services funded through S106 contributions (£0.5m), two minor projects within the programme have been completed.
81. The Council received a new allocation of £2.4m during the year as Disabled Facilities Grant under the Better Care Fund which was distributed to the district councils.
82. The new ICT management system for Adult Social Care budget was increased by £1.3m to meet expected project costs and funded through the Social Care Capital Grant for 2015/16 of the same value. At year end, the budget has been fully utilised, which also involved training costs associated with the implementation of the project which have been charged as revenue rather than capital and produced an outturn variation of £0.4m.
83. The initial payment was made under the terms of the Oxfordshire Care Partnership Townlands project which is expected to be complete in September 2016.

Environment & Economy - Transport

84. Total capital expenditure for the 2015/16 year was £46.1m (£43.1m during 2014/15). This includes £18.3m spent on highways structural maintenance and significant investment on the Wolvercote & Cutteslowe Roundabouts, A34 Chilton and Milton Junctions and Hagbourne Hill. Major projects completed include Frideswide Square and Bicester Park & Ride.
85. The variation compared to the latest forecast position is a reduction of £4.3m (-9%) and the variation compared to the latest capital programme is a similar reduction of £6.2m (-12%). The main variations not previously reported are a -£1.5m budget reprofile on Chilton Slip road as the previous profile did not accurately reflect the delivery programme and -£0.7m on the contribution for East West Rail which was not payable in 2015/16. This will be held in reserves until it becomes payable.
86. The variation compared to the original capital programme is a reduction of £7.5m (-14%). There was new expenditure of £3.6m following the announcement of the DfT Challenge Fund, however £1m of this was then reprofiled to early 2016/17. £4.7m of City Deal spend was reprofiled as dependent on land acquisitions and £4m of contributions

for projects to be delivered by third parties were put back to future years.

Environment & Economy – Other

87. The total capital expenditure for the year 2015/16 was £8m and includes the Broadband OxOnline project of £7m.
88. The variation compared to the latest forecast position is a reduction of £0.8m (-9%) and the variation compared to the latest approved Capital Programme was £2.3m (-22%). The main variations not previously reported are the re-profiling of asset management strategy schemes – (-£1.8m), delays on the delivery of the corporate minor works programme (-£0.3m) and re-profiling on the Waste Management programme (-£0.3m).

Corporate Services

89. Total capital expenditure for the 2015/16 year was £11.6m. Actual expenditure includes practical completion of the new Bicester Library, substantial completion of work to the Oxfordshire Museum, and contributions from the Oxfordshire Local Enterprise Partnership (OxLEP) of Growing Places Funding and Local Growth Funding to major projects within the County.

Summary Programme Financing

90. The table in Annex 7c summarises the outturn financing of the 2015/16 capital programme and compares it to the financing planned in the original and latest capital programme.
91. The Capital Programme expenditure of £123.7m was funded from a combination of capital grants and other external contributions (£86.7m), developer contributions (£30.8m), other external contributions (£1.3m) and revenue contributions (£4.9m).
92. The level of the un-ringfenced grant balance has decreased by £20m to £3m. This reflects the additional £60m of capital spend from the level in 2013/14. The remaining grants are forecast to be spent in 2016/17.
93. The unapplied ringfenced grant balance held at the start of the year has decreased by £10.9m to £7.4m (including Growing Places Fund held on behalf of the LEP of £5.4m). There are no issues foreseen with utilising the remaining grants by their deadlines.
94. There was not a requirement to use the capital receipts or reserve balances and therefore these balances have increased by £2.4m to £41.8m. The original forecast for capital receipts from the disposal programme for 2015/16 was £2.5m and actual capital receipts achieved were £2m. These reserve balances are forecast to be spent over the four year capital programme period.

Annual Programme Carry-Forwards

95. The Capital & Asset Programme Board have agreed that the underspends on some annual programmes can be carried forward to deliver planned work which will now take place in 2016/17. The detail is presented in Annex 7e. In total £1.4m has been carried forward and £0.1m is returned to capital programme balances (this is in addition to provisions previously returned and reported during the year).

Part 3 – Balance Sheet

General Balances

96. As set out in Annex 5 general balances were £19.0m as at 31 March 2016. This compares to anticipated balances at the end of the financial year of £17.5m as set out in the Medium Term Financial Plan (MTFP) approved by Council in February 2015. Balances have reduced by £5.3m in 2015/16. As approved as part of the 2014/15 Outturn report and by Council on 14 July 2015, £4.7m was transferred from balances to the Budget Reserve (£2.7m) and the Efficiency Reserve (£2m). A Supplementary Estimate of £0.6m was approved by Cabinet in December 2015 for the Transport Safeguarding Assurance Framework.

Earmarked Reserves

97. Annex 4a sets out earmarked reserves brought forward from 2014/15 and the position as at 31 March 2016. These reserves are held for specified one – off projects, contractual commitments and to support the MTFP. All reserves were challenged during the 2016/17 Service & Resource Planning process.
98. Revenue Reserves total £55.8m as at 31 March 2016 and have decreased by £7.8m since 1 April 2015. Explanations of significant changes to School, Directorate and Corporate reserves are set out below.

Grants and Contributions

99. £8.8m of Dedicated Schools Grant (DSG) was unspent at the end of 2015/16. This has reduced from £11.1m held at the end of 2014/15. Proposals were agreed by Schools Forum during 2013 and 2014 for the use of the unspent balances. Some of this allocation remains unspent at the end of 2015/16 but is allocated for use in 2016/17 and beyond.
100. Other ring-fenced grant underspends held in the Grants and Contributions Reserve for use in future years in line with the grant criteria include £1.2m for Revenue Section 106 contributions and £1.1m Public Health Grant which was not spent as at 31 March 2016. Unspent ringfenced grants & contributions held in the reserve as at 31 March 2016 total £14.6m.

101. The Government Initiatives reserve is used to hold funding relating to a number of unringfenced grants received that relate to either specific agreed outcomes or the implementation of Government Initiatives. These include one-off funding for Special Educational Needs Reform, Adoption Reform and Counter Fraud and totals £0.9m as at 31 March 2016.

Children, Education & Families

102. Schools' balances were £21.9m at 1 April 2015 and reduced to £20.7m at 31 March 2016.
103. During the year, schools holding large balances have been challenged with a particular focus on those schools that have held high balances for a number of years. Some of these schools have met with a panel including Councillors and the Deputy Director for Education & Learning to explain why they are holding these balances and how they plan to use them to improve outcomes for the current cohort of pupils. A report, which included recommendations for future action, was taken to the Education Scrutiny Committee on 1 October 2015.
104. Other reserves held by CE&F at the end of 2015/16 total £3m. These include: Thriving Families (£1.8m), Academies Conversion Support (£0.1m) and CE&F Commercial Services (£0.8m). These will be used to fund projects within CE&F including Thriving Families and school improvement projects.

Social & Community Services

105. Social & Community Services reserves reduced from £3.8m at 1 April 2015 to £3.0m by 31 March 2016. £1.2m from the Older People's Pooled Budget Reserve has been used to meet in year pressures.

Environment & Economy

106. Environment & Economy reserves reduced from £8.2m to £6.4m. As shown in Annex 6 the balance on the Parking Account at 31 March 2016 was £1.9m. Contributions during 2015/16 include Camera Enforcement income of £0.4m and net On – Street parking income of £0.9m. The year-end position includes a £0.9m contribution from the reserve to the Highways budget. The balance will be used to fund highways expenditure in accordance with Section 55(4) of the Road Traffic Regulation Act 1984. Further analysis is provided in Annex 6.
107. Additional funding of £0.9m was agreed as part of the 2011/12 budget to fund one-off investments to enable asset rationalisation savings to be achieved. £0.2m remains for use in 2016/17.
108. Transition and other one off costs relating to the transfer of services to Hampshire County Council have been funded through revenue funding and the following E&E reserves. The funding will be paid back to these reserves over the next seven years.

Earmarked Reserve	Funding £m
Dix Pit Engineering Works	0.5
Catering Investment Fund	0.5
Joint Use Reserve	0.8
Customer Service Centre Reserve	0.2
TOTAL	2.0

Corporate Reserves

109. The Efficiency Reserve totalled £2.9m as at 31 March 2016. This will be used for one – off projects that support the Council's Medium Term Financial Plan.
110. There is a nil balance on the carry forward reserve as the directorate overspend is balanced by the underspend on strategic measures.

School Balances

111. 173 schools had surplus balances at 31 March 2016, while 20 had deficits.
112. 79 schools had converted to academy status up to 31 March 2016. Under the transfer of Balances Regulations the local authority has, once the closed school accounts have been finalised and agreed, transferred school balances to the successor academy. A total of £0.2m remains to be agreed and passed to academies. Not all schools that converted to academy status were at a breakeven or in a surplus financial position; two schools converted with deficits which will remain with the local authority.
113. School balances totalled £21.4m as at 31 March 2016. The decrease in the number and value of surplus balances during 2015/16 reflects increasing cost pressures faced by schools while Dedicated Schools Grant funding has not been increased other than for pupil numbers, and conversion of more schools to academy status.
114. Until information concerning the national funding formula becomes available, uncertainty remains concerning future levels of the Guaranteed Unit of Funding for pupils. Early indications of governor approved budget plans for 2016/17 project the level of schools balances will reduce considerably as schools use unspent balances to support their budgets in meeting increasing national insurance and pension contributions in the short term.
115. Oxfordshire's Scheme for Financing Schools makes provision for the local authority to potentially deduct excess balances if a school has held significant balances over a number of years. The local authority will continue to challenge schools about the intended use of balances and will consider whether further action is appropriate.

Other Reserves

116. As set out in Annex 4a, Other Reserves which include Insurance, Capital and Cash flow reserves total £50.4m as at 31 March 2016.

117. A Budget Reserve to manage the cash flow over the Medium Term Financial Plan was set up in 2012/13. The balance on the reserve at 31 March 2016 is £8.7m and will be used in line with the Medium Term Financial Plan agreed by Council on 16 February 2016.
118. The balance held in the Insurance Reserve increased from £4.5m as at 1 April 2015 to £7.1m at 31 March 2016.
119. Capital Reserves total £34.6m and will be used to finance the Capital Programme agreed by Council in February 2016.

RECOMMENDATIONS

The Cabinet is RECOMMENDED in respect of the 2015/16 outturn to:

- (a) note the provisional revenue and capital outturn for 2015/16 along with the year end position on balances and reserves as set out in the report;**
- (b) approve the debt write-off as set out in paragraph 60;**
- (c) approve the virements as set out in Annex 2a;**
- (d) recommend Council to approve the virements greater than £1.0m for Children, Education & Families and Social & Community Services as set out in Annex 2a;**
- (e) recommend Council to approve the virement of £1.5m from contingency to offset the overspend within Children's Social Care; and**
- (f) agree that the surplus on the On-Street Parking Account at the end of the 2015/16 financial year, so far as not applied to particular eligible purposes in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, be carried forward in the account to the 2016/17 financial year.**

LORNA BAXTER
Chief Finance Officer

Background papers: Directorate Provisional Outturn Reports for 2015/16 and Financial Monitoring Reports for 2015/16

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