

**CABINET – 24 FEBRUARY 2015**  
**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 December 2014. Capital Programme monitoring is included at Part 3 and changes to Fees and Charges are set out in Part 4.

Summary

2. Based on the position at the end of December, directorates are forecasting to overspend by +£4.243m, or +1.0%, against a net budget of £424.753m. This has reduced by £6.045m compared to the +£10.288m forecast overspend reported to Cabinet in December. The forecast includes the release of £2.751m corporate contingency to Children's Social Care as agreed by Council on 4 November 2014 and the use of reserves to support in-year expenditure where agreed. Overspends are being reduced through an in – year freeze on non-urgent expenditure and recruitment.
3. The table below sets out the latest budget and forecast expenditure for each directorate.

Directorate	Latest Budget 2014/15	Forecast Outturn 2014/15	Forecast Outturn Variance December 2014	Forecast Outturn Variance December 2014	Forecast Outturn Variance October 2014	Forecast Outturn Variance October 2014
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	105.427	108.908	+3.481	+3.3	+6.193	+6.0
Social & Community Services (S&CS)	214.417	215.654	+1.237	+0.6	+4.032	+1.9
Environment & Economy (E&E)	83.698	83.750	+0.052	+0.1	+0.328	+0.4
Chief Executive's Office (CEO)	21.211	20.684	-0.527	-2.5	-0.265	-1.2
Public Health (*)	0.000	0.000	0.000	0.0	0.000	0.0
<b>Total</b>	<b>424.753</b>	<b>428.996</b>	<b>+4.243</b>	<b>+1.0</b>	<b>+10.288</b>	<b>+2.4</b>

<b>Public Health (*)</b>						
Expenditure	26.846	24.714	-2.132	-7.9	-0.897	-3.4
Grant and Other Income & Transfer to/from Reserves	-26.846	-24.714	2.132	+7.9	+0.897	+3.4
<b>Total</b> <sup>1</sup>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.0</b>	<b>0.000</b>	<b>0.0</b>

<sup>1</sup> In 2014/15 Public Health is funded by a ring-fenced grant of £26.086m from the Department of Health. The forecast underspend of -£2.132m would be placed in reserves at year end for use in 2015/16 so the overall forecast variation is nil.

## CA6

4. While action is being taken, there is underlying pressure on both Childrens' and Adult Social Care. The on-going impact of the increased demand has been addressed through the Service & Resource Planning Process for 2015/16.
5. The following annexes are attached:  
  

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

7. The directorate is forecasting to overspend by +£3.481m. As noted in paragraph 2, the forecast position includes the release of £2.751m contingency to Children's Social Care on a one off basis that was agreed by Council on 4 November 2014 the on-going effect has been addressed as part of the 2015/16 Service and Resource Planning process. The forecast position does not yet reflect the possible use of £2.000m reserves to reduce the overspend in year. The underlying position has decreased slightly from the +£6.389m variation reported to Cabinet in October but continues to reflect sustained pressure on Children's Social Care and Home to School Transport budgets. There is a -£1.686m forecast underspend on services funded by Dedicated Schools Grant (DSG).

#### CEF1 Education and Early Intervention

8. The Education & Early Intervention service is forecasting to overspend by +£0.422m, compared to +£0.708m reported in December.
9. Home to School Transport is forecast to overspend by +£1.288m. This is little changed since the report to Cabinet in July 2014 and as noted previously reflects increased costs associated with transporting primary school pupils and increased use of taxis, particularly for pupils with Special Educational Needs. The on-going effect of the pressure has been addressed through the Service & Resource Planning process.
10. The overspend on Home to School Transport is offset by forecast underspends on Early Intervention Hubs (-£0.244m), Children's Centres & Childcare (-£0.067m), Management & Central costs (-£0.437m), School Organisation & Planning (-£0.037m) and Schools and Learning (-£0.042m).

CEF2 Children's Social Care

11. Children's Social Care is forecast to overspend by +£2.987m compared to +£5.562m reported to Cabinet in December.
12. The forecast overspend on external placement costs for existing clients is +£1.752m. The forecast includes the use of £2.751m corporately held contingency that Council agreed to release on 4 November 2014. The underlying overspend has increased slightly to +£4.503m from the +£4.229m forecast overspend as at the end of October. The on-going effect of the pressure has been addressed as part of the 2015/16 Service and Resource Planning Process. It is estimated that further + £0.244m expenditure could arise if new placements during the remainder of the year occur at a similar level to the same period of 2013/14.
13. An overall net overspend of +£0.142m is forecast for the Corporate Parenting service area. This has reduced by £0.268m since October. Within the total overspends are forecast on Residence Orders (+£0.078m) and Special Guardianship Orders (+£0.351m) due to increased placement numbers. These are offset by forecast underspends on in – house fostering (-£0.195m) and the cross regional commissioning project (-£0.209m).
14. Forecast pressure of +£0.224m on the Safeguarding budget relates to additional staff being recruited to cover increased workloads and responsibilities.
15. The Asylum budget is forecasting an underspend of -£0.012m a change of -£0.342m since the December report. The change reflects updated grant income projections. The All Rights Exhausted budget is forecasting to overspend by +£0.127m, as a result of delays in the Home Office making decisions on All Rights Exhausted status. The Youth Offending Service is forecasting to underspend by -£0.088m as a result of underspends on staffing and project budgets. This is not committed so can be used to offset overspends elsewhere.
16. As reported throughout the year there is a +£0.940m forecast overspend on Management & Central costs. +£0.583m is associated with the continued work on the Kingfisher project. On-going funding for this team has been addressed as part of the 2015/16 Service and Resource Planning process. A further overspend of +£0.357m is forecast on legal fees.

Dedicated Schools Grant (DSG)

17. Services funded from DSG are forecast to underspend by -£1.686m compared to the 2014/15 DSG funding of £281.533m that was expected at the end of December. This includes a forecast overspend of +£0.200m on Special Educational Needs (SEN). This is offset by an underspend on Early Years Sufficiency & Access which mainly relates to an underspend on the budget for payments to providers for two year olds. There are also underspends on the Early Years Single Funding Formula (-£0.185m) and Capitalised Repair and Maintenance (-£0.200m).

**Social & Community Services (S&CS)**

18. The directorate is forecasting a variation of +£1.237m compared to +£4.032m in December. This overspend includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variations on the relevant Pooled Budgets. This position also includes £0.538m of funding from the Public Health reserve which is being used to fund preventative services which benefit public health and meet the satisfy the terms of the Public Health grant conditions.

S&CS1 Adult Social Care

19. The majority of the variation for the directorate relates to Adult Social Care which is forecast to overspend by +£2.400m, compared to +£4.630m in October. The forecast includes £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserves agreed by Council on 4 November 2014 which is being used to offset part of the Council's share of the overspend across the Pools including the Learning Disabilities Pool. The largest element of this is a forecast overspend of +£4.011m on the Learning Disability Pooled budget. Under the risk share agreement there are also overspends of +£0.156m on the Older People and Equipment Pooled Budget and +£0.138m on the Physical Disabilities Pooled budget.

Older People and Equipment Pooled Budgets

20. The Older People and Equipment Pooled Budget has a forecast overspend of +£0.648m on a budget of £182.881m. Within that total social care services are forecast to underspend by -£0.003m and health services are forecast to overspend by +£0.651m. Under the risk share agreement the Oxfordshire County Council share of the overspend is +£0.156m and the Oxfordshire Clinical Commissioning Group share is +£0.492m. This compares to the forecast of +£1.130m reported last time (an overspend of +£0.540m on social care services and an overspend of +£0.590m on health services).
21. Within the overall Council variation of -£0.003m the Care Home Placement budget is forecast to overspend by +£0.443m. This is after the exclusion of £1.298m forecast expenditure relating to placements commissioned by the Council on behalf of self-funders who are charged in full for the cost of their care. The total number of Council funded placements at the end of December 2014 was 1,442 compared to an average of 1,448 from April to December 2014. Locality teams continue to review placements and packages with a view to reducing costs and balancing the budget.
22. Social Care funded Home Support package budgets are forecast to overspend by +£0.814m, a decrease of -£0.649m since the last report. During December 122 clients started new long term packages of care at home. This reflects a seasonal low as capacity in the Home Care market is low over the holiday period. The number of clients is expected to increase during January 2015 and an allowance for this has been built in to the forecast.
23. Prevention and Early Support Services are forecast to underspend by -£0.918m at year end. -£0.300m of the variation relates to the

## CA6

Reablement Service and there is also an underspend on Intermediate Care.

24. Client contributions are forecast to overachieve by -£0.462m. This excludes £1.298m which has been collected from self-funders to offset care commissioned on their behalf.
25. The County Council element of Social Care Equipment budget is forecast to overspend by +£0.112m on a the budget of £2.408m.
26. The County Council has applied for £0.806m of Tranche 1 of the Winter Pressures funding from the £4m allocated to the Oxfordshire Clinical Commissioning Group by the Department of Health. The funding will be used to support services within the Older People and Equipment Pool including schemes to increase capacity within the Home Care market and support the timely discharge of patients from hospital. The Oxford University Hospital Trust has been allocated funding by the Clinical Commissioning Group from Tranche 2 Winter Pressures funding for the purchase of 47 nursing beds for 17 weeks over the winter period. The impact of this on the pool is uncertain.
27. On 16 January 2015 the County Council was notified that it would receive a grant of £0.520m from the Department of Health to support initiatives that will have a demonstrable impact on reducing Delayed Transfers of Care. This money must be spent by 31 March 2015. Plans on how this funding will be used were agreed by the Older People Joint Management Group on 3 February 2015.

### Physical Disabilities Pooled Budget

28. The Council element of the Physical Disabilities Pooled Budget is forecasting an overspend of +£0.138m. This includes an overspend of +£0.681m on Home Support a reduction of -£0.314m since October 2014. The average cost of packages is decreasing and the average size package size for standard homes support has decreased by 10.5% to 10 hours per week. The overspend is driven by demand for services resulting in growth in client numbers.
29. Activity data shows that there is steady growth in the number of clients supported with social care home support packages either through a managed service or direct payment. Over the twelve months from January 2014 to December 2014 there was a 7.1% increase in the number of clients from 563 to 603. The majority of this growth was in the first six months of the period from January to June 2014 when client numbers grew by 5.5% to 594. The budget is under pressure from the full year effect of these clients' costs from 2013/14 as well as the cost of additional clients in year.
30. The overspend on home support is partially off-set by underspends on Care Home Placements (-£0.315m) and the Prevention and Early Support Service (-£0.160m).

### Learning Disabilities Pooled Budget

31. The last report set out that the Learning Disabilities Pool had a forecast year end overspend of +£4.808m. The current forecast is an overspend of +£4.123m. The Council's share of that is +£3.498m.

32. New personal budgets and changes to personal budgets are agreed through a panel process and the primary reason for the change in a client's personal budget is captured at that point. Since 1 October 2014, the panel has been chaired by the Deputy Director for Adult Social Care.
33. Analysis of panel data for April to December shows that allocations have increased due to clients turning 18 and/or leaving education. Another significant reason for the increase is increased need due to either physical or mental health. Other additional allocations were due to changes in the ability of carers to meet the clients' needs.
34. The carry forward of the +£0.513m overspend on the Pool in 2013/14, to be recovered in 2014/15, was agreed by Cabinet on 17 June 2014. Adding that to the forecast in – year variation means the total Council overspend is +£4.011m.

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

35. The forecast underspend for services outside of the Pools is -£0.053m compared to an overspend of +£0.207m in the last report. The change mainly relates to increased underspends by on the Drugs and Alcohol Residential Team budget (-£0.272m) and inflation that is not required in 2014/15 (-£0.257m).
36. There is an overspend of +£0.389m on Mental Health Services a reduction of -£0.129m. The change relates an additional contribution within the Oxfordshire Clinical Commissioning Group's budget to support social care placements and packages and one client with a high cost package not transferring to the service as expected. As noted last time there is pressure on this budget due to clients with complex needs who cannot easily be accommodated within the Supported Independent Living element of the client pathway. The Emergency Duty Team is forecasting a +£0.343m overspend based on current workloads. There is also a +£0.158m forecast overspend for the Adult Protection and Mental Capacity team as there has been a significant increase in the number of requests for Deprivation of Liberty assessments following the Cheshire West Judgement in March 2014.
37. These overspends are offset by an overachievement of client income for Learning Disabilities (-£0.198m) and Physical Disabilities (-£0.154m). Other budgets have minor forecast variations totalling -£0.013m.

#### SCS2 Community Safety

38. Community Safety is forecast to underspend by -£0.238m. -£0.086m relates to staffing vacancies within the Safer Communities Service, -£0.070m to Gypsy & Traveller services and -£0.072m to Trading Standards.

#### SCS3 Joint Commissioning

39. Joint Commissioning is forecasting an underspend of -£0.100m. The service is required to deliver £0.500m of savings in 2014/15 of which £0.310m were achieved a year in advance in 2013/14. The remaining £0.190m can be achieved in-year through managing existing vacancies. A pressure of £0.078m on legal fees has been absorbed within this underspend. There is potential for this underspend to increase further as

## CA6

a result of vacancies being held for longer in response to the recruitment freeze.

### SCS4 Fire and Rescue & Emergency Planning

40. The Oxfordshire Fire & Rescue Service is forecasting an underspend of -£0.426m of which -£0.215m relates to items that will be returned to balances at year end. It also includes a £0.186m contribution from the Public Health reserve. There is also an underspend of -£0.027m on Emergency Planning.
41. When the expenditure on retained firefighters and ill-health retirements exceed budget, the overspend is funded from Council balances. The forecast is for an underspend on retained firefighters of -£0.324m due to reduced fire calls and an overspend on ill health of +£0.109m. The net variation of -£0.215m will be returned to Council balances at year end.
42. The remaining underspend is due to a delay in implementing the changes to agreed emergency cover arrangements, unusually high levels of turnover in whole time firefighters and the on-going effect of the recruitment freeze.

### **Environment & Economy (E&E)**

43. The directorate is forecasting to overspend by +£0.052m compared to +£0.328m in December.

### EE1 Strategy and Infrastructure

44. Strategy and Infrastructure is forecasting to overspend by +£0.108m, mostly due to temporary staffing costs.

### EE2 Commercial Services

45. Commercial Services is forecasting to underspend by -£0.822m compared to an underspend of -£0.202m in the last report.
46. Budgeted parking income anticipated for 2013/14 was not fully realised and the planned drawdown from the reserve to support the revenue budget was reduced by £0.550m so that future contributions from the reserve included in the Medium Term Financial Plan were sustainable. It is now clear that anticipated income for 2014/15 will not be met, so the budgeted contribution from the reserve to the in year revenue budget will be reduced by £0.300m creating a pressure of the equivalent amount the on-going impact has been addressed as part of the 2015/16 Service and Resource Planning process.
47. Waste Management is forecasting an underspend of -£0.758m compared to an underspend of -£0.183m in the last report. Outturn tonnage is forecast at 287 kilo tonnes compared to a budget of 291 kilo tonnes with landfill now estimated to be 18% instead of the budgeted 8% of all waste disposed of. The forecast reflects the discounted gate fee agreed throughout the commissioning phase being applied until February 2015.
48. A -£0.418m forecast underspend across the Management and Highways and Transport Contract and Performance Management cost centres primarily relates to a reduction in the contract management and profit fee for the highways contract.

## CA6

49. Property and Facilities Management is forecasting to overspend by +£0.049m compared to +£0.265m in the December report. An underspend of -£0.030m on Corporate Facilities Management is offset by an overspend of +£0.43m relating to agency staff costs, asbestos survey work and academy transfers, and other smaller variations totalling £0.136m. A forecast underspend of -£0.100m relating to the recovery of contract management fees to the Capital Programme.
50. There is a forecast underspend of -£0.099m on Network & Asset Management. This mainly reflects street lighting utility costs and staffing underspends in the tree maintenance team. Supported Transport is forecasting a -£0.447m underspend. The increase of -£0.253m reflects more information being available on concessionary fares and bus subsidy grants.
51. The Integrated Transport Unit is forecasting an overspend of +£0.142m as a result of one off costs.

### EE3 Oxfordshire Customer Services

52. Oxfordshire Customer Services is forecasting to overspend by +£0.766m an increase of +£0.338m since the December report. Within that the Education Support Service is forecasting an overspend of +£0.170m due to the latest estimate of income from academies being lower than budgeted. ICT are forecasting to overspend by +£0.466m due to a number of challenging savings and one - off costs associated with the move out of Clarendon House. There is also a +£0.196m overspend within the Customer Service Centre mainly due to temporary staffing costs. These overspends are offset by an underspend of -£0.105m on Human Resources due to vacancies.
53. As set out in the 'Externalisation of Back Office Services' report to Cabinet in July 2014, there are one - off costs associated with the transfer of Human Resources and Finance services to Hampshire County Council as part of their Integrated Business Centre. Some of the costs may be incurred in 2014/15 and these will be included in the April report to Cabinet once further work to value and validate these has been completed.

### **Chief Executive's Office**

54. The forecast variation of -£0.527m includes underspends on Policy (-£0.132m), Legal Services (-£0.206m), Chief Executive & Business Support (-£0.166m), Human Resources (-£0.065m) and Governance (-£0.059m). These are partly offset by a +£0.154m overspend on Cultural Services where planned savings are not expected to be realised until April 2015.

### **Public Health**

55. 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 -£2.132m against the grant. The underspend reflects a forecast underspend of -£0.273m on Children's Public Health Programmes due to contract variations along with a



## CA6

-£1.079m underspend forecast for Drug and Alcohol Services due to lower prescribing costs and contract costs. There is also an underspend of -£0.331m on Sexual Health services. This has contributed to the early delivery of savings planned for 2016/17 onwards.

56. If the Public Health grant is not utilised in 2014/15, any underspend will be placed in reserves at the end of the financial year to be used to meet Public Health expenditure in future years.

### **Virements and Supplementary Estimates**

57. Virements larger than £0.250m requiring Cabinet approval are included at Annex 2a. They include virements to create income and expenditure budgets for the Winter Pressures funding and the Delayed Transfer of Care Grants as set out in paragraphs 26 to 27. Also requested are virements to tidy income and expenditure budgets for Adult Learning and School Meals so that they are aligned with current funding and activity levels.
58. Annex 2d shows virements that Cabinet need to note. These are delegated under the Council's virement rules for 2014/15 and are generally smaller than £0.250m.

### **Ringfenced Grants**

59. As set out in Annex 3, ring-fenced grants totalling £327.509m are included in Directorate budgets and will be used for the specified purpose.
60. Since the last report notifications have been received setting out an updated Dedicated Schools Grant allocation of £268.138m. This has reduced from £272.481m as a result of schools converting to academy status. Also included this month is the Delayed Transfer of Care Grant from the Department of Health as set out in paragraph 27.
61. Any ringfenced grants unspent at year end will be held in the Grants & Contributions Reserve for use in 2015/16, or returned to the funding body.

### **Bad Debt Write Offs**

62. There were 88 general write - offs to the end of December 2014 totalling £99,380. £39,247 of the total relates to three invoices relating to clients in a care home that Cabinet agreed to write off in October 2014.
63. In addition Client Finance has written off 83 debts totalling £61,287. Most of these were written off as they would be uneconomical to recover through the courts.
64. A debt of £31,637 relating to unpaid client contributions for residential care is recommended to be written off due to issues arising from the initial financial assessment of the client.
65. In 2012/13 a stage payment of £50,002 relating to capital works at a school was made to a contractor with a very similar name to the one

## CA6

carrying out the work. As the latter did not appear to have received payment they subsequently raised an invoice for the same amount, which was paid by the Council. Following the transfer to them of the original payment from the contractor with a similar name, the contractor went into liquidation and the Council has been unable to recover the duplicate payment. It is recommended that this amount is written off to the revenue account.

### Treasury Management

66. The latest treasury management approved lending list (as at 05 February 2015) is shown in Annex 4. This includes the addition of one new counterparty; Coventry Building Society. Additionally there have been numerous decreases to counterparty duration limits, following an assessment of market conditions by the Treasury Management Strategy Team and advice from treasury advisors Arlingclose.
67. The table below displays average in-house cash balances and average rates of return for November to December 2014. The budgeted return for interest receivable on balances is £2.404m for 2014/15. Interest receivable is currently forecast to be £2.670m, exceeding the budgeted figure by £0.266m. Interest payable is currently forecast to be in line with the budgeted figure of £18.181m.

Month	Average cash balance	Average rate of return
November	£337.298m	0.78%
December	£309.001m	0.80%

### Part 2 – Balance Sheet

68. Annex 5 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.
69. 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 £46.952m by 31 March 2015 and will decrease further to £44.952m if CE&F utilise a further £2.000m reserves at the end of 2014/15 to fund part of the final directorate overspend.

#### Grants and Contributions

70. £20.598m ringfenced grants and contributions that were unspent at the end of 2013/14 were available in the reserve at the beginning of 2014/15. This includes £11.895m Dedicated Schools Grant which is estimated to reduce to £4.623m by year end. £0.671m Troubled (or Thriving) Families grant is expected to be spent in 2014/15.
71. The balance of Public Health grant funding is expected to increase from £4.260m to £5.664m by 31 March 2015 which includes the forecast year end underspend of -£2.132m being added to reserves. This position takes account of £0.200m of the £2.000m transfer to Capital agreed by Council on 4 November 2014 to help fund new Children's homes being

## CA6

utilised in 2014/15 (the remaining £1.8m will be used in future years) and a contribution of £0.538m to Social and Community Services to fund preventative services which benefit public health. A further £0.156m will be drawn down from the reserve in 2015/16 to fund Domestic violence and support. Options for using this to support relevant expenditure in 2014/15 are being explored.

### Children, Education & Families

72. School balances were £25.444m at 1 April 2014. Based on the current schools' monitoring position it is estimated that these will reduce by £10.500m to £14.944m by 31 March 2015. However, this is likely to change as a result of further academy conversions and school's budget monitoring later in the year.
73. Other reserves held by CE&F are forecast to reduce from £5.709m to £2.448m by 31 March 2015. £0.830m will be used to support school improvement, £0.790m for the Thriving Families Project and £0.520m for costs associated with academy conversions. If a further £2.000m is required to be used support the in - year overspend the remaining balance would be £0.448m.

### Social & Community Services

74. Social & Community Services reserves are forecast to reduce from £4.709m to £2.700m by 31 March 2015. £1.000m from the Older People's Pooled Budget Reserve and £0.500m from the Physical Disabilities Pooled Budget Reserves has been used to meet in year pressures across the pools, including the Learning Disabilities Pool.

### Environment & Economy

75. Reserves held by E&E are forecast to reduce from £10.287m to £7.544m by 31 March 2015. This includes a forecast £0.941m reduction in the balance held in the On Street Car Parking Account from £2.086m to £1.145m. The forecast balance includes £1.114m held in the Catering Investment Fund and £1.276m relating to Joint Use agreements.
76. Cabinet are recommended to agree a new reserve for the Oxford Western Conveyance Project this reserve will be used to hold the Council and Oxford City Council's contributions to the project which crosses financial years. An initial contribution of £0.350m will be made by Environment and Economy to this reserve.

### Corporate Reserves

77. £4.253m was held in the Efficiency Reserve on 1 April 2014. Subject to actual expenditure incurred during the year an estimated £3.063m is expected to be used to fund one – off expenditure. £0.685m remains uncommitted and will be used for one – off projects supporting the Medium Term Financial Plan.
78. Underspends held in the carry forward reserve at the end of 2013/14 and brought forward to 2014/15 totalled £1.791m. £1.193m has been transferred to the Budget Reserve to support the Medium Term Financial Plan as agreed by Council on 4 November 2014.

## CA6

79. As part of the Service & Resource Planning process all earmarked reserves have been reviewed and the Service & Resource Planning Report that will be considered by Council on 17 February 2015 sets out that £5.2m one – off funding is proposed to be used to meet the deficit on the Budget Reserve in 2015/16. This includes the remaining £0.598m held in the carry forward reserve and £0.467m held in the Efficiency Reserve but not now required for the original purpose it was agreed for.

### Other Reserves

80. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £30.369m at 31 March 2015. This is unchanged since the last report.

### Balances

81. Annex 6, which is summarised in the table below, sets out that forecast general balances are £17.517m.
82. The budgeted level of balances is based on an assessment of risk undertaken as part of the Service & Resource Planning process and is part of the Chief Finance Officer's assessment of the adequacy of financial reserves. The current forecast is in line with the risk assessed level of £17.4m for 2015/16. If the position falls below the risk assessed level this will need to be addressed during 2015/16.

	Budget 2014/15 £m	Forecast 2014/15 £m
2013/14 Outturn	17.409	18.455
Planned Contribution	3.000	3.000
Calls on Balances	-2.000	-0.545
Additional Strategic Measures		0.850
Less forecast overspend		-4.243
<b>Forecast Balances</b>	<b>18.409</b>	<b>17.517</b>

## **Part 3 – Capital Programme**

83. An updated capital programme is being considered by Council on 17 February 2015. This reflects forecast expenditure as at the end of December 2014, so effectively also forms the monitoring position for this report.
84. A summary of the changes since the last programme considered by Cabinet on 27 January 2015 as part of the Service & Resource Planning Process is set out in the table on the next page.

## CA6

<b>Directorate</b>	Last Approved Programme * £m	Last Reported Programme ** £m	Latest Forecast Expenditure *** £m	Variation to Last Reported Programme £m
Children, Education & Families	38.5	37.5	37.1	-0.4
Social & Community Services	13.7	3.1	3.1	0.0
Environment & Economy - Transport	57.0	55.2	49.9	-5.3
Environment & Economy - Other	12.1	10.7	10.7	0.0
Chief Executive's Office	1.4	1.4	0.9	-0.5
<b>Total Directorate Programmes</b>	<b>122.7</b>	<b>107.9</b>	<b>101.7</b>	<b>-6.2</b>
Schools Local Capital	2.5	2.5	2.5	0.0
Earmarked Reserves	1.4	0.9	0.9	0.0
<b>Total Capital Programme</b>	<b>126.6</b>	<b>111.3</b>	<b>105.1</b>	<b>-6.2</b>

\* Approved by Cabinet 21 October 2014

\*\* Approved by Cabinet 27 January 2015

\*\*\* As per proposals to Council 17 February 2015

85. Significant in-year variations for each directorate are listed in Annex 8b. New schemes and total programme/project budget changes for Cabinet to note are listed in Annex 8c. For completeness this shows the latest forecast position compared to the last capital programme approved by Cabinet on 21 October 2014.
86. Compared to the capital programme considered by Cabinet on 27 January 2015 the most significant change is the re-profiling of major highways improvement projects at the A34 Chilton Junction, A417 Hagbourne Hill, Featherbed Lane and Harwell Link Road to reflect the impact on the delivery programme of protracted land negotiations.

### **Actual & Committed Expenditure**

87. As at the end of December actual capital expenditure for the year to date (excluding schools local spend) was £50.2m. This is 49% of the total forecast expenditure of £101.7m. Actual and committed spend is 91% of the forecast.

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

88. The total forecast 5-year capital programme (2014/15 to 2018/19) is now £471.0m. This has increased by £0.8m compared to the programme considered by Cabinet on 27 January 2015. The table below summarises the variations by directorate and the main reasons for these are explained in the following paragraphs.

## CA6

Directorate	Last Reported Total Programme (2014/15 to 2018/19) * £m	Latest Updated Total Programme (2014/15 to 2018/19) ** £m	Variation £m
Children, Education & Families	163.4	163.8	+0.4
<i>CE&amp;F reductions to be identified</i>	-5.8	-5.8	0.0
Social & Community Services	37.2	37.2	0.0
Environment & Economy – Transport	181.3	181.5	+0.2
Environment & Economy – Other	34.7	34.8	+0.1
Chief Executive's Office	5.7	5.6	-0.1
<b>Total Directorate Programmes</b>	<b>416.5</b>	<b>417.1</b>	<b>+0.6</b>
Schools Local Capital	7.4	7.4	0.0
Earmarked Reserves	46.3	46.5	+0.2
<b>Total Capital Programme</b>	<b>470.2</b>	<b>471.0</b>	<b>+0.8</b>

\* Considered by Cabinet 27 January 2015

\*\* As per proposals to Council 17 February 2015

89. Preliminary design works have been completed for Cuttleslowe and Wolvercote roundabout schemes and the overall budget requirement has reduced by £0.7m due to a statutory utility diversion not being required. The budget surplus has been transferred to earmarked reserves to offset any future cost increased on other elements of the City Deal Programme. Cabinet are recommended to approve the release of the revised budgets of £4.100m for Cuttleslowe and £4.824m for Wolvercote to proceed to detailed design and procurement. Outline business cases for both schemes are available as background papers.
90. Cabinet are recommended to approve the entry of the A44 – A40 (Loop Farm) Link Road scheme into the capital programme and release of a £0.676m project development budget. An initial business case is available as a background paper. The scheme is part of the City Deal programme and will reduce congestion and improve network reliability at Oxford's northern approaches.
91. Additional budget of £0.4m has been transferred from earmarked reserves for Frideswide Square and a project development budget of £0.5m included for Didcot Northern Perimeter Rd 3 as approved by Cabinet on 27 January 2015.
92. The Education Capital Maintenance allocation for 2015/16 was announced on 9 February 2015. The Council will receive £5.161m which is £0.089m less than estimated in the capital programme presented to Council in February 2015. This shortfall will be met from the capital programme contingency.

## Part 4 – Fees and Charges

93. As set out in Annex 7, Cabinet are recommended to approve fees to be charged for hire of the premises at the Riverside Centre for Outdoor Learning.

### RECOMMENDATIONS

94. The Cabinet is **RECOMMENDED** to:
- (a) Note the report and annexes including the Treasury Management lending list at Annex 4 and changes set out in paragraphs 66 - 67;
  - (b) Approve the virements request set out in Annex 2a;
  - (c) Approve the write off of client income totalling £31,638 relating to unpaid client contributions for residential care as set out in paragraph 64 and the write of £50,002 relating to capital works at a school as set out in paragraph 65;
  - (d) Approve the creation of the Oxford Western Conveyance Reserve and the initial contribution of £0.350m as set out in paragraph 76;
  - (e) Approve the fees for hiring the Riverside Centre as set out in paragraph 93 and Annex 7;
  - (f) Approve the release of the revised capital budgets of £4.100m Cuttleslowe roundabout and £4.824m Wolvercote roundabout to proceed to detailed design and procurement as set out in paragraph 89;
  - (g) Approve the entry of the A44 – A40 Loop Farm Link Road into the capital programme and the release of a £0.676m project development budget as set out in paragraph 90;
  - (h) Approve the changes to the Capital Programme set out in Annex 8c.

#### LORNA BAXTER

Chief Finance Officer

Background papers: Directorate Financial Monitoring Reports to the end of December 2014  
 Business Case for A44-A40 Loop Farm Link Road  
 Business Case for Cuttleslowe roundabout, Oxford  
 Northern Gateways (City Deal)  
[Business Case](#) Wolvercote roundabout, Oxford  
 Northern Gateways (City Deal)

Contact Officers: Kathy Wilcox, Chief Accountant  
 01865 323981

Katy Jurczynsyn, Senior Financial Adviser – Capital & Financial Planning 01865 323975 February 2015