

## **CABINET – 16 DECEMBER 2014**

### **2014/15 FINANCIAL MONITORING & BUSINESS STRATEGY DELIVERY REPORT**

#### **Report by the Chief Finance Officer**

##### **Introduction**

1. This report focuses on the delivery of the Directorate Business Strategies that were agreed as part of the Service and Resource Planning Process for 2014/15 – 2017/18. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of October 2014. Capital Programme monitoring is included at Part 3.

##### Summary

2. Based on the position at the end of October, directorates are forecasting to overspend by +£10.288m, or +2.4%, against a net budget of £421.999m. This has reduced by £1.114m compared to the +£11.402m forecast overspend reported to Cabinet in October. Because of the timing of the decision the forecast does not yet reflect the release of £2.751m corporate contingency to Children's Social Care as agreed by Council on 4 November 2014.
3. Overspends are being reduced through in – year management action including:
  - A freeze on non – urgent expenditure;
  - A recruitment freeze and review of all existing vacancies;
  - A review of all casual, agency and interim staff appointments;
  - The use of one – off funding including the £2.751m from corporate contingency and a possible additional one – off contribution of £2.000m from reserves held by Children Education & Families.
4. While action is being taken, there is underlying pressure on both Childrens' and Adult Social Care. Annual reductions in the budget since 2010 also mean there is less flexibility to manage pressures as they arise. The on-going impact of the increased demand is being considered through the Service & Resource Planning Process for 2015/16 and on-going pressures and savings are set out in the Service & Resource Planning Report elsewhere on the agenda.
5. The table on the next page sets out the latest budget and forecast expenditure for each directorate and shows how the forecast variations compare to the position reported to Cabinet on 21 October 2014.

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Directorate	Latest Budget 2014/15	Forecast Outturn 2014/15	Forecast Outturn Variance October 2014	Forecast Outturn Variance October 2014	Forecast Outturn Variance August 2014	Forecast Outturn Variance August 2014
	£m	£m	£m	%	£m	%
Children, Education & Families (CE&F)	102.841	109.034	+6.193	+6.0	+6.389	+6.2
Social & Community Services (S&CS)	214.452	218.484	+4.032	+1.9	+4.610	+2.2
Environment & Economy (E&E)	83.426	83.754	+0.328	+0.4	+0.650	+0.8
Chief Executive's Office (CEO)	21.280	21.015	-0.265	-1.2	-0.247	-1.2
Public Health (*)	0.000	0.000	0.000	0.0	0.000	0.0
<b>Total</b>	<b>421.999</b>	<b>432.287</b>	<b>+10.288</b>	<b>+2.4</b>	<b>+11.402</b>	<b>+2.7</b>

<b>Public Health (*)</b>						
Expenditure	26.846	25.792	-0.897	-3.4	-0.744	-2.9
Grant and Other Income & Transfer to/from Reserves	-26.846	-25.792	+0.897	+3.4	+0.744	+2.9
<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>

6. 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 Capital Programme Monitoring

7. 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)

8. The directorate is forecasting to overspend by +£6.193m. This 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 -£0.297m forecast underspend on services funded by Dedicated Schools Grant (DSG). As noted in paragraph 2, the forecast position does not yet reflect the release of £2.751m contingency to Children's Social Care on a one

<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 -£0.897m would be placed in reserves at year end for use in 2015/16 so the overall forecast variation is nil.

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off basis that was agreed by Council on 4 November 2014 or the possible use of £2.000m reserves to reduce the overspend in year.

### CEF1 Education and Early Intervention

9. The Education & Early Intervention service is forecasting to overspend by +£0.708m, compared to +£0.866m reported in October.
10. Home to School Transport is forecast to overspend by +£1.220m. This is little changed since the report to Cabinet in July 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 is being considered through the Service & Resource Planning process.
11. The overspend on Home to School Transport is offset by forecast underspends on Early Intervention Hubs (-£0.055m), Children's Centres & Childcare (-£0.067m), Management & Central costs (-£0.090m), School Organisation & Planning (-£0.037m) and Schools and Learning (-£0.232m).
12. Based on current estimates of future bookings, Outdoor Education Centres are expecting to achieve savings planned for 2014/15 and make a surplus of -£0.044m in year.

### CEF2 Children's Social Care

13. Children's Social Care is forecast to overspend by +£5.562m compared to +£5.546m reported to Cabinet in October.
14. The forecast overspend on external placement costs for existing clients is +£4.229m. This has reduced slightly from the +£4.258m forecast overspend as at the end of August. Overall, the number of looked after children increased from 416 in March 2013, to 512 in August 2014, and then rose to 513 at the end of October 2014. The total was 514 on 30 November 2014 but could increase further during the remainder of the year. It is estimated that a further +£1.403m expenditure could arise if new placements during the remainder of the year occur at a similar level to the same period of 2013/14. As noted last time the increase brings Oxfordshire into line with the rates of looked after children in other authorities. On 4 November 2014, Council agreed to release £2.751m of corporately held contingency on a one – off basis to support this budget. The overspend for placements reduces to +£1.478m if this is taken into account.
15. An overall net overspend of +£0.178m 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 (+£0.084m) and Special Guardianship Orders (+£0.354m) due to increased placement numbers. These are offset by forecast underspends on in –house fostering (-£0.121m) and the Multidimensional Treatment Foster Care budget (-£0.147m).
16. Forecast pressure of +£0.258m on the Safeguarding budget relates to additional staff being recruited to cover increased workloads and responsibilities.

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17. An overspend of +£0.330m on the Asylum budget reflects service provision costs exceeding the eligible grant income from the Home Office. The All Rights Exhausted budget is forecasting to overspend by +£0.127m, compared to +£0.128m in October 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 -£0.285m as a result of underspends on staffing and project budgets. This is not committed so can be used to offset overspends elsewhere.
18. As reported throughout the year there is also a +£0.540m forecast overspend on Management & Central costs associated with the continued work on the Kingfisher project. A further overspend of +£0.357m is forecast on legal fees.

### Dedicated Schools Grant (DSG)

19. Services funded from DSG are forecast to underspend by -£0.297m compared to the 2014/15 DSG funding of £281.533m that was expected at the end of October. This includes a forecast overspend of +£0.662m 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 is also an underspend of -£0.196m on the Early Years Single Funding Formula.
20. There are also underspends on Schools & Learning (-£0.109m), and Special Educational Needs Support Services (-£0.096m).

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

21. The directorate is forecasting a variation of +£4.032m compared to +£4.610m in October. This overspend includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variations on the Pooled Budgets.

### S&CS1 Adult Social Care

22. The majority of the variation for the directorate relates to Adult Social Care which is forecast to overspend by +£4.630m, compared to +£5.141m in October. The largest element of this is a forecast overspend of +£4.588m on the Learning Disability Pooled budget. Under the risk share agreement there are also overspends of +£0.627m on the Older People and Equipment Pooled Budget and +£0.708m on the Physical Disabilities Pooled budget. As agreed by Council on 4 November 2014 £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserves is being used to offset part of the Council's share of the overspend across the Pools including the Learning Disabilities Pool and is reflected in the forecast variation.

### Older People and Equipment Pooled Budgets

23. The Older People and Equipment Pooled Budget has a forecast overspend of +£1.130m compared to the budget of £183.649m. Within that total social care services are forecast to overspend by +£0.540m and health services are forecast to overspend by +£0.590m. Under the risk share agreement the Oxfordshire County Council share of the overspend is +£0.627m and the Oxfordshire Clinical Commissioning Group share is

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+£0.503m. This compares to the forecast of +£1.428m reported last time. That comprised an underspend of -£0.194m on social care services and an overspend of +£1.622m on health services.

24. Within the Council variation of +£0.540m the Care Home Placement budget is forecast to underspend by -£0.234m. This is after the removal of £1.503m 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 October was 926 compared to an average of 929 from April to October. When self-funders are included these numbers increase to 983 and 992 respectively. Locality teams continue to review placements and packages with a view to reducing costs and balancing the budget.
25. Social Care funded Home Support package budgets are forecast to overspend by +£1.463m. In September 157 clients started new packages of home support and a further 133 started in October. Over the year the average is 145 per month. While the average rate for home support has reduced during the year, total packages have increased in value as clients are receiving more hours of support.
26. Prevention and Early Support Services are forecast to underspend by -£0.561m at year end. -£0.220m of the variation relates to the Reablement Service and there is also an underspend on Intermediate Care.
27. Client contributions are forecast to overachieve by -£0.254m. This excludes £1.503m which has been collected from self-funders to offset care commissioned on their behalf.
28. The County Council element of Social Care Equipment budget is forecast to overspend by +£0.034m compared to the budget of £2.391m.

### Physical Disabilities Pooled Budget

29. The Council element of the Physical Disabilities Pooled Budget is forecasting an overspend of +£0.708m. This includes an overspend of +£0.995m on Home Support. There was a net increase of 14 clients in October, plus a large backdated increase for one client. In addition, the forward forecast for new clients has been amended to reflect the average weekly cost of actual new home support packages and Direct Payments from April to October. This is £70 per week higher than the budgeted weekly costs assumed previously.
30. 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 October 2013 to September 2014 there was a 9.3% increase in the number of clients from 539 to 589. The majority of this growth was in the first six months of the period from October 2013 to March 2014 when client numbers grew by 5.6% to 569. 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.

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### Learning Disabilities Pooled Budget

31. The last report set out that the Learning Disabilities Pool had a forecast year end overspend of +£4.893m. The current forecast, which is little changed since then, is an overspend of +£4.808m. The Council's share of that is +£4.075m.
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 August shows that 16% of the increase in allocations was due to a client turning 18 and 19% were due to clients leaving education. Other significant reasons for increases were increased need due to either physical or mental health at 9% and 10% respectively and increased need due to behaviour needs accounted for 8% of the additional allocation. A total of 9% of 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 +£4.588m.

### Adult Social Care: Non – Pool Services

35. The forecast overspend for services outside of the Pools is now +£0.207m compared to +£0.391m in the last report. This reflects increased overspends on non – Pool services offset by a £0.257m allocation from corporate contingency agreed in October.
36. There is an increased overspend of +£0.518m on Mental Health Services. 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 +£0.271m overspend based on current workloads. There is also a +£0.134m 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. From April 2014 to November 2014, 829 requests for assessments have been received compared to 145 for the same period last year.
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 -£0.110m.

### SCS2 Community Safety

38. Community Safety is forecast to underspend by -£0.156m. -£0.084m relates to staffing vacancies within the Safer Communities Service, -£0.037m to Gypsy & Traveller services and -£0.035m to Trading Standards.

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### SCS3 Joint Commissioning

39. Joint Commissioning continues to forecast to breakeven at year end. The service is required to deliver £0.500m of savings in 2014/15 of which £0.310m were achieved a year in advance in 2013/14. The remaining £0.190m can be achieved in-year through managing existing vacancies, although there is a risk that it may not also be possible to absorb pressures on legal fees.

### SCS4 Fire and Rescue & Emergency Planning

40. The Oxfordshire Fire & Rescue Service is forecasting an underspend of -£0.428m of which -£0.144m relates to items that will be returned to balances at year end.
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 -£0.239m due to reduced fire calls and an overspend on ill health of +£0.095m. The net variation of -£0.144m will be returned to Council balances at year end.

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

42. The directorate is forecasting to overspend by +£0.328m compared to +£0.650m in October.

### EE1 Strategy and Infrastructure

43. Strategy and Infrastructure is forecasting to overspend by +£0.102m, mostly due to temporary staffing costs.

### EE2 Commercial Services

44. Commercial Services is forecasting to underspend by -£0.202m compared to an overspend of +£0.088m in the last report.
45. 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 income targets for 2014/15 will not be met, so the budgeted contribution from the reserve to the in year revenue budget will be reduced by £0.250m creating a pressure of the equivalent amount.
46. Waste Management is forecasting an underspend of -£0.183m compared to an overspend of +£0.072m in the last report. Outturn tonnage is forecast at 289 kilo tonnes compared to a budget of 291 kilo tonnes with landfill now estimated to be 14% instead of the budgeted 8% of all waste disposed of. The forecast reflects the discounted gate fee being applied throughout the commissioning phase.
47. A -£0.216m 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.

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48. Property and Facilities Management is forecasting to overspend by +£0.265m compared to +£0.686m in the October report. An underspend of -£0.328m on Corporate Facilities Management is offset by an overspend of +£0.265m relating to agency staff costs, asbestos survey work and academy transfers, and other smaller variations totalling £0.132m. A forecast overspend relating to the under – recovery of contract management fees to the Capital Programme has reduced from +£0.400m in October to +£0.196m. The ability to charge fees to the Capital Programme depends on work completed during the year (with the residual amount having to be charged to revenue) so it is anticipated that this may improve further as more information becomes available later in the year.
49. There is a forecast underspend of -£0.336m on Network & Asset Management. This mainly reflects street lighting utility costs and staffing underspends in the tree maintenance team. Supported Transport is forecasting a -£0.194m underspend. This has reduced from -£0.402m in the last report due to more information now being available on concessionary fare claims by bus operators and bus subsidy grants.
50. The Integrated Transport Unit is forecasting an overspend of +£0.150m as a result of one off costs.

### EE3 Oxfordshire Customer Services

51. Oxfordshire Customer Services is forecasting to overspend by +£0.428m This is little changed from the +£0.446m forecast overspend reported in October. Within that the Education Support Service is forecasting an overspend of +£0.096m due to the latest estimate of income from academies being lower than budgeted. ICT are forecasting to overspend by +£0.226m due to a number of challenging savings and one - off costs associated with the move out of Clarendon House. There is also a +£0.172m overspend within the Customer Service Centre mainly due to temporary staffing costs. These overspends are offset by an underspend of -£0.117m on Human Resources due to vacancies.
52. 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 future reports once further work to value and validate these has been completed.

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

53. The forecast variation of -£0.265m includes underspends on Policy (-£0.130m), Legal Services (-£0.244m) and Governance (-£0.036m). These are partly offset by a +£0.157m overspend on Cultural Services where planned savings are not expected to be realised until April 2015.

### **Public Health**

54. In 2014/15 the majority of Public Health expenditure is funded by a ring-fenced grant of £26.086m from the Department of Health. The service is forecasting a revenue under spend of -£0.897m against the grant. The

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underspend reflects a forecast underspend of -£0.273m on Children's Public Health Programmes due to contract variations along with a -£0.468m underspend forecast for Drug and Alcohol Services due to lower prescribing costs and contract costs. This has contributed to the early delivery of savings planned for 2016/17 onwards.

55. 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**

56. Virements larger than £0.250m requiring Cabinet approval are included at Annex 2a. Cabinet are recommended to ask Council to approve a reduction of £1.292m to the budget for the expected in – year on street parking income to better reflect the actual income being received. The associated budgeted transfer of the net surplus to the Parking Account reserve also needs to be reduced to take account of the reduction in the income. The on-going effect of this change is being considered through the Service & Resource Planning process.
57. There is also a request to create budgets for Shared Lives, which is currently held in SCS1-4 Services for All Client Groups, in the relevant Pools in Social & Community Services. The shared lives service outside of the Pool will have net nil budget as the service costs will be recovered through recharges to the client budgets in the pools. The service provision is unchanged
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 £331.306m 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 £272.481m. This has reduced from £281.533m as a result of schools converting to academy status. The Pupil Premium has also reduced to £10.991m from £11.688m. In addition, the final instalment of summer school funding of £0.006m has been notified and is included in the Pupil Premium total in Annex 6.
61. The Physical Education (PE) and Sport Premium for the current academic year is £1.736m. £1.013m relates to the 2014/15 financial year and the remaining £0.723m, relating to the summer term will be received in 2015/16. A further £0.708m instalment of the 2013/14 PE & Sport Grant relating to the 2013/14 academic year was received in April 2014. As in 2013/14, the premium must be passed to Local Education Authority maintained schools and be used to fund improvements to the provision of

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PE and sport, for the benefit of primary-aged pupils, in the 2014/15 academic year to give them the opportunity to develop a healthy lifestyle.

62. 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**

63. There were 69 general write - offs to the end of October 2014 totalling £55,887. £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.
64. In addition Client Finance has written off 62 debts totalling £43,424. Most of these were written off as they would be uneconomical to recover through the courts.
65. A debt of £16,453 relating to rental income for a property at Queen's Avenue, Bicester is recommended to be written off as the company has gone into liquidation with no assets to claim.
66. A further debt of £15,212, relates to indexation applied to a capital sum (£20,000) that accrued as a result of delays in the payment to the Council of a Section 106 agreement relating to a property in Bicester. This cannot be recovered because the owner of the property is insolvent and the Council cannot enter/add to the person's Individual Voluntary Arrangement or put a charge on the property.

### **Treasury Management**

67. As set out in the 'Treasury Management Mid-Term Review for 2014/15', considered by Cabinet on 25 November 2014, the "bail – in" provisions of the EU Bank Recovery and Resolution Directive are being implemented by the United Kingdom in January 2015. "Bail-in" involves shareholders of a failing institution being divested of their shares, and creditors of the institution having their claims cancelled or reduced to the extent necessary to restore the institution to financial viability. Through the use of term deposits with banks and building societies the Council will be classified as an unsecured creditor, subsequently any term deposits would fall within the scope of a bail-in.
68. In response to concerns surrounding "bail-in", as well as tensions and negativity in the wider European economy, the Treasury Management Strategy Team, in line with advice from treasury advisors Arlingclose, agreed to reduce the durations of all new unsecured investments with counterparties likely to be affected. The latest Treasury Management approved lending list (as at 27 November 2014) is included at Annex 4 and reflects the changes agreed as a result of those concerns with the majority of counterparties now subject to a maximum period limit of six months.
69. The table below sets out the average in-house cash balances and average rates of return during September and October 2014. As reported last time interest receivable is forecast to be £2.5m, exceeding the £2.4m

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budget by £0.1m. Interest payable is currently forecast to be in line with the budgeted figure of £18.2m.

Month	Average in – house cash balance	Average in house rate of return
September	£350.421m	0.77%
October	£345.138m	0.77%

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

### Part 2 – Balance Sheet

71. 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.
72. 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 £43.947m by 31 March 2015 and will decrease further to £41.947m if CE&F utilise a further £2.000m reserves in 2014/15 to fund part of their overspend.

#### Grants and Contributions

73. £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.
74. The balance of Public Health grant funding is expected to reduce from £4.260m to £3.157m by 31 March 2015. This takes account of a £2.000m transfer to Capital to help fund new Children’s homes and the forecast year end underspend of -£0.897m being added to reserves. Options for using this to support expenditure in 2014/15 are being explored.

#### Children, Education & Families

75. 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. As noted in the last report schools holding large balances will be challenged with a particular focus on those schools that have held high balances for a number of years. Some of these schools will be invited to meet with the Deputy Director for Education & Early Intervention to discuss why they are holding these balances and how they plan to use them to improve outcomes for the current pupil cohort.
76. The “Academy Conversions (Transfer of School Surpluses) Regulations 2013” says the local authority must pay to the proprietor the amount of any surplus held at the point of conversion. The maintained school

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ceases to exist when the conversion takes place so once the surplus is transferred to the academy it belongs wholly to that new entity. Under the regulations the council has no influence over the amount to transfer or what happens to the surplus once it has been transferred. Where schools convert under the sponsorship route any deficit on conversion remains the responsibility of the local authority.

77. Other reserves held by CE&F are forecast to reduce from £5.709m to £2.380m by 31 March 2015. £0.830m will be used to support school improvement, £0.790m for the Thriving Families Project and £0.543m 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 £0.380m.

### Social & Community Services

78. Social & Community Services reserves are forecast to reduce from £4.709m to £2.665m by 31 March 2015. £1.000m from the Older People's Pooled Budget Reserve and £0.500m from the Physical Disabilities Pooled Budget Reserves is being used to meet in year pressures across the pools, including the Learning Disabilities Pool.

### Environment & Economy

79. Reserves held by E&E are forecast to reduce from £10.287m to £7.254m 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.

### Corporate Reserves

80. £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 in 2014/15. £0.656m remains uncommitted and will be used for one – off projects supporting the Medium Term Financial Plan.
81. 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.
82. As part of the Service & Resource Planning process all earmarked reserves have been reviewed and the Service & Resource Planning Report elsewhere on the agenda 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

83. 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

84. Annex 6, which is summarised in the table below, sets out that forecast general balances are £16.223m.
85. The budgeted level of balances is based on an assessment of risk undertaken as part of the Service & Resource Planning process and is part of the Chief Finance Officer's assessment of the adequacy of financial reserves. As noted in the Service & Resource Planning Report to Cabinet on 16 September 2014 any temporary use of balances to manage the in – year position for 2014/15 would need to be replaced in 2015/16 commensurate with that risk assessment.

	Budget 2014/15 £m	Forecast 2014/15 £m
2013/14 Outturn	17.409	18.455
Planned Contribution	3.000	3.000
Calls on Balances	-2.000	-0.545
Additional Strategic Measures		0.850
Less forecast overspend		-10.288
Reduce overspend using contingency		2.751
Possible use of CE&F Reserves		2.000
<b>Forecast Balances</b>	<b>18.409</b>	<b>16.223</b>

**Part 3 – Capital Programme**

86. The capital monitoring position set out in Annex 7a, shows the forecast expenditure for 2014/15 is £123.7m (excluding schools local capital). This is an increase of £1.0m compared to the latest approved capital programme agreed by Cabinet on 21 October 2014. The table below summarises the variations by directorate.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	38.5	38.1	- 0.4
Social & Community Services	13.7	13.7	0.0
Environment & Economy - Transport	57.0	58.5	+1.5
Environment & Economy - Other	12.1	12.0	- 0.1
Chief Executive's Office	1.4	1.4	0.0
<b>Total Directorate Programmes</b>	<b>122.7</b>	<b>123.7</b>	<b>+1.0</b>
Schools Local Capital	2.5	2.5	0.0
Earmarked Reserves	1.4	0.9	-0.5
<b>Total Capital Programme</b>	<b>126.6</b>	<b>127.1</b>	<b>+0.5</b>

\* Approved by Cabinet 21 October 2014

87. 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.
88. In the Children, Education & Families programme £0.5m has been re-phased into 2015/16 to reflect the expected commencement of the St Edburg's Primary School Relocation project in South West Bicester.

89. In the Transport programme, there is cost increase of £1.0m for Kennington & Hinksey Interchange met partly from use of project contingencies and also additional budget allocation of £0.6m approved by Cabinet in October 2014. This budget increase will be met from savings and unrequired contingencies within the structural maintenance programme.
90. A further £3.2m of budgets for the City Deal programme are now included in the current year following approval of initial business cases to carry out feasibility and preliminary design works for Cutteslowe & Wolvercote roundabouts, Hinksey northbound slip road and Harwell Oxford entrance.
91. £2.4m has been re-profiled to next year for Milton Interchange & Chilton Slips projects to reflect revised construction start dates of January/February 2015.

### Actual & Committed Expenditure

92. As at the end of October, actual capital expenditure for the year to date (excluding schools local spend) was £33.0m. This is 27% of the total forecast expenditure of £123.7m. Committed spend is 60% of the forecast.

### Five Year Capital Programme Update

93. The total forecast 5-year capital programme (2014/15 to 2018/19) is now £426.1m, an increase of £21.5m compared to the last capital programme approved by Cabinet in October 2014. The table below summarises the variations by directorate and the main reasons for these variations are explained in the following paragraphs.

Directorate	Last Approved Total Programme (2014/15 to 2017/18) * £m	Latest Updated Total Programme (2014/15 to 2017/18) £m	Variation £m
Children, Education & Families	157.5	159.6	+2.1
CE&F Reductions to be identified	-18.4	-18.4	0.0
Social & Community Services	33.0	33.0	0.0
Environment & Economy - Transport	141.9	162.4	+20.5
Environment & Economy – Other	27.2	27.2	0.0
Chief Executive's Office	3.8	3.8	0.0
<b>Total Directorate Programmes</b>	<b>345.0</b>	<b>367.6</b>	<b>+22.6</b>
Schools Local Capital	7.4	7.4	0.0
Earmarked Reserves	52.1	51.0	-1.1
<b>Total Capital Programme</b>	<b>404.5</b>	<b>426.0</b>	<b>+21.5</b>

\* Approved by Cabinet 21 October 2014

94. In the Children, Education and Families programme the use of £0.5m developer funds as a contribution to King Alfred's Academy and £0.9m Early Years Sufficiency and Access DSG funding to increase provision of

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two year old places approved by Cabinet in October 2014 have now been included in the programme.

95. As well as the increase set out in paragraph 89, the Transport programme now includes £20.4m of budgets for the City Deal programme following the approval of initial business cases for Cutteslowe & Wolvercote roundabouts, Hinksey northbound slip road and Harwell Oxford entrance.
96. Local concern has been noted relating to the potential impact of current developments, such as Pioneer Square Phase 2 and decisions surrounding the operation of London Road Level Crossing on Bicester Market Square. It is felt appropriate to defer further development of the planned improvement scheme for the Market Square until such time that other decisions are taken/known regarding other town centre development in Bicester. It is therefore recommended that the scheme is removed from the firm capital programme and placed on hold with the allocated developer funds retained for this project.
97. The A40/Downs Road junction is the second phase of the Witney Transport Infrastructure package presented to Cabinet in March 2013. This proposed junction is necessary to facilitate and address the impacts of development (some of which has already been built) on the western side of Witney. The County Council has previously sought and secured contributions towards the delivery of the proposed new access onto A40 at Downs Road. The promoter of the West Witney development has agreed in principle that it will take on the delivery of the junction as part of the development provided that the County Council it will make available S106 related funds it holds towards that delivery. The Cabinet approved the principle of direct delivery by developers of major infrastructure in June 2013. Such direct delivery of major infrastructure has benefits for the County Council such as the avoidance of cost over-runs. It is therefore recommended that Cabinet approve the allocation of £1.250m S106 funds as a contribution towards the construction of this project by the West Witney Developer. The outline business case is provided as a background paper to this report.

## RECOMMENDATIONS

98. **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 67 - 68;**
  - (b) Recommend Council to approve the virement to reduce the in - year income and contribution to the Parking Account included in Annex 2a and paragraph 56;**
  - (c) Approve the virement request relating to the Shared Lives budget set out in Annex 2a and paragraph 57;**

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- (d) Approve the write off of rental income totalling £16,453 and £15,212 relating to a Section 106 agreement as set out in paragraphs 65 and 66.**
- (e) Approve the changes to the Capital Programme set out in Annex 7c;**
- (f) Approve the removal of the capital scheme at Bicester Market Square from the capital programme as set out in paragraph 96;**
- (g) Approve the allocation of £1.250m S106 funding as a contribution towards the construction of the A40/Downs Road Junction by the West Witney developer (paragraph 97).**

**LORNA BAXTER**

Chief Finance Officer

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

   Outline Business Case for the A40/Downs Road Junction, Witney

Contact Officers:                Kathy Wilcox, Chief Accountant  
   01865 323981

   Katy Jurczynszyn, Senior Financial Adviser – Capital & Financial Planning  
   01865 323975

December 2014