

**CABINET – 21 APRIL 2015**  
**2014/15 FINANCIAL MONITORING &**  
**BUSINESS STRATEGY DELIVERY REPORT**

**Report by the Chief Finance Officer**

**Introduction**

1. This report is the penultimate for the 2014/15 financial year. The final directorate variations will be set out in the Provisional Outturn Report to Cabinet in June 2015.

Summary

2. Based on the position at the end of February, there is a forecast overspend of +£1.200m, or +0.3%, against a net budget of £424.788m. The forecast overspend has reduced by £3.043m compared to the +£4.243m as at the end of December 2014. Parts 1 and 2 include projections for revenue, reserves and balances as at the end of February 2015. Capital Programme monitoring is included at Part 3 and changes to Fees and Charges are set out in Part 4.
3. The report to Cabinet on 16 December 2015 set out a plan to reduce the overspend from +£10.288m. Directorates have successfully achieved this through in – year management action and use of one of funding 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.
4. The expectation is that the on-going management action set out above may further reduce the forecast overspend by year end. Any underspend will be used to support the Medium Term Financial Plan on a one – off basis.
5. On-going overspends, including pressures on Children’s Social Care, Home to School Transport, and the Learning Disabilities Pooled Budget, have been addressed through the Service & Resource Planning Process with increases to budgets agreed from 2015/16.

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6. The table below sets out the latest budget and forecast expenditure for each directorate.

Directorate	Latest Budget 2014/15 £m	Forecast Outturn 2014/15 £m	Forecast Outturn Variance February 2015 £m	Forecast Outturn Variance February 2015 %	Forecast Outturn Variance December 2014 £m	Forecast Outturn Variance December 2014 %
Children, Education & Families (CE&F)	105.714	108.558	+2.844	+2.7	+3.481	+3.3
Social & Community Services (S&CS)	214.168	214.817	+0.649	+0.3	+1.237	+0.6
Environment & Economy (E&E)	83.694	82.135	-1.559	-1.9	+0.052	+0.1
Chief Executive's Office (CEO)	21.212	20.478	-0.734	-3.5	-0.527	-2.5
Public Health (*)	0.000	0.000	0.000	0.0	0.000	0.0
<b>Total</b>	<b>424.788</b>	<b>425.988</b>	<b>+1.200</b>	<b>+0.3</b>	<b>+4.243</b>	<b>+1.0</b>

<b>Public Health (*)</b>						
Expenditure	26.689	24.323	-2.366	-8.9	-2.132	-7.9
Grant and Other Income & Transfer to/from Reserves	-26.689	-24.323	2.366	+8.9	2.132	+7.9
<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>

7. 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

8. 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.

<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 -£2.366m would be placed in reserves at year end for use in 2015/16 so the overall forecast variation is nil.

## Part 1 - Revenue Budget

### Children, Education & Families (CE&F)

9. The directorate is forecasting to overspend by +£2.844m. The underlying position has improved from the anticipated +£3.481m overspend reported to Cabinet in February but continues to reflect pressure on Children's Social Care and Home to School Transport budgets. Up to £2.000m reserves held by CE&F will be used to manage the final overspend at year end.
10. There is a -£2.634m forecast underspend on services funded by Dedicated Schools Grant (DSG).

#### CEF1 Education and Early Intervention

11. The Education & Early Intervention service is forecasting to underspend by -£0.218m against a budget of £48.247m. This has reduced from the overspend of +£0.422m reported in February.
12. Home to School Transport is forecast to overspend by +£1.347m compared to +£1.288m in the last report. The continuing effect of the pressure which has been reported throughout the year has been addressed in 2015/16 through the Service & Resource Planning process.
13. The overspend on Home to School Transport is offset by forecast underspends on Early Intervention Hubs (-£0.393m), Children's Centres & Childcare (-£0.493m), Management & Central costs (-£0.420m), School Organisation & Planning (-£0.041m) and Schools and Learning (-£0.193m). The recruitment freeze has contributed to the increase in underspends on Early Intervention Hubs and Children's Centres & Childcare since the last report.

#### CEF2 Children's Social Care

14. Children's Social Care is forecast to overspend by +£3.026m or 5.95% compared to the budget of £50.825m. The overspend is little changed from the +£2.987m reported to Cabinet in February.
15. Within the total for the service area, the forecast overspend on external placement costs for existing clients is +£1.739m after taking account of £2.751m corporately held contingency that Council agreed to release on 4 November 2014. The underlying overspend of +£4.490m is consistent with the +£4.503m forecast overspend as at the end of December. The on-going effect of the pressure has been addressed as part of the 2015/16 Service and Resource Planning Process.
16. An overall net overspend of +£0.333m is forecast for the Corporate Parenting service area. This has increased by £0.191m since December. Within the total overspends are forecast on Residence Orders (+£0.078m) and Special Guardianship Orders (+£0.348m) due to increased placement numbers. There is also an overspend of +£0.106m on the adoption budget. These are offset by forecast underspends on in – house fostering (-£0.180m) and the cross regional commissioning project (-£0.169m).

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17. As noted in the last report, a forecast pressure of +£0.207m on the Safeguarding budget relates to additional staff being recruited to cover increased workloads and responsibilities.
18. The Asylum budget is forecasting an overspend of +£0.093m. The All Rights Exhausted budget is forecasting to overspend by +£0.128m, as a result of delays in the Home Office making decisions on All Rights Exhausted status. In some cases the delays have been over 2 years. Currently there are 18 young people waiting for a decision from the Home Office who are continuing to be funded in the meantime.
19. As reported throughout the year there is a +£0.889m forecast overspend on Management & Central costs. +£0.538m 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 +£0.351m is forecast on legal fees associated with the increase in child protection cases.

### Dedicated Schools Grant (DSG)

20. Services funded from DSG are forecast to underspend by -£2.634m compared to the latest notified 2014/15 DSG funding of £268.263m. Within the total an underspend of -£1.558m on Early Years Sufficiency & Access mainly relates to an underspend on the budget for payments to providers for two year olds due to lower take up of places than expected. There are also forecast underspends on the Early Years Single Funding Formula (-£0.189m), Capitalised Repairs and Maintenance (-£0.197m), Foundation Years (-£0.121m). Schools & Learning are underspending by -£0.232m compared to the budget of £2.555m because of underspends on projects.

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

21. The directorate is forecasting to overspend by +£0.649m compared to the budget of £214.168m. The forecast includes the Council's risk based share of the joint Council and Oxfordshire Clinical Commissioning Group (OCCG) variations on the relevant Pooled Budgets. The council's share of the overspend on the Learning Disabilities Pooled Budget is now offset by underspends across the rest of the directorate and one – off contributions from reserves.
22. The overspend has reduced from +£1.237m reported in February 2015 and +£4.032m in December 2014 when there were overspends forecast on all of the Pooled Budgets. Underspends on Joint Commissioning and the Fire & Rescue Service have also increased as the year has progressed in part due to the action referred to at the start of this report.

### S&CS1 Adult Social Care

23. Adult Social Care is forecast to overspend by +£1.988m, compared to +£2.400m forecast at the end of December 2014 and +£4.630m at the end of October 2014. While the overspend on the Learning Disabilities Pool has again remained more or less unchanged, the Older People and Equipment and Physical Disabilities Pooled Budgets are now expected to be slightly underspent at year end. As noted in the last report the forecast includes £1.500m one – off funding from the Older People and

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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. A further contribution of £0.352m from Public Health is being used to support preventative services.

### Older People and Equipment Pooled Budgets

24. The Older People and Equipment Pooled Budget has a forecast underspend of -£0.262m compared to the budget of £184.489m. This has reduced from a forecast overspend of +£0.648m at the end of December 2014 and from +£1.130m at the end of October. Within the total for the Pool social care services are forecast to underspend by -£0.950m and health services are forecast to overspend by +£0.688m. Under the risk share agreement Oxfordshire County Council's share of the underspend is -£0.275m and the Oxfordshire Clinical Commissioning Group (OCCG) share is +£0.013m. This is after OCCG have made an additional contribution of £0.231m to cover the non – achievement of savings on Non – Emergency Patient Transport.
25. Within the council's variation of -£0.950m the social care funded Care Home Placement budget of £33.953m is forecast to overspend by +£0.276m. This has reduced from +£0.443m in the February report because more clients are self – funding than assumed in the forecast at that point. Locality teams continue to review placements and packages with a view to reducing costs and balancing the budget.
26. The last report noted that social care funded Home Support package budgets were forecast to overspend by +£0.814m. This had decreased by £0.649m compared to the forecast at the end of October 2014. Since then the forecast has reduced further to +£0.042m. This is after taking account of £0.440m being transferred to the Older People's Pooled Budget Reserve to offset pressures related to Delayed Transfers of Care work in 2015/16. As noted in the last report it was expected that activity would increase in January and February following seasonally low activity in December and an allowance for this increase was built into the forecast as at the end of December. However, client numbers continued to reduce in January and February falling from 2,247 at the end of January to 2,228 at the end of February.
27. Other variations reflect client contributions which are forecast to overachieve by -£0.231m. This excludes contributions collected from self-funders to offset the cost of care commissioned on their behalf. There are also underspends of -£0.234m on staffing and costs within the Pool and -£0.603m on the Prevention and Early Support Services.
28. The County Council element of Social Care Equipment budget is now forecast to underspend by -£0.167m compared to the budget of £2.408m.
29. As noted in February the County Council applied for £0.538m 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 is being used to support services within the Older People and Equipment Pool in 2014/15 including schemes to increase capacity

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within the Home Care market and support the timely discharge of patients from hospital. As at the end of February, £0.291m had been claimed.

30. 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. It is expected that the Trust will manage the transition of clients out of these beds by 31 March 2015 when the funding ceases.

### Physical Disabilities Pooled Budget

31. The Council element of the Physical Disabilities Pooled Budget is forecasting an underspend of -£0.063m compared to a budget of £12.127m. This compares to an overspend of +£0.138m noted in the last report.
32. The overspend of +£0.681m on Home Support forecast at the end of December 2014 reduced to +£0.462m based on the position at the end of February. This is offset by underspends on care home placements (-£0.306m), the Prevention & Early Support Service (-£0.138m), and Acquired Brain Services (-£0.080m). The number of clients receiving support at home increased from 584 in April 2014 to 596 in February, while the number of care home placements had reduced from 74 to 60 over the same period.

### Learning Disabilities Pooled Budget

33. The last report set out that the Learning Disabilities Pool had a forecast year end overspend of +£4.123m. The current forecast is an overspend of +£4.524m against the budget of £79.729m. The Council's share of that is +£3.839m.
34. New personal budgets and changes to existing budgets are agreed through a panel process. Analysis of panel data shows that allocations have in part 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.
35. 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 the carry forward to the forecast in – year variation means the total Council overspend is +£4.352m compared to +£4.011m in the last report.

### Adult Social Care: Non – Pool Services

36. The forecast underspend for services outside of the Pools is -£0.174m compared to an underspend of -£0.053m in the last report.
37. An overspend of +£0.360m on Mental Health Services is little changed since the February report. As noted previously 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 +£0.156m overspend based on current workloads. There is also a +£0.138m forecast overspend for the Adult Protection and Mental Capacity team as

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there has been a significant increase in the number of requests for Deprivation of Liberty assessments following the Cheshire West Judgement in March 2014.

38. These overspends are offset by an overachievement of client income for Learning Disabilities (-£0.322m), an underspend on the Drugs and Alcohol Residential Treatment budget (-£0.206m) and inflation that is not required in 2014/15 (-£0.257m).
39. A temporary contribution of £0.100m from the Efficiency Reserve was agreed in March 2014 to support costs arising from work related to the implementation of the Care Act was due to be repaid to the Efficiency Reserve. Much of the preparation for the Care Act has been managed through the Adult Services Improvement Programme and the Council also received a grant of £0.125m for this purpose which means that the additional resource from the Efficiency Reserve has not been needed and will be repaid in 2014/15.

### SCS2 Community Safety

40. Services within the Community Safety service area are now forecast to underspend by -£0.292m compared to -£0.238m reported to Cabinet in February. -£0.099m relates to staffing vacancies within the Safer Communities Service, -£0.074m to Gypsy & Traveller services and -£0.119m to Trading Standards.

### SCS3 Joint Commissioning

41. Joint Commissioning is now forecasting an underspend of -£0.225m compared to -£0.100m in the last report. 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 will be achieved in-year through managing existing vacancies. A pressure of £0.078m on legal fees has also been absorbed within the underspend arising from vacancies. There is potential for this underspend to increase further as a result of vacancies being held for longer in response to the recruitment freeze.
42. A supplementary estimate of £0.110m was agreed by Cabinet in October 2014 to support additional oversight of the Southern Health contract. £0.050m of that total is not now needed in 2014/15 and will be returned to balances at year end. The balance will be requested to be returned to the directorate through a supplementary estimate request in 2015/16.

### SCS4 Fire and Rescue & Emergency Planning

43. Oxfordshire Fire & Rescue Service is forecasting an underspend of -£0.811m. There is also an underspend of -£0.011m on Emergency Planning.
44. Any variation on retained firefighters and ill-health retirements budgets, is funded from or returned to Council balances. The forecast is for an underspend on retained firefighters of -£0.295m due to reduced fire calls and an overspend on ill health of +£0.108m. The net variation of -£0.187m will be returned to Council balances at year end.

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45. As reported previously 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)**

46. The directorate is forecasting to underspend by -£1.559m compared to an overspend of +£0.052m set out in the report to Cabinet in February.

#### EE1 Strategy and Infrastructure

47. Strategy and Infrastructure is forecasting to underspend by -£0.150m. The overspend of +£0.128m due to temporary staffing costs that was reported previously is now expected to be offset by an underspend of -£0.278m on the Localities, Policy and Programme service area. A recent restructuring, the completion of agency contracts and savings arising from the freeze on expenditure have contributed to this.

#### EE2 Commercial Services

48. Commercial Services is forecasting to underspend by -£1.676m compared to -£0.822m in the last report.
49. The budgeted contribution of £2.302m from the Parking Account reserve to the revenue budget will be reduced by £0.600m to £1.702m, creating a pressure of the equivalent amount. This is additional reduction of 0.300m in the contribution compared to the last report and is required to ensure that there is adequate funding in the reserve for future investment requirements and also reflects anticipated income in 2014/15.
50. Waste Management is forecasting an underspend of -£0.606m compared to -£0.758m 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 18% of all waste disposed of instead of the budgeted 8%. The forecast reflects the discounted gate fee at Ardley Energy Recovery Facility agreed throughout the commissioning phase.
51. Property and Facilities Management is forecasting to overspend by +£0.003m compared to +£0.049m in the February report. An underspend of -£0.182m on Corporate Facilities Management is offset by an overspend of +£0.185m relating to agency staff costs, asbestos survey work and costs relating to academy transfers.
52. There is also a forecast overspend of £0.200m relating to the amount of the property contract management fee that can be charged to the property capital programme because expenditure is lower than anticipated. Conversely there is an underspend of -£0.495m on the Highways and Transport Contract as the capital programme is bigger so a greater amount of the fixed contract fee can be charged to the capital programme.
53. Countryside and Records are forecasting an underspend of -£0.838m. This reflects vacancies in the Tree Team and one – off funding of -£0.597m from Public Health to fund Countryside Access.



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54. There are also forecast underspends of -£0.319m on Network & Asset Management and -£0.250m on Supported Transport due to contract savings.

### EE3 Oxfordshire Customer Services

55. Oxfordshire Customer Services is forecasting to overspend by +£0.267m. This has reduced by £0.499m since the forecast to the end of December 2014. Within that the Education Support Service is forecasting an overspend of +£0.071m, compared to +£0.170m reported last time, due to the latest estimate of income from academies being lower than budgeted but better than expected earlier in the year.
56. ICT are forecasting to overspend by +£0.235m, compared to +£0.466m in the last report. As reported previously the overspend reflects a number of challenging savings and one - off costs associated with the move out of Clarendon House but it is now expected that more of these will be absorbed in the overall position for the service by year end. There is also a +£0.104m overspend within the Customer Service Centre mainly due to temporary staffing costs. These overspends are offset by underspends of -£0.148m on Human Resources and -£0.052m on Operational Finance.
57. 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. The total identified investment cost is currently estimated at £6.0m, and £3.7m of that is likely to be spent in 2014/15. Up to £0.9m of these costs will be funded through the Oxfordshire Customer Services Development reserve. It is anticipated that the potential cost could be between £0.750m and £1.350m depending on the timing of decisions this is not included in the current forecast. It may be possible to offset this against underspends but this will potentially impact on the final outturn position for the directorate which will be set out in the Provisional Outturn Report to Cabinet in June.

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

58. The forecast variation for the Chief Executive's Office is now -£0.734m compared to -£0.527m at the end of December 2014. Underspends are forecast on all service areas. The latest position reflects staff vacancies, the early achievement of 2015/16 savings and additional income. -£0.073m of the Councillor Community Budgets is expected to remain unallocated at year end and will be used for other corporate priorities.
59. Within Law and Culture underspends on Legal Services (-£0.141m), Governance (-£0.102m) and the Coroner's Service (-£0.098m) are partly offset by a +£0.151m overspend on Cultural Services where, as reported throughout the year, planned savings are not expected to be realised until April 2015. The Music Service is forecasting an underspend of -£0.001m.

### **Public Health**

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60. 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 -£2.366m against the grant. This includes a forecast underspend of -£0.273m on Children's Public Health Programmes due to contract variations along with a -£0.902m underspend forecast for Drug and Alcohol Services due to lower prescribing costs and contract costs. There is also an underspend of -£0.514m on Sexual Health services. This has contributed to the early delivery of savings planned for 2016/17 onwards.
61. 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**

62. No further 2014/15 virements can be requested for Cabinet approval after the end of the financial year.
63. 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.
64. As set out in Annex 2e, £1.629m of the £3.039m Severe Weather Recovery Grant received in March 2014 was estimated to be spent in 2014/15. £0.640m of that will now be spent in 2015/16 so this element of the supplementary estimate agreed in October 2014 is requested to be returned to balances.

### **Ringfenced Grants**

65. As set out in Annex 3, ring-fenced grants totalling £327.651m are included in Directorate budgets and will be used for the specified purpose. An additional £0.048m grant from the Arts Council has been notified since the last report along with £0.125m additional Dedicated Schools Grant relating to Early Years.
66. 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**

67. There were 109 general write - offs to the end of February 2015 totalling £151,188.
68. In addition Client Finance has written off 99 debts totalling £112,462. Most of these were written off as they would be uneconomical to recover through the courts.
69. An invoice valued at £56,361.45 (including a late fee of £3,017.56) was issued to a developer for infrastructure payments relating to a planning obligation agreed in September 2010. The contractor subsequently went into administration so the original invoice was cancelled and a revised

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invoice for the same amount was issued to a second contractor who built part of the development. This second contractor had already contributed towards the infrastructure payments and countered the reasonableness of paying the full invoice value. The council has subsequently agreed a payment of £31,528.89 leaving £24,832.56 of the original sum to be written off.

### Treasury Management

70. The latest treasury management approved lending list (as at 5 February 2015) is shown in Annex 4. There have been no changes to the lending list since the last report.
71. The table on the next page sets out the average in-house cash balances and average rates of return for January and February 2015. The budgeted return for interest receivable on balances is £2.404m for 2014/15. Interest receivable is currently forecast to be £2.625m, exceeding the budgeted figure by £0.221m. Interest payable is currently forecast to be in line with the budgeted figure of £18.181m.

Month	Average cash balance	Average rate of return
January	£297.929m	0.79%
February	£322.511m	0.79%

72. As noted in the report to Cabinet in December 2014, it is anticipated that there will be an underspend of -£0.750m on capital financing costs in 2014/15. The total underspend of -£0.971m including additional interest receivable will be added to balances at year end

### Part 2 – Balance Sheet

73. 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.
74. As set out in the Provisional Outturn Report to Cabinet on 17 June 2014, revenue reserves were £78.296m at the end of 2013/14. These are forecast to reduce to £46.103m by 31 March 2015 and would decrease further to £44.103m 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

75. £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 Tackling Troubled Families grant is expected to be spent in 2014/15.
76. The balance of Public Health grant funding is expected to increase from £4.260m to £5.898m by 31 March 2015. This includes the forecast year end underspend of -£2.366m being added to reserves. This position takes account of £0.200m of the £2.000m transfer to Capital agreed by

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Council on 4 November 2014 to help fund new Children's homes being 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.

77. A number of unringfenced grants have been received in 2014/15 relate to either specific agreed outcomes or the implementation of Government Initiatives. These include one – off funding for Special Educational Needs Reform and Adoption Reform. A new cross directorate "Government Initiatives" reserve is requested to hold underspends on these budgets, currently totalling £0.840m, so that they can be carried forward and used in the following year. The remaining share of the Severe Weather Recovery Grant that is currently held in balances will also be moved to this reserve in 2015/16.

### Children, Education & Families

78. School balances were £25.444m at 1 April 2014 and it is estimated that these will reduce by £10.500m to £14.944m by 31 March 2015. The final position reflecting school surpluses and deficits at year end will be set out in the Provisional Outturn Report to Cabinet in June.
79. 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 been invited to meet 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. The meetings will take place by the end of March 2015. Any recommendations will be reported to Education Scrutiny Committee and Schools Forum.
80. Other reserves held by CE&F are forecast to reduce from £5.709m to £2.578m by 31 March 2015. As noted in the last report £0.830m will be used to support school improvement and £0.790m for the Thriving Families Project. £0.439m is now expected to be used 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 reduce to £0.578m.

### Social & Community Services

81. Social & Community Services reserves are forecast to reduce from £4.709m to £3.230m 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. A contribution of £0.440m will be made to the Older People's Pooled Budget Reserve to help meet expected pressures relating to Delayed Transfers of Care work in 2015/16.

### Environment & Economy

82. Reserves held by E&E are forecast to reduce from £10.287m to £6.908m by 31 March 2015. This includes a forecast £0.641m reduction in the

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balance held in the On Street Car Parking Account from £2.086m to £1.445m. The forecast balance also includes £1.114m held in the Catering Investment Fund and £1.057m relating to Joint Use agreements. £0.830m held in the Oxfordshire Customer Services Development reserve will be used to meet one off costs related to the transfer of services to Hampshire County Council as noted in paragraph 56. A further £0.594m has been released and transferred to the Budget Reserve as agreed by Council in February 2015.

### Corporate Reserves

83. £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. £0.100m not required for the purpose for which it was agreed will be returned to the reserve by S&CS as set out in paragraph 37. £0.685m remains uncommitted and will be used for one – off projects supporting the Medium Term Financial Plan.
84. 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. The remaining £0.598m will also be used to meet the deficit on the Budget Reserve in 2015/16, along with £0.467m held in the Efficiency Reserve but not now required for the original purpose it was agreed for. Both amounts have been transferred to the Budget Reserve in 2014/15 along with £0.594m released from E&E reserves and £0.521m from CEO. £3.032m will also be transferred from the Rolling Fund Reserve in 2015/16 bringing the total contribution to the Budget Reserve to £5.2m.

### Other Reserves

85. Other Reserves, which include Insurance, Capital and Cash flow reserves, are forecast to total £41.976m at 31 March 2015. The increase since the last report reflects the transfer of balances from the Efficiency, Carry Forward, E&E, and CEO Reserves (as noted in paragraph 84) to the Budget Reserve agreed as part of the 2015/16 budget.

### Balances

86. Annex 6, which is summarised in the table overleaf, sets out that forecast general balances would be £20.681m. If CE&F make a contribution of up to £2.000m from reserves to support their outturn position balances would increase by the equivalent amount.
87. 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 £3.3m higher than the risk assessed level of £17.4m for 2015/16. Any additional balances at year end will be used to support the Medium Term Financial Plan.

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	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		0.971
Less forecast overspend		-1.200
<b>Forecast Balances</b>	<b>18.409</b>	<b>20.681</b>

88. £1.629m of the £3.039m Severe Weather Recovery Grant received in March 2014 was estimated to be spent in 2014/15. £0.640m of the amount that was allocated to E&E as a supplementary estimate earlier in the year is requested to be returned to balances and will now be spent in 2015/16.

### Part 3 – Capital Programme

89. The capital monitoring position set out in Annex 8a, shows the forecast expenditure for 2014/15 is £101.7m (excluding schools local capital), which is an increase of £0.1m compared to the latest approved capital programme agreed by Council in February. The table below summarises the variations by directorate.

Directorate	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Children, Education & Families	37.1	37.2	+0.1
Social & Community Services	3.1	3.1	0.0
Environment & Economy - Transport	49.9	50.0	+0.1
Environment & Economy - Other	10.6	10.5	- 0.1
Chief Executive's Office	0.9	0.9	0.0
<b>Total Directorate Programmes</b>	<b>101.6</b>	<b>101.7</b>	<b>+0.1</b>
Schools Local Capital	2.5	2.5	0.0
Earmarked Reserves	0.9	0.9	0.0
<b>Total Capital Programme</b>	<b>105.0</b>	<b>105.1</b>	<b>+0.1</b>

\* Approved by Council 17 February 2015

90. Significant in-year variations for each directorate are listed in Annex 8b. New schemes and total programme/project budget changes are listed in Annex 8c.
91. In the Children, Education & Families programme, a £2.1m budget has been drawn down from the Basic Need provision for the expansion of Windmill Primary School with £0.450m profiled in 2014/15. This is offset by the re-profiling of £0.300m in the provision of places for 2-year olds budget.
92. In the Transport programme, the £7.3m Loop Farm Link Road Scheme has been added to the programme as approved by Cabinet in February 2015, £0.1m of this is profiled in 2014/15.

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93. In the Environment & Economy programme, £0.146m has been re-profiled to 2015/16 on the Broadband scheme.

### Actual & Committed Expenditure

94. As at the end of February actual capital expenditure for the year to date (excluding schools local spend) was £60.6m. This is 60% of the total forecast expenditure of £101.7m. Actual and committed spend is 91% of the forecast.

### Five Year Capital Programme Update

95. The total forecast 5-year capital programme (2014/15 to 2018/19) is now £477.7m, an increase of £6.7m compared to the last capital programme approved by Council in February 2015. The table below summarises the variations by directorate and the main reasons for these variations are explained in the following paragraphs.

Directorate	Last Approved Total Programme (2014/15 to 2018/19) * £m	Latest Updated Total Programme (2014/15 to 2018/19) £m	Variation £m
Children, Education & Families	163.8	163.9	+0.1
CEF Reductions to be identified	-5.8	-5.8	0.0
Social & Community Services	37.2	37.2	0.0
Environment & Economy - Transport	181.5	188.9	+7.4
Environment & Economy – Other	34.8	34.8	0.0
Chief Executive’s Office	5.6	5.6	0.0
<b>Total Directorate Programmes</b>	<b>417.1</b>	<b>424.6</b>	<b>+7.5</b>
Schools Local Capital	7.4	7.4	0.0
Earmarked Reserves	46.5	45.7	-0.8
<b>Total Capital Programme</b>	<b>471.0</b>	<b>477.7</b>	<b>+6.7</b>

\* Approved by Council 17 February 2015

96. As well as the increases set out in paragraphs 4 and 5 above, the Transport programme has increased by a further £0.112m for a stabilisation scheme on the A40 at Aston Hill. This is funded from an earmarked reserve held for subsidence works.
97. The Broadband project, which is in its first full year of progress, is being expanded to provide more network coverage. The overall budget requirement has increased by £3.9m, funded by external bodies. Cabinet are recommended to approve the expansion of the programme by £3.9m to expand the current Broadband programme and to contractually commit to the construction of the revised programme. A Full Business Case for the project is available as a background paper.
98. The Wantage Eastern Link Road (WELR) is a key element of the transport infrastructure proposed to facilitate planned growth in the Science Vale, it is part of the Science Vale Transport Package. The proposed road will act as both an access to the planned Crab Hill residential development (1,500 homes) and also as a by-pass to

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Wantage town centre. The road, to the north east of the town, will link A417/A338 junction at Mably Way to the A417 (West Lockinge junction). When completed it is proposed that the road would be designated the A417.

99. 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. The WELR is to be part directly delivered by developers; it will be constructed in three stages, two of which (stage 1 from A417 in a north-westerly arc, and stage 2 from A338 in a broadly south-easterly arc) are to be built under S278 agreement by the developers of Crab Hill. The middle section (stage 3) is to be procured by the County Council using developer contributions secured from other developments in Wantage & Grove. The two sections delivered under a S278 agreement will require financial support towards their construction cost.
100. It is recommended that Cabinet approve the allocation of £2.450m the Local Transport Board funding secured as part of the Local Growth Fund allocation as a contribution towards the construction of stages 1 & 2 of the WELR due to the enhanced specification to enable it to function as a strategic road. That support would promote the early delivery of the two initial stages and enable the County Council to move towards completing the whole link between A338 & A417. The WELR will receive outline planning approval as part of the planning permission for the Crab Hill development expected to be issued by Vale of White Horse. A business case will be prepared prior to any call for expenditure on stage 3 of WELR.

### **Part 4 – Fees and Charges**

101. As set out in Annex 7a there are also two proposed amendments to the Commons Search Charge and Supply of Copy Order which would be effective from May 2015.
102. Annex 7b also sets out a proposed new schedule of pre-application charging for highways advice and would be introduced from 1 June 2015. This is currently provided free of charge.

### **RECOMMENDATIONS**

103. **The Cabinet is RECOMMENDED to:**
  - (a) **note the report and annexes;**
  - (b) **approve the return of £0.640m Supplementary Estimate relating to the Severe Weather Recovery Grant as set out in paragraph 64;**
  - (c) **approve the creation of the Government Initiatives Reserve and the contribution of £0.840m as set out in paragraph 77;**



- (d) **Approve the write off part of the developer contribution as set out in paragraph 69;**
- (e) **Approve the changes to fees and charges set out in Part 4 and Annex 7a and 7b;**
- (f) **Approve the changes to the Capital Programme set out in Annex 8c;**
- (g) **Approve the release of £3.9m to expand the Broadband programme and to contractually commit to the construction of the revised programme as set out in paragraph 97; and**
- (h) **Approve allocation of £2.450m Local Growth Fund capital funding as a contribution towards the construction of stages 1 and 2 of the Wantage Eastern Link Road by the developer of the Crab Hill development as set out in paragraphs 98 to 100.**

**LORNA BAXTER**

Chief Finance Officer

Background papers:

Directorate Financial Monitoring Reports to the end of February 2015

Business case for Phase 2 of the Better Broadband for Oxfordshire Programme and

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