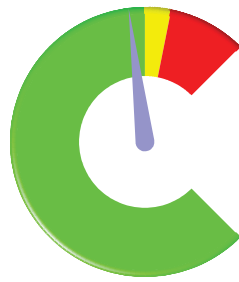


Appendix A Integrated Report- Corporate Quarter Two 2012/13

Financial Performance

General Fund



Budget: £24,113,000
Forecast: £23,368,000
Variance: -£745,000
Prev Mth: £23,748,000
Movement: -£380,000

HRA



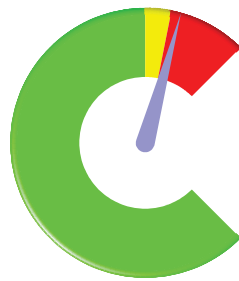
Budget: -£5,449,000
Forecast: -£6,179,000
Variance: -£730,000
Prev Mth: £-5,700,000
Movement: -£479,000

Capital



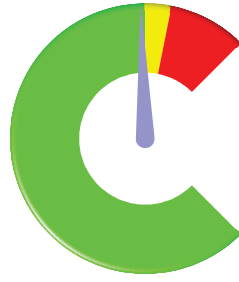
Budget: £20,051,000
Forecast: £19,788,000
Variance: -£263,000
Prev Mth: £20,755,000
Movement: -£987,000

Efficiencies



Budget: -£3,244,000
Forecast: -£3,021,000
Variance: £223,000
Prev Mth: £-3,021,000
Movement: £0

Supplies & Services



Budget: £20,447,000
Forecast: £20,269,000
Variance: -£178,000
Prev Mth: £20,333,000
Movement: -£64,000

Employees



Budget: £44,472,000
Forecast: £44,058,000
Variance: -£414,000
Prev Mth: £44,097,000
Movement: -£39,000

Performance Summary

Priority	No Data	Red	Amber	Green
Vibrant and Sustainable Economy	0 (0%)	0 (0%)	0 (0%)	3 (100%)
Meeting Housing Need	0 (0%)	0 (0%)	0 (0%)	4 (100%)
Strong and Active Communities	0 (0%)	0 (0%)	1 (33%)	2 (67%)
Cleaner Greener Oxford	0 (0%)	0 (0%)	3 (60%)	2 (40%)
An Efficient and Effective Council	0 (0%)	1 (25%)	1 (25%)	2 (50%)
Total	0 (0%)	1 (5%)	5 (26%)	13 (68%)

Priority	No Data	Red	Amber	Green
Previous Quarter	0 (0%)	4 (17%)	4 (21%)	11 (58%)

Direction of Travel

Priority	No Data	Declining	No Change	Improving
Vibrant and Sustainable Economy	0 (0%)	0 (0%)	1 (33%)	2 (67%)
Meeting Housing Need	0 (0%)	1 (25%)	2 (50%)	1 (25%)
Strong and Active Communities	0 (0%)	0 (0%)	2 (67%)	1 (33%)
Cleaner Greener Oxford	0 (0%)	1 (20%)	3 (60%)	1 (20%)
An Efficient and Effective Council	0 (0%)	0 (0%)	2 (50%)	2 (50%)
Total	0 (0%)	2 (11%)	10 (53%)	7 (37%)

Risk Management

Ref.	Category	Description	Previous		Current		Trend since last quarter	Declined to red?
			P	I	P	I		
CRR-007	Health & Safety	Existence of operational risks (relating to internal as well as public concerns - property not vehicle)	5	3	3	4	↓	Yes
CRR-004	Delivery of key projects = ability to deliver cross cutting projects	People and the council are not developed sufficiently to make risk based decisions, carry out options appraisals. Decision making can be poor. Innovation is not encouraged, low risk appetite.	3	3	3	3	↔	
CRR-006	Supplier Management	Ability of the council to manage large contracts and to obtain best value from those contracts	3	3	3	3	↔	
CRR-012	Failure to achieve budget reductions over four year period	Inability to achieve savings in budget	3	3	3	3	↔	
CRR-013	Impact on homelessness of changes in Housing Benefit	Changes in housing benefit and universal housing benefit increase homelessness	4	4	5	3	↔	

CORPORATE SUMMARY

1 OVERALL SUMMARY POSITION

Overall the Council's performance as at the end of September 2012 is satisfactory. Financially, the Council is forecast to under spend against its General Fund, Housing Revenue Account and Capital Programme budgets. Although, some service areas are struggling to deliver within their allocated budgets and there are concerns about the timeliness of delivery on capital projects. Performance on delivery of corporate targets is good and improving. The Council's risk profile has increased during the year and whilst there are a number of risks on the Corporate risk register they have mitigating actions in place. There are now 12 Service Risks reported as Red and one Corporate Risk reported as Red.

2 FINANCE OVERALL

The overall financial position of the council as at 30th September is satisfactory. The General Fund is currently forecast to under spend by £745k as at 30th September an increase of £380k on the August position, this is largely a consequence of increased income generated from the Council's commercial property portfolio which has recently been reviewed and savings on employee costs within Direct Services; due to staff not joining the Local Government Pension Scheme. There are currently 58 Direct Services staff not members of the LGPS.

However, there are concerns that several services are failing to meet their budgetary targets and are unlikely to turn this around by year end. Additionally, the total savings and efficiencies target is currently projected to be £223k short of its £3,244k target.

With regard to the Housing Revenue Account (HRA) this is projected to under spend by £730k largely due to a £955k saving on interest costs related to the buy out of the HRA from the previous subsidy system. The potential for volatility on HRA funded activities given the implementation of welfare reforms and the current economic climate could potentially be significant. Rent arrears have been rising steadily since 2010 and have recently spiked at £1m following the implementation of the Direct Payments project in June. Mitigating actions are currently being put in place to try and manage this position back down and the situation will be kept under review.

The Council's Capital Programme has slipped mainly in relation to the new Blackbird Leys pool project. This was identified within the service areas risk register - ***Suspension of Competition swimming pool construction contract due to judicial review***. Although a conditional contract has been let to the main contractor there is a potential for cost escalation. The contract to the value of just over £7 million has however been slipped in the capital programme from 2012/13 to 2013/14.

A further anticipated reduction of £2.5m is estimated, with notable variations including:

- Town Hall - Conference system refurbishment - £300k
- Town Hall ventilation works and toilets - £300k
- Rose Hill Community centre - £126k
- Covered market improvements - £240k
- Sports pavilions - £200k
- Cycle Oxford - £60k
- Forrester Tower Block - £950k
- HRA Structural Improvements £100k

As part of the current budget setting process we are undertaking a review of budget and project profiling to ensure the deliverability of schemes as planned going forward..

There is a more detailed summary of the corporate financial position attached as Appendix A

3 PERFORMANCE

Overall, the Council's performance against its corporate targets is Good with 13 (68%) of targets being delivered as planned, 5 (26%) below target but within tolerance and 1 (5%) off target. This is an improvement on Q1's position of 58% on target, achieved as follows; holiday activity numbers are now on track following the completion of the summer programme; customer satisfaction has seen a steady improvement overall over the last 3 months from 62% in July to 65.5% as at the end of September. This compares to target satisfaction of 70%. Telephone satisfaction remains high at 89% ; jobs created due to Council investment is back on target having accounted for jobs created through the letting of Council property in the city; the eleven new apprentices recruited are now in post bringing the total number currently employed to 21, of which 11 are Oxford City residents; further favourable outturn positions projected in Direct Services and Corporate Property have helped moved the cost of Council services from Amber to Green, although the delivery of efficiency savings is currently slightly off target.

Downturns in individual performance areas are set out in the exceptions section. Although the Council's recycling performance is on Amber it is still overachieving the target for the amount of waste sent to landfill per household due to a number of initiatives launched to reduce residual waste.

The performance within the Customer Contact Centre has been identified as a service area risk, namely **Service delivery in customer call centre** as the call centre delivery continues to be an area of concern. Mitigating factors include the employment of temporary staff and the implementation of a resilience contract with an external supplier, both additional costs to the council's budget.

Corporate performance indicator exceptions

Red:

An efficient and effective Council: The delivery of the Council's efficiency savings (FN002) - savings are currently forecast to be £223k below target (of a total savings target of £3.2m for the year) but it is anticipated this will be made up over the coming months and will deliver as per target.

Amber:

Efficient and effective Council: Customer satisfaction (CS001) - Overall, 65.5% of customers said they thought the service was good, 14% average and 21% poor. This compares to target satisfaction of 70%, but performance is steadily increasing overall (from 64% in August and 62% in July) and telephone satisfaction remains high at 89%. We are working through an improvement plan for the Customer Service Centre which includes reducing waiting times as a priority as this has been highlighted as an issue through satisfaction reporting. In September, staff resources were reviewed to include a Customer Service Officer 'queue busting' wait times. It is important to bear in mind that this target is stretching and achievement of it would place the City Council in the top ten of the 130 local authorities that measure their performance using this system.

Cleaner Greener Oxford: The reduction in the city council's carbon footprint (ED002) - Several Salix-funded carbon reduction projects are in development with target for implementation during 2012/13, but none were completed during September meaning performance of 102 tonnes reduced did not progress to meet the periodic target of 140 tonnes

Cleaner Greener Oxford: Reduction in the Council's water consumption (ED014) - Performance is 2,316 cubic metres reduction compared to a periodic target of 2,500. Meetings have been held with Thames Water to discuss potential pilot collaboration projects to reduce water consumption, including a water smart meter trial. Water reduction awareness publicity is planned for the Carbon Management plan launch event.

Cleaner Greener Oxford: Household waste recycled and composted (NI192) - The recycling rate during September was 46%, which means performance year to date reached 45.7% (compared to a periodic target of 47.5%). Every effort is being made to hit the target by year end; improving flats

recycling and recycling road shows and campaigns are in operation across the City along with campaigns in areas of the City where recycling is lower e.g. Barton cleaner greener Campaign.

Strong and active communities: Satisfaction with our neighbourhoods (PC018) - This relates to the results of the 2011 survey. New survey results are expected later in the year

4 RISK

Whilst the Council has a number of Corporate and Service risks which give some cause for concern there are mitigating actions in place to ensure that the residual risk is reduced to its minimum

On risk whilst the number of risks overall is not increasing the trend on service risk is on the increase with a 50% increase in the number of risks changing to red. Red service risks now stand at 12 with 1 corporate red risk. The corporate red risk relates to homelessness largely in relation to the uncertainty over welfare reforms and the impact that that may have on the council. The Council has set aside a financial contingency to cover eventualities although this may not be enough and a draw on further financial reserves cannot be ruled out. Service high risks areas relate generically to

- Service failure due to inadequate staffing
- Unachieved income targets e.g. town hall
- Projects on hold beyond our control such as New swimming pool and Westgate redevelopment
- Impact on service delivery such as customer services, public health and delivery of the HRA Business Plan

All these risks may potentially adversely affect the Council's finances and performance indicators and will require monitoring over the coming months.

CORPORATE RISK - EXCEPTIONS

The Council has 5 corporate risks where the current risk ranking is Amber or Red under the council's policy for risk evaluation. More detail is as follows:

- **Health and safety** - The council has a significant portfolio of property including 7,500 council dwellings. There are a number of health and safety responsibilities which as landlord the Council is either required to undertake on behalf of its tenants, or ensure are in place for its public and administrative buildings. The impact of health and safety issues arising is high, the probability is considered medium. Mitigating factors such as robust monitoring are not yet fully in place although the council is working on all areas where it has a statutory responsibility.
- **Delivery of key projects** - The Council has a number of key projects which are critical to its success to meeting its corporate objectives. Project Management is not yet embedded across the council and there is a concern that these projects will conflict with Business as Usual. This may be a contributing factor associated with the slippages on several capital projects. Mitigating actions include CMT Members taking an active role in implementation and development and training of staff on project management methodology
- **Supplier Management** - The council has a number of key contracts in place with suppliers. Whilst procurement of suppliers is well embedded, supplier contract management has yet to be developed which could lead to reduced efficiencies both in terms of delivery and VFM. Mitigating factors include reviewing the corporate procurement strategy, holding training courses for staff, and learning from where we have strong contract management in place.
- **Budget reductions** - The Council's net expenditure budget of £24.113 million allows for savings of £1.761 million. Failing to meet this target will have a material effect on the council's finances. The Council is currently £223k short of this budgeted target, which in itself is a manageable risk within contingencies if required.
- **Impact on Homelessness** - The Council has a significant homelessness problem within the city with 24 families classed as homeless living in temporary accommodation and gross expenditure incurred of around £200k. Welfare reforms, including the move to Universal Credit and rent capping is anticipated to exacerbate this problem and whilst the council has

financial contingencies to meet additional expenditure, these may not be enough.

SERVICE RISK - EXCEPTIONS

The Council has 12 service risks which are showing as red this is an increase from 6 shown in the last quarter. These are discussed in more detail on the individual Directorate Reports.

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