

To: City Executive Board
Council

Date: 12 March 2015
13 April 2015

Report of: Head of Finance
Head of Business Improvement and Technology

Title of Report: Integrated Performance Report for Quarter 3
2014/2015

Summary and Recommendations

Purpose of report: To update Members on Finance, Risk and Performance as at the end of Quarter 3, 31st December 2014

Key decision: No

Executive lead member: Councillor Ed Turner, Board member for Finance, Asset Management and Public Health

Policy Framework: Efficient and effective Council

Recommendations: That the City Executive Board:

- a) Note the projected outturn for finance (showing a favourable General Fund position of £1.267 million, a favourable Housing Revenue Account position of £2.565 million and a favourable Capital Position of £3.890 million) and performance as well as the associated risk position as at December 2014;
- b) Recommend to Council a supplementary capital budget £200,000 for welfare facilities at Cowley Marsh depot as detailed in paragraph 5;
- c) Note the risks and potential financial penalties relating to Homes and Communities Agency Grant Funding as outlined in paragraphs 6 and 7; and
- d) Recommend to Council that all end of year revenue surpluses from 2014/15 be transferred into a property investment reserve, subject to c) above, in order that the funds can be invested to provide future income

streams or to further policy objectives including the allocation of £550,000 in relation to the purchase of the freehold of St.Aldate's Chambers.

Appendices

Appendix A – Corporate Integrated Report

Appendix B – City Regeneration Integrated Report

Appendix C – Organisational Development and Services Integrated Report

Appendix D – Community Services Integrated Report

Appendix E1 – General Fund December Forecast Outturn

Appendix E2 – Capital Programme December Forecast Outturn

Appendix E3 – HRA December Forecast Outturn

Executive Summary

1. This report sets out the projected outturn position for finance and performance for 2014/15 as at the end of the third quarter, together with the risks faced. A brief summary is as follows: -
 - **General Fund** – the outturn position is estimated to be a favourable net variance of £1.267 million. Key variances are £0.114 million adverse on Private Sector Housing; £0.553 million favourable commercial rental income; £0.400 million favourable contribution from Direct Services; £0.275 million in Customer Services including an increase in court costs income of £0.150 million; and £0.168 million favourable variance in Human Resources. If the achievement of savings and efficiencies continues as expected, the contingency held against them will be freed up at the end of the year. More detail is available in Appendices A to E1).
 - **Housing Revenue Account** – the HRA is similarly projected to show a favourable variance against the latest budget of £2.565 million. £2.057 million favourable variance relates to reductions in capital financing directly related to slippage in the HRA capital programme; £0.254 million proposed transfer into earmarked reserves; and £0.762 million favourable variances in operating expenditure and income. More detail is available in Appendices B and E3.
 - **Capital Programme** – the capital outturn position shows a net forecast favourable variance against the latest budget of £3.890 million. Key variances are £0.900 million slippage relating to Superconnected Cities; £0.547 million net favourable variance and savings on planned works to the Council's portfolio of property; and £1.548 million slippage relating to re-profiling the Rose Hill Community Centre scheme. More detail is available in Appendix E3.
 - **Performance** – Performance against corporate targets is good with 13 (65%) being delivered as planned, 2 (10%) below target but within acceptable tolerance limits and 4 (20%) not meeting their target which are listed in paragraph 10 and detailed in Appendix A.

- **Risk Management** – there were no corporate red risks and 6 amber risks as at 31st December 2014 which are listed in paragraph 12 and detailed in Appendix A.

Background

2. Finance, Performance and Risk information is reported in an integrated format to the City Executive Board on a quarterly basis.
3. Reports as at the 31st December 2014 are attached at Appendices A to E. The reports use a Red, Amber and Green (RAG) reporting methodology. These reports are available to Members on line via the intranet.

Financial Dials

4. The following tolerances apply to the financial dials in the summary reports:
 - Green** – Forecast outturn is within 100% of the latest approved budget.
 - Amber** – Forecast outturn is within 100% - 105% of the latest approved budget.
 - Red** – Forecast outturn is over 105% of the latest approved budget. Performance in this area is a potential concern and will be commented on within the report.

General Fund Revenue and Capital

5. There is an issue of note relating to the General Fund Capital Programme:

Direct Services is currently forecasting a favourable overall revenue variance of £0.400 million. It is recommended that £0.200 million of this is used to finance a supplementary estimate to enable improvement works to Cowley Road Depot. The improvements would deliver a new First Aid room, additional office space and meeting rooms for one to ones and appraisals in order to continue to improve staff performance.

Housing Revenue Account Revenue and Capital

6. There is an issue of note relating to the Housing Revenue Account Capital Programme:

Appendix E2 indicates that the revised 2014/15 projected outturn for the Homes and Communities Agency New Build scheme is now £11m. This represents a reduction of £2.100 million from the original estimate. A revised completion schedule suggests the following:

- Leiden Road – All units - 16th February 2015
- Cardinal Close – All units 23rd March 2015
- Lock's Court (Bury Knowle)– All units 30th March 2015
- Minchery Farm
 - Phase 1 units 27 to 42 – March/April

- Phase 2 flat blocks - April
- Phase 3 units 9 to 20 – April/May
- Phase 4 units 1 to 8 – April/May
- Bradlands House – May/June

7. The slippage on the Programme potentially puts at risk payment of the remaining £1.2 million grant which has yet to be received. This is because the grant conditions require that all of the units are practically complete by 31st March 2015. Mitigating action has been put in place, such as phased handover of Minchery Farm, to reduce the impact and there is close communication with the Homes and Communities Agency over progress. If grant is lost then the HRA Capital Programme will need to be cut in 2015/16 to cover the shortfall; projects are currently being identified.
8. The slippage on this scheme and on the Rose Hill Community Centre scheme gives rise to the favourable variance to the Revenue Contributions to Capital budget for 2014/15 as reflected in the revenue monitoring statement at Appendix. This position will need to be reviewed if there is any adverse impact arising on the Homes and Communities Agency Grant position detailed in the paragraph above.

Property Investment Reserve

9. The Council from time to time has opportunities to increase its property portfolio to bring the future revenue streams or to further its policy objectives. Due to the nature of these opportunities it is not always possible to obtain explicit budgetary approval from Council on each deal within the timeframes dictated by the market. It is therefore proposed to set up a property investment reserve from some of the current year's revenue savings.

Performance

10. Corporate and Directorate performance is reported within Appendices A to D. Corporate Performance Indicators that are not meeting their targets are listed below. More detail is contained in Appendix A.
- Affordable homes for rent
 - Council's CO2 emissions
 - Rough sleepers second night out
 - Tenant satisfaction with their estates

Risk

11. Corporate and Directorate risks are reported within Appendices A to D. Risks are measured according to the matrix shown below:

Probability							
>90%	Almost Certain	5	5	10	15	20	25
50-90%	Likely	4	4	8	12	16	20
30-50%	Possible	3	3	6	9	12	15
10-30%	Unlikely	2	2	4	6	8	10
<10%	Rare	1	1	2	3	4	5
			1	2	3	4	5
		Impact	Insignificant	Minor	Moderate	Major	Catastrophic

12. There are no red Corporate Risks. The six amber Corporate Risks are listed below with more detail contained in Appendix A.
- Resilience of the Information and Communications Technology function
 - Medium Term Financial Plan savings not delivered and pressures not accurately recorded
 - Management of capital projects and contracts
 - Health & Safety of People
 - Risk of fraud against the Council
 - Risk of breaching the Data Protection Act

Climate Change / Environmental Impact

13. There are no issues arising directly from this report

Equalities impact

14. There are no equalities impacts arising directly from this report

Financial Implications

15. All financial implications are covered in the body of this report and the Appendices.

Legal Implications

16. There are no legal implications directly relevant to this report.

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List of background papers: None.

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