

**To:** City Executive Board

**Date:** 17 December 2015

**Report of:** Head of Financial Services  
Head of Business Improvement

**Title of Report:** Integrated Performance Report for quarter 2  
2015/2016

## Summary and Recommendations

**Purpose of report:** To update Members on Finance, Risk and Performance as at the end of Quarter 2, 30 September 2015

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Efficient and effective Council

**Recommendation(s):** That the City Executive Board resolves to:

1. Note the projected outturn position and the performance and associated risk information contained in the report.

## Appendices

**Appendix A** – Corporate Integrated Report

**Appendix B** – City Regeneration Integrated Report

**Appendix C** – Organisational Development and Corporate Services Integrated Report

**Appendix D** – Community Services Integrated Report

**Appendix E** – Assistant Chief Executives Integrated Report

**Appendix F1** – General Fund September Forecast Outturn

**Appendix F2** – Capital Programme September Forecast Outturn

**Appendix F3** – HRA September Forecast Outturn

## Executive Summary

1. This report sets out the projected outturn position for finance and performance as at the end of the second quarter of 2015/16, together with the risks faced. A brief summary is as follows: -

### Finance

- **General Fund** – the outturn position is estimated to be a £0.136 million overspend on a net budget of £23.3 million. There are variances in Housing and Property due to lost fee income from capital projects and in Planning and Regulatory due to staff turnover and associated cover arrangements; these are offset by a reduction in the direct revenue financing of the Capital Programme and application of the in-year corporate contingency budget. (More detail is available in Appendices A2 and B2).
- **Housing Revenue Account** – the HRA is projected to spend to the latest budget. More detail is available in Appendices B and F3.
- **Capital Programme** – the capital outturn position shows a net ‘underspend’ against the budget of £10.936 million, of which £6.349 million are deferred schemes (as agreed at the 10<sup>th</sup> September meeting of CEB). More detail is available in Appendices A and F3.

**Performance** – 14 corporate performance indicators (74%) are being delivered as planned, 3 (16%) are below target but within acceptable tolerance limits and 2 (10%) are not meeting their target. These are detailed in paragraph 10 below and in Appendix A attached.

**Risk Management** – there is one corporate red risk and 3 amber risks as at 30<sup>th</sup> September 2015. These are listed in paragraphs 11 to 14 and 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 30 September 2015 are attached at Appendices A to F. 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**

### Planning and Regulatory

5. Due to staff turnover, additional cost pressures of approximately £0.200 million are forecast in the short term. Officers are currently working on options to resolve the position going forward. The in-year pressure will be funded from the corporate contingency.

### Housing and Property

6. City Executive Board at its meeting of 10<sup>th</sup> September 2015 agreed to pause a number of schemes in the current year's Capital Programme. This is having a consequential impact on the capital project fee income earned by the Housing and Property service creating a forecast budget pressure of £0.250 million. This will emerge in its entirety if the schemes are not re-instated and will then be mitigated by a virement from direct revenue funding which will negate the variance.

### Dry Recyclate

7. A budget pressure was identified in December 2014 in relation to the cost of disposal of dry recyclate. An OJEU (Official Journal of the European Union) tender process has been completed and new contracts are in place effective from 6 October 2015. The financial impact for 2015/16 is £0.500 million, based on an average annual tonnage of 16,000 tons, which the service is expecting to fully mitigate through additional external income and staff related savings. Council officers are considering other options in order to determine the best way to mitigate this pressure going forward but this pressure (£1m in full year) will continue during 2016/17 and will be reflected in the 2016/17 budget setting process.

### Corporate Budgets

8. The corporate forecast contains the mitigations of £(0.200) million and £(0.250) million for Planning and Regulatory and Housing and Property pressures respectively totalling £(0.450) million. Together with the £0.136 million underachievement of investment income (detailed below) this results in an overall corporate variance of £(0.314) million.
9. At the time the interest income on cash balances budget was set, interest rates were widely projected to rise throughout 2015/16. Current forecasts are that there will be no rise in the Base Rate until the first quarter of 2016 at the earliest, but more likely the fourth quarter of 2016. Hence an in year pressure of £0.136 million is projected.

## **Performance**

10. Corporate and Directorate performance is reported within Appendices A to E. Of the nineteen Corporate Performance Indicators five are not on

target: two are outside acceptable tolerance limits and three are within acceptable tolerance limits as set out below. More detail is contained in Appendix A. Those outside acceptable tolerance limits are as follows:

- **The number of Council apprenticeships created through Council investment for those who live in Oxford - 18** apprentices were employed in September, short of the target of 26. This is explained by the fact that some apprentices in Direct Services have completed their training and have six now been appointed into full time roles. Two service areas are not replacing apprentices that did not progress beyond their probation period. Other services are in the process of putting together bids or planning to recruit to apprenticeships but these have not yet come to fruition. In addition, apprenticeship candidates have reduced during recruitment campaigns, with many potential applicants opting to stay in full time education.
- **The number of training places and jobs created as a result of Council investment and leadership – current performance is 432 jobs and training places against a second quarter target of 487.** However, information has not yet been received from two construction contractors, and so may be higher than shown. We are pressing for the missing data

Within acceptable tolerance limits

There are three performance targets which, although the target has not completely been met, are within acceptance tolerance limits and do not give cause for concern at this stage:

- Delivery of Efficiency Savings
- The number of households in Oxford in temporary accommodation
- The number of young people accessing youth engagement projects and activities outside school hours

**Risk**

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

		<b>Probability</b>						
>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
		<b>Impact</b>	Insignificant	Minor	Moderate	Major	Catastrophic	

12. There is a new red risk relating to Medium Term Financial Planning following the announcement of the Chancellor's Summer Budget in July which has significant ramifications for the Council's Medium Term Financial Plan, and in particular the Housing Revenue Account.
13. Changes that are required to be made to the HRA Business Plan to mitigate the pressures will be determined through the budget setting cycle which is underway. In order to ensure that the Council has maximum flexibility around these issues a temporary moratorium was placed on all non-essential General Fund and HRA capital works in September to enable officers to review options for consideration during the budget process.
14. There are three amber Corporate Risks as listed below with more detail contained in Appendix A.
- Resilience of the Information and Communications Technology function
  - Partnership Risk
  - Recruitment and Retention

#### **Climate Change / Environmental Impact**

15. There are no issues arising directly from this report

#### **Equalities impact**

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

#### **Financial Implications**

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

#### **Legal Implications**

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

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**List of background papers: None.**

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