

To: City Executive Board
Date: 16 June 2016
Report of: Head of Financial Services
 Head of Business Improvement
Title of Report: Integrated Performance Report for quarter 4 2015/16

Summary and recommendations	
Purpose of report:	To update Members on Finance, Risk and Performance as at the end of the financial year.
Key decision:	No
Executive Board Member:	Councillor Ed Turner
Corporate Priority:	Efficient and Effective Council.
Policy Framework:	Corporate Plan
Recommendation(s): That the City Executive Board resolves to:	
1.	Note the financial outturn and performance of the Council for the year 2015/16 and also the position on risks outstanding as at 31 March 2016;
2.	Agree the carry forward requests outlined at paragraphs 7 and detailed in Appendix 4 and recommend to Council the establishment of budgetary provision in respect of the new bids show in paragraphs 7 and Appendix 4;
3.	Agree the transfers to General Fund earmarked reserves detailed paragraph 7;
4.	Agree the transfers to Housing Revenue Account (HRA) earmarked reserves as detailed in paragraph 9;
5.	Agree the capital carry forwards as detailed in paragraph 13 Appendix 2.

Appendices	
Appendix 1	General Fund Outturn
Appendix 2	Capital Programme Outturn
Appendix 3	HRA Outturn
Appendix 4	Carry Forward Requests and New Bids

Appendix 5	Corporate Performance Outturn
Appendix 6	Corporate Risks
Appendix 7	Earmarked Reserves

Introduction and background

1. This report updates the Board on the performance of the Council for 2015/16 together with an analysis of corporate and service risks faced as at 31 March 2016. A brief summary is as follows:
2. Financial Outturn
 - a. **General Fund** – The outturn position is an underspend of £0.494 million, which is 2% of the gross budget;
 - b. **Efficiencies, Fees and Charges & Service Reduction Targets** – At year end all targets were either delivered as planned or exceeded. Additional income was achieved across service areas;
 - c. **Housing Revenue Account** – after transfers of £10.9 million to a capital reserve to fund investment in future years the HRA working balance remains at £4m;
 - d. **Capital Programme** – the outturn spend is £32.708 million (95% of the latest budget).
3. **Performance** – 74% (14) of Corporate performance targets were delivered as planned, 26% (5) did not meet their target; individual performance targets are detailed in Appendix 5.
4. **Risk Management** – There are no red corporate risks, but four amber risks at year end which are listed at paragraph 22 and Appendix 6.

General Fund Revenue

5. After taking account of transfers to/from earmarked reserves the General Fund is showing a favourable variance against budget of £0.494 million, the revenue balance remains unchanged at £3.622 million. Variances that are on-going will be picked up as part of the refresh of the Medium Term Financial Plan later in the year.
6. Recommended carry forwards are detailed in Appendix 4.
7. A full list of Earmarked Reserves is attached at Appendix 7.

General Fund Earmarked Reserves and Working Balances

8. A number of requests have been made to carry forward unspent sums that have either a) not yet started, or b) are started but not completed (£1,025k). Additionally, new bids of £361k have been received to be financed from the underspend. Details of these requests are shown in Appendix 4 and summarised below:

Description	Original Budget £	New Scheme Request £	Slipped Scheme £	Total £
Assistant Chief Executive	322,618	53,000	32,500	85,500
Environmental Sustainability	0	3,069	0	3,069
Planning & Regulatory	277,800	0	152,600	152,600
Housing & Property	240,000	40,000	59,878	99,878
Direct Services	0	232,000	0	232,000
Community Services	273,783	0	103,142	103,142
Partnership Team	689,800	0	358,500	358,500
Business Improvement	80,016	0	55,111	55,111
Organisational Development	383,045	0	262,770	262,770
Welfare Reform	0	33,367	0	33,367
Total	2,267,062	361,436	1,024,501	1,385,937

9. The new scheme requests include the following:

- Unitary Bid - £53k to fund the Council costs associated with its unitary bid
- Identifying fuel poverty in Oxford - £3k to be used to part fund the Councils involvement in the countywide Affordable warmth network
- Consultancy for establishing a Housing Company - £40k
- Cowley Marsh Recreation ground car park extension - £132k to facilitate additional fleet at existing depot
- Replacement brush wash for vehicles - £100k – to replace existing system

10. The City Executive Board is asked to review and agree the carry forward requests and new bids. Should all requests be approved then the balance to be transferred to the Capital Financing Reserve will be £494k, any sums not agreed will be added to this figure.

11. There has been a net transfer of £2.941million to General Fund reserves inclusive of the items shown in paragraph 8, a detailed breakdown on which is shown in Appendix 7.

12. The most notable transfers to earmarked reserves are:

NNDR retention reserve - £0.5 million to allow for variations in business rates

- Carry forward request and New bids - £1.386 million as referred to in para 8

- Capital Financing reserve – (£1.116) to finance the capital programme
- Fundamental service review - £0.2 million –to provide backfill and consultancy in respect of Fundamental Service reviews during the 2016/17 budget setting process

Housing Revenue Account

13. The Housing Revenue Account is showing an under spend of £9.809 million predominantly relating to the in year planned moratorium on capital spending, at year end, a variance against the latest budget of £10.946 million. This will be transferred to a HRA Capital Financing Reserve to finance slippage on the capital programme.
14. Net transfers to reserves totalled £9.416 million the majority of which related to the surplus described above. The HRA Working balance brought forward at 1 April 2015 was £4.0 million and as at 31st March 2016 this remains unchanged.

Capital

15. Capital expenditure for 2015/16 was £17.1 million on the General Fund and £15.6 million on the HRA giving a total spend of £32.7 million. This expenditure included some large schemes such as:
 - Oxpens Investment Purchase - £6.5 million
 - Homelessness Property Acquisitions - £0.857 million
 - Pavillions - £0.556 million
 - Car Parking across the city - £0.962 million
 - Tower Blocks refurbishment - £0.828 million
 - Rose Hill Community Centre - £3.571 million
 - New Build Council Dwellings- £2.730 million
16. The expenditure is shown on a scheme by scheme basis at Appendix 2. The balance of £0.495 million underspends will release funding back into capital resources. The Appendix also shows the detail of those schemes which have slipped into future years and those which have underspent since the last monitoring undertaken in February 2016. In total the additional variance is £1.884 million which is analysed as follows:

Capital Budget and Spend as at 31 March 2016						
Capital Scheme	Original Budget with Carry Forwards	Latest Budget 2015/16	Spend to 31 March 2016	Outturn Variance to Latest Budget	Outturn Variance due to Slippage	Outturn variance due to Over/ Under spend
	£	£	£	£	£	£
GF Total	22,960,665	18,072,684	17,129,070	(943,614)	(941,526)	(2,088)
Housing Revenue Account	24,618,977	16,518,894	15,578,538	(940,356)	(447,252)	(493,104)
Grand Total	47,579,642	34,591,578	32,707,608	(1,883,970)	(1,388,777)	(495,192)

17. The main areas of variation from the latest budget set in January 2015 are:

General Fund

- West End Partnership - £0.335, the spend will be one off contribution to the County Council once the agreement has been made;
- Headington Environmental Improvements - £0.059 million to be slipped into 2016/17. The scheme has not yet started but is planned to commence in 2016/17;
- Investment covered market - £0.075 million to continue improvements to the Covered Market;
- Repairs to investment properties - £0.054 million to continue improvements to investment properties;
- Bury Knowle House - £0.020 million to be slipped into 2016/17 to continue the works;
- Town Hall - £0.022 million to complete improvement to the Town Hall in 2016/17;
- Flood Alleviation - £0.047 million to be slipped into 2016/17 to continue the project;
- Cycle Oxford - £0.025 million to be slipped into 2016/17 for final expenditure;
- Direct Services Depots - £0.027 million to be slipped into 2016/17 to continue with Phase 2 of the project;
- Pavillions and Leisure Centres - £0.052 million to be slipped into 2016/17 so that work can continue on the individual projects;
- Car parking Oxpens - £0.055 million to be slipped into 2016/17 for work to complete in early 2016/17 to relocate Streetscene staff from Gloucester Green;
- Headington Environmental Improvements - £0.059 million to be slipped into 2016/17 to complete the landscaping works;

- Cutteslowe Lower Pavilion - £0.112 million to be slipped into 2016/17, work has started on the scheme but some issues have been encountered which have delayed progress.

HRA

- Tower Blocks - £0.311 million to be slipped into 2016/17, works have commenced on the project and the technical design is being agreed, the project will continue in to 2016/17;
 - Structural - £0.080 million to be slipped into 2016/17, to carry out work on Banbury Road Balconies which is due to start in Sept 2016;
 - Roofing - £0.060 million to be slipped into 2016/17 to continue project;
 - External Doors and Windows - £0.090 million to be slipped into 2016/17 to continue the project;
 - Various adaptations and repairs to Council Dwellings - £0.126 million to be slipped into 2016/17 to continue the planned work and repairs;
 - Rose Hill Community Centre - £0.032 million to cover retention costs following completion;
 - HCA New Build - £0.059 million to cover retention costs following completion;
 - Blackbird Leys Regeneration - £0.015 million to continue the project into 2016/17;
 - Kitchens & Bathrooms & Voids - £0.192 million to be slipped into 2016/17 to continue work on the rolling programme of repairs and refurbishments to Council Dwellings;
18. The 2015/16 original budget set in January 2015 for Capital was £47.579 million, the outturn position is £14.871 million underspent against this. The temporary moratorium imposed on both General Fund and HRA Capital schemes agreed by members at CEB on the 10th September (lifted in December) due to uncertainties around Government funding especially in the HRA was the main factor. Overall spend was 68% of the budget compared to 76% (£48.7million spent) in 2014/15. Major variations in 2015/16 against original budget include:

General Fund

- Community Centre backlog - £0.484 million – Deferred to future years
- Stage 2 museum - £0.434 million – Deferred to 2016/17 as part of the lottery funded project
- MT Vehicle replacement - £1.6 million – Deferred due to the changes in the ordering cycle
- R&D Feasibility - £0.4 million - Deferred
- Property Acquisitions - £1.7 million – Scheme changed to working with St Mungos Broadway
- Flood Alleviation - £1.4 million –to be spent after 2015/16

HRA

- Tower Bock refurbishment - £5.0 million – Awaiting approval to revised budget
- Extensions and Major Adaptions - £0.301 million – Deferred
- Insulation Works - £0.337 million - Deferred
- Controlled Entry - £0.30 million - Deferred
- Great Estates - £0.750 million - Deferred
- Major Voids - £0.4 million - Deferred
- Blackbird Leys Regeneration - £0.4 million – Scheme alteration to align with available funding
- Solar Panels - £0.5 million - Deferred
- Rosehill Community Centre - £0.175 million Slippage in scheme

Performance Management

19. There are nineteen Corporate performance measures that are monitored during the year, these are detailed within Appendix 5. Fourteen of these measures met their target, the most notable ones are listed below:

- **The % of Council spend with local businesses** – Target of 50% with an overall achievement of 64.9%;
- **Number of people moved into work by the Welfare Reform Programme** – Target of 4 with a year end achievement of 45;
- **Number of affordable homes for rent delivered** – Target of 67 and an overall achievement of 166;
- **Implementation of measures to reduce the City Council's carbon footprint by 5% each year** – Target of 454 Tonnes with an actual achievement of 637 Tonnes.

20. Five of the Corporate performance measures did not achieve their target as follows:

- **Percentage of all contact carried out online** – Year end result was 26.3% against a target of 27%.
- **The percentage of estimated HMO's in the City that are licensed** – Year end result was 73% against a target of 75%.
- **The number of people estimated to be sleeping rough** – The City Council's annual estimate in November 2015 has seen an increase (from 43 to 56) due to a number of factors with a lack of move-on from the hostel system into Private Rented Sector and social housing causing a major systematic block. Initiatives such as Real Lettings and the ethical landlord model are being developed to try and tackle these issues. In addition, changes to the benefit system impacting EEA nationals in particular have contributed to the increase. A large number of people also have no local connection to Oxford City.
- **The number of training places and jobs created as a result of Council investment and leadership** – We achieved a year end

figure of 466 against a target of 550. We continue to look for opportunities to deliver social value under our contracts. Work to encourage this further through the development of a social value toolkit will commence in the new fiscal year. Under the Tower Block project 6 apprenticeships, the creation of more than 50 FTE opportunities for local students, and 4 new jobs will be created as part of the circa £1m social value offered under the contract which will have a positive effect on the statistics going forward.

- **The number of Council apprenticeships created through Council investment for those who live in Oxford** – 22 apprentices in total against a year-end target of 26. 7 associated with projects at Rosehill Community Centre, Affordable Homes and the Competition Swimming Pool, 15 directly employed through the Council with 13 of those living within an OX postcode area.

Risk

21. Corporate and Directorate risks are reported within the appendices. 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

22. There are four amber Corporate Risks as listed below with more detail contained in Appendix 6:

- Resilience of the ICT function – managing projects and improvements alongside business as usual – mitigations to manage this risk have included: agreement of an ICT strategy; embedding ITIL processes; migration to ICT strategic partner; implementation of ICT helpdesk and multi-skilled applications development team.
- Partnership Risk - Potential reduction in funding to our partners – The Council has worked with partners to mitigate the impacts that this may have to mitigate this risk.
- Recruitment and Retention – the risk of losing and not being able to recruit key staff across the organisation – mitigations to manage this risk have included agreeing retention measures, identifying key posts and agreeing action to recruit/retain these posts and review of the recruitment process.

- d. HRA Business Plan Delivery Failure due to changes in Government legislation and the impact this will have on the Council’s finances – this risk was introduced in Q2 following the summer budget and was reported as a red risk in both Q2 and Q3 but the Council has challenged DCLG to help shape the proposals and implementation of these changes to assist in mitigating this risk down to an Amber.
- 17 The risk relating to the Medium Term Financial Plan savings not being delivered was reported as an Amber risk during the year, and as the year progressed and action plans for delivery of savings were put in place this risk mitigated to a Green risk by the year end.

Financial implications

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

Legal issues

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

Level of risk

20 All risk implications are covered in the body of this report and the Appendices.

Equalities impact

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

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Background Papers: None

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