

To: Council

Date: 25 July 2016

Report of: Finance Panel (Panel of the Scrutiny Committee)

Title of Report: Integrated Performance Report Q4 2015/16

Summary and Recommendations

Purpose of report: To present the observations of the Finance Panel on the Integrated Performance Report Q4 2015/16

Scrutiny Lead Member: Councillor Craig Simmons, Chair of Finance Panel

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

Recommendation of the Finance Panel to Council:

That Council notes the observations set out in this report.

Summary of Finance Panel observations

1. The Finance Panel has a role in budget monitoring and considered the Integrated Performance Report Q4 2015/16 at its meeting on 30 June 2016. The Panel would like to thank Nigel Kennedy and Anna Winship for presenting the report and answering questions.
2. Due to the timing of that first Finance Panel meeting of the Council year, the recommendations in the report had at that stage already been agreed by the City Executive Board.
3. A full record of the Panel's discussion is set out in the meeting minutes but the Panel agreed that the following observations would be brought to the attention of full Council:
 - That the General Fund under-spend of £0.5m was net of carry forwards and new bids that were not yet agreed (at the time the report was first published) and, excluding these, the total under-spend was close to £1.9m;

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- That the under-spend was partly a result of over-achievement against income targets, for which officers should be commended;
- That the capital outturn position of £33m equating to 95% of the latest budget was net of slippage that had taken place during the year, including due to a 4-month moratorium on many capital schemes;
- That the Council's earmarked reserves had increased significantly over the last year (from £38.7m to £51.4m) and while this increase was largely due to slippage in HRA capital projects, there had also been an overall increase in the remaining earmarked reserves;
- That risks to the Council should be reviewed in light of the leave result in the referendum on Brexit (British exit from the European Union).

Executive response to the observations of the Finance Panel provided by the Board Member for Finance, Asset Management and Public Health

Observation	Response
That the General Fund under-spend of £0.5m was net of carry forwards and new bids that were not yet agreed (at the time the report was first published) and, excluding these, the total under-spend was close to £1.9m	Agreed , para 10 of the report does say that in the event that any carry forwards or bids not agreed will be added to the £494k and transferred to the capital reserve. £1,024k of the underspend relates to the carry forwards with the balance largely arising from over achieved income.
That the under-spend was partly a result of over-achievement against income targets, for which officers should be commended;	Accepted
That the capital outturn position of £33m equating to 95% of the latest budget was net of slippage that had taken place during the year, including due to a 4-month moratorium on many capital schemes;	Agreed, around £9million of the addition to earmarked reserves of £12.7 million relates to HRA capital spend. Members will recall that in September 2015 CEB approved a moratorium on spend for a large number of capital schemes due to uncertainties in Government funding in the HRA and this wasn't lifted until December 2015. It should also be noted that the Council operates in an increasingly risky environment, with for instance very significant liabilities stemming from arrangements around Business Rate appeals. The government has sought to shift responsibility for certain risks to the Council, and it would be unwise not to review reserves accordingly.
That the Council's earmarked reserves had increased significantly over the last year (from £38.7m to £51.4m) and while this increase was largely due to slippage in HRA capital projects, there had also been an overall increase in the remaining earmarked reserves;	
That risks to the Council should be reviewed in light of the leave result in the referendum on Brexit (British exit from the European Union).	Agreed: officers are currently analysing the potential effects of this on the Council and will be reporting accordingly. Initial analysis says they are significant, both in immediate consequence and in the wider economic impact, and would endorse an appropriately cautious approach to the Council's finances.

Name and contact details of author:-

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List of background papers: None

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