www.oxford.gov.uk

OXFORD CITY COUNCIL

To:	**City Executive Board**
Date:	**15 December 2016**
Report of:	**Head of Financial Services**
	Head of Business Improvement
Title of Report:	**Integrated Performance Report for Quarter 2 2016/17**

Summary and recommendations	
Purpose of report:	To update Members on Finance, Risk and Performance as at 30 September 2016.
Key decision:	No
Executive Board Member:	Cllr Ed Turner, Finance, Asset Management and Public Health
Corporate Priority:	Efficient and Effective Council.
Policy Framework:	Corporate Plan

Recommendations: That the City Executive Board resolves to:

1. **Note** the projected financial outturn and current position on risk and performance as at the 30 September 2016;

2. **Agree** the transfer of the projected underspend on Corporate Contingencies of £1.5 million to the Capital Financing Reserve as set out in paragraph 12.

Appendices	
Appendix A	Corporate Integrated Dials
Appendix B	General Fund - September 2016 Forecast Outturn
Appendix C	Capital Programme - September 2016 Forecast Outturn
Appendix D	HRA - September 2016 Forecast Outturn

Introduction and background

1. This report updates the Board on the financial, corporate performance and corporate risk positions of the Council as at 30 September 2016. A brief summary is as follows:

2. **Financial Position**

   a. **General Fund** – the outturn forecast is a favourable variance of (£1.680) million against the Net Budget Requirement of £19.853 million;

   b. **Housing Revenue Account** – the outturn forecast is a favourable variance of (£0.115) million;

   c. **Capital Programme** – the outturn forecast is (£1.272) million.

3. **Performance** – 73% (11) of the Council's corporate performance targets are being delivered as planned, 13% (2) are below target but within acceptable tolerance limits and 13% (2) are currently at risk.

4. **Corporate Risk Management** – There are two red corporate risks at the end of quarter two. These are detailed below.

General Fund Revenue

5. The Net Expenditure Budget agreed at Council in February 2016 was £19.853 million. This has increased by £2.899 million to £22.572 million primarily due to transfers from earmarked reserves in respect of agreed carry forwards from 2015/16.

6. Virements authorised under delegated powers by the Council's Head of Financial Services totalling £0.411 million have also been actioned. The most notable of which (£0.327 million) relates to the realignment of training budgets across services.

7. At 30 September 2016 the General Fund is projecting a favourable variance of (£1.680) million. The variances are explained below.

   - **Planning and Regulatory** - a projected adverse variance of £0.281 million is due largely to staffing pressures in the current year of £0.126 million to support improvements in the quality of service. The ongoing pressure of the restructure is approx. £0.070 million which will be incorporated into the Medium Term Financial Plan as part of the annual refresh. Income targets across the service also show shortfalls, in: housing enforcement £0.020 million; Building Control fees £0.070 million; Street Trading licences £0.025 million and Food Hygiene Courses £0.040 million.

   - **Business Improvement -** A budget pressure of £0.100 million has arisen as the deployment of the BT One Phone solution has taken longer than anticipated and we have had to continue to pay the outgoing provider. The project will be concluded in November. Following the recent ICT infrastructure outage the Council have successfully sought financial redress from SCC using the remedies contained within the contract, (£0.050) million and will utilise this to mitigate the overspend.

   - **Direct Services –** a projected favourable variance of (£0.300 million) has arisen due to overachievement of income in Motor Transport (£0.054 million); Commercial Waste (£0.149 million); Off street parking (£0.097 million);

underspends on fuel (£0.053 million), and underspends on the establishment due to vacancies currently within the service area, (£0.040 million).

- **Corporate Accounts -** A favourable variance of (£0.179) million relates to Investment Interest and reflects the diversity of our investments made to yield a higher return, averaging 1.07% for the period.
- **Contingencies and Transfers from Reserves -** The balance of contingencies currently sits at £1.888 million. These contingencies are held to mitigate unachieved efficiencies and increased income. However at this stage in the financial year all such efficiencies are on track to be achieved.

8 In light of the current financial position it is recommended that £1.68 million is transferred to the Capital Financing Reserve and utilised as part of the annual Medium Term Financial Planning (MTFP) Process to fund future years Capital Programmes. In the unlikely event that the current year's positive position deteriorates this transfer can subsequently be reversed. The level of future years contingencies will be reviewed as part of the MTFP process.

Housing Revenue Account

8. The HRA is currently forecasting a surplus outturn position of (£0.125) million, this is a favourable variance of (£0.115) million against the latest budget of (£0.010 million. It is anticipated that this surplus will be transferred to reserves to meet future expenditure requirements. Major variations include:

    - **Dwelling Rents** -A year end projected favourable variance of (£0.382) million, this is due to fewer Right To Buy sales in the first quarter of the year than originally projected. Additional rental income is also being received from the 75 units that are being used as Temporary Accommodation properties and 36 void properties being moved to higher formulae rent during the first two months of the year.
    - **Service Charges -** A year end projected favourable variance of (£0.300) million, due to changes in the budgeted charges.
    - **Management and Services (Stock Related)** has a year end projected adverse variance of £0.075 million which is due to additional expenditure associated with the tribunal case on the Tower Blocks project.
    - **Miscellaneous Expenditure (Non Stock Related)** has a year end projected adverse outturn of £0.216 million, this relates to the cost of the Regeneration Projects Team, which has been set up to look at regeneration sites across the HRA which could be used for redevelopment.
    - **Responsive and Cyclical Repairs** has a year end projected adverse variance of £0.351 million due to a shortfall in the electrics budget due to the regulation changes which reduces the remedial replacement programme from 7 years to 5, and additional planned maintenance for flooring in communal areas.
    - **Interest Paid** has a year end projected favourable variance of (£0.219) million due to recent changes in interest rates

- **Investment Income** has a year end projected adverse variance of £0.103 million also due to recent changes in interest rates.
- **Other HRA Reserve Adjustments** has a year end projected adverse variance of £0.302 million, this relates to surpluses in the HRA revenue account being put aside to fund future expenditure on such projects as Pay to Stay
- **Transfer to/from Major Repairs** has a year end projected favourable variance of (£0.200) million, this shows the transfer to capital funding to allow an increase to Responsive repairs for planned maintenance for the flooring in communal areas.

Capital

14 The projected outturn on the Capital Programme is £42.964 million a favourable variance of (£1.272) million against the latest budget. This variance is made up of :

Slippage

i. ICT Software and Licences – (£0.273) million slipped into future years;
ii. Acquisition of Investment Properties – (£0.385) million – redevelopment work on Odeon Cinema and 1-3 George Street will be now carried out in 2017/18;
iii. Flood Alleviation at Northway & Marston – (£0.105) million – expenditure slipped into 2017/18;
iv. Blackbird Leys Regeneration – (£0.275) million – expenditure slipped into 2017/18;
v. Barton Regeneration – (£0.070) million - expenditure slipped into 2017/18.

Budget over/(under) spends

i. Invest to Save in Leisure Service – (£0.117 million) underspend identified which will fund Court Place Car Park;
ii. Court Place car Park - £0.117 million, additional expenditure being funded from the underspend on Invest to Save in Leisure Service;
iii. HCA New Build – (£0.196) million underspend.

Performance Management

15 There are fifteen corporate performance measures that are monitored during the year. Eleven (73%) are being delivered as planned, two (13%) are below target but within acceptable tolerance limits, and two (13%) are at risk of not meeting target.

16 Of the eleven that are being delivered as planned, three relate to Vibrant and Sustainable Economy, two relate to Meeting Housing Need, two to Cleaner Greener Oxford, two to an Efficient and Effective Council and two to Strong and Active Communities.

17 The two measures that are not meeting their target are as follows:

- **Number of people using leisure centres** – Target of 714,000 and an actual of 681,594 for the first two quarters of the year. There has been a downward trend in the number of visits year on year and this is reflective of the temporary facility closure for planned maintenance and investment work at the Ice Rink and Ferry Leisure Centre. Hinksey Outdoor Pool visits were also lower year on year due the inclement weather conditions during June. Fusion are reviewing activity programmes and its overall offer in reaction to this.
- **Implementation of measure to reduce the city council's carbon footprint by 5% each year** – Covered Market LED lighting upgrade is in preparation stage; Leys Pool boiler upgrade has commenced; Tower Blocks LED lighting upgrades are in progress; Investigations are underway in to potential for Solar Car Ports feeding large site loads towards trial install.

Corporate Risk

18 Following a desktop review of the Corporate Risk Register, a new register has been compiled and seven red risks have been identified. These risks were reviewed at the end of Quarter 2 and five have been identified as amber and two remain as red risks, these red risks are detailed below:

a. **Devolution -** Potential changes to Local Government structures could result in Oxford City potentially ceasing to exist in its current form. This is currently having a major drain on time and resources internally and impacting on relationships with other stakeholders. The Council's preferred outcome is one which ensures devolution to enable investment and continued focus on Oxford City.

b. **Climate Change** - Oxford has been subject to a number of significant flooding and extreme weather events resulting in widespread disruption and damage. Mitigation arrangements and plans have been put in place but there is a risk that they could be insufficient to deal with major future flooding or extreme weather. Flood alleviation schemes are underway and being investigated.

Financial implications

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

Legal issues

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

Level of risk

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

Equalities impact

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

Report authors	Nigel Kennedy Helen Bishop
Job title	Head of Financial Services Head of Business Improvement
Service area or department	Financial Services/Business Improvement
Telephone	01865 252708
e-mail	nkennedy@oxford.gov.uk/hbishop@oxford.gov.uk

Background Papers: None