

To: City Executive Board

Date: 15 December 2016

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

Title of Report: Quarterly Integrated Performance 2016/17 – Q2

Summary and Recommendations

Purpose of report: To present recommendations of the Finance Panel on the Quarterly Integrated Performance 2016/17 – Q2

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

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

Recommendation of the Finance Panel to the City Executive Board:

That the City Executive Board states whether it agrees or disagrees with the two recommendations set out in the body of this report.

Introduction

1. The Finance Panel considered integrated performance report for 2016/17 quarter 2 as part of its budget monitoring role at a meeting on 8 December 2016. The Panel would like to thank Nigel Kennedy and Anna Winship for presenting the report and answering questions.

Summary of the discussion

2. The Panel noted that the services budgets are in balance overall but expressed concern about the projected adverse variance in Planning and Regulatory Services due to staffing pressures and underachievement against income targets. The Panel agreed to return to this in the scrutiny budget review.
3. The Panel noted the forecast surplus of £125k on the Housing Revenue Account (HRA) and questioned why there had been fewer Right to Buy sales than anticipated, which had contributed to a projected favourable variance of £382k in dwelling rents. The Panel heard that there were likely to be a range of factors but

the proactive work of the Council's Investigations Team was likely to be having some impact. The Panel suggested that fewer Right to Buy sales should perhaps be projected in future years.

4. The Panel noted a forecast capital spend of £42.9m against an original budget of £42.8m and welcomed the impressive progress that has been made over recent years in delivering what is an ambitious programme of capital spending (which is set to be larger still in the coming 2 years). This shows that where projects have slipped there has been the flexibility in place to bring alternative schemes forward, as previously encouraged by Scrutiny. The Panel heard that this progress was down to the embedding of the new capital gateway process together with improvements to project management and better internal challenge. The favourable variance of £1.2m against the latest budget was comprised of underspends as well as slippage.
5. The Panel considered the recommendation to transfer a projected underspend of £1.5m on corporate contingencies to the Capital Financing Reserve, where it would be used to finance capital projects. The Panel felt that there may be a case for spending part of this money on different uses, such as one-off revenue projects, as an alternative to putting it all towards capital.

Recommendation 1 - That consideration is given to spending some of the £1.5m released from unused corporate contingencies on one-off revenue projects.

6. The Panel is monitoring the impacts of Brexit on the Council's finances and has previously considered a report on this which was circulated to all members. This set out risks to the Council's investment income, property fund appreciation values (which are now in recovery) and an income target measured in Euros. The Panel also highlighted the risks to the wider national and regional economies and the impacts an economic downturn could have on trading and Business Rates income, for example. The Panel noted that this was not highlighted as a red risk in the report and suggest that it should be included in the Council's Corporate Risk Register.

Recommendation 2 - That the expected and potential financial impacts of Brexit on the City Council and the wider economy should be included as a risk in the Corporate Risk Register.

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List of background papers: None

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