

To: City Executive Board
Date: 20 June 2017
Report of: Head of Financial Services
 Head of Business Improvement
Title of Report: Integrated Performance Report for Quarter 4 2016/17

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:	Cllr Ed Turner, Board Member for Finance and Asset Management
Corporate Priority:	Efficient and Effective Council.
Policy Framework:	Corporate Plan
Recommendations: That the City Executive Board resolves to:	
1.	Note the financial outturn and performance of the Council for the year 2016/17 and also the position on risks outstanding as at 31 st March 2017
2.	Agree the carry forward requests in respect of the General Fund and recommend to Council the establishment of budgetary provision of £745k in respect of the new bids shown in paragraph 6 and Appendix D;
3.	Agree the transfer to the General Fund Capital Financing Reserve of £158k detailed in paragraph 2 a; and
4.	Agree the carry forward requests outlined in paragraph 15 and 16 in respect of the HRA as detailed in Appendix D and recommend to Council the establishment of budgetary provision of £300k in respect of the new bids.
5.	Agree the transfer to the HRA Capital Financing Reserve of £1.151 million detailed in paragraph 2 (c)
6	Agree the transfer of the underspend on the Capital Programme of £219k detailed in paragraph 20 to be returned to capital Financing Reserve.

Appendices

Appendix A	General Fund Outturn
Appendix B	Capital Programme Outturn
Appendix C	HRA Outturn
Appendix D	Carry Forward Requests and New Bids
Appendix E	Depot Extension and associated improvements to local area
Appendix F	Business Case
Appendix G	Corporate Risks
	Corporate Performance Outturn

Introduction and background

1. This report updates the Board on the performance of the Council for 2016/17 together with the corporate and service risks faced as at 31 March 2017. A brief summary is as follows:

Financial Position

- a. **General Fund** – The overall surplus on the General Fund is £2.348 million, of which £2.190 million has been proposed as a carry forward into 2017-18. £1.444 million of this is for committed schemes and £0.745 million is for new schemes. If these carry forwards are agreed in line with the recommendation, the remaining £0.158 million will be transferred to the Capital Financing Reserve;
- b. **Efficiencies, Fees and Charges and Service Reduction Targets** – at year end the actual was £1,749,000 against a target of £1,758,000. The shortfall was due to some income targets not being met as previously reported.

Housing Revenue Account – The overall surplus on the HRA is £0.386 million. It is recommended to carry forward this amount into 2017-18, £0.300 million of which is for new schemes and £0.086 million is for currently committed schemes

- c. **Capital Programme** – the outturn spend is £32.526 million, a favourable variance of (£3,750) million against the latest budget. Of this (£3.531) million is slippage, which will be carried forward into future years and (£0.219) million is underspend on schemes, which will be transferred into Capital Financing Reserve. The actual spend equates to 78% of the original budget of £41.874 million.

Performance – 80% (12) of the Corporate performance targets were delivered as planned and 20% (3) were marginally short of target; individual performance targets are detailed in Appendix G.

Corporate Risk Management – There is one red corporate risk and 5 Amber risks, these are detailed in paragraph 24-25 and in Appendix F.

General Fund Revenue

2. The General Fund is showing a favourable variance of (£2.348) million at service level as set out in Appendix A, this is prior to any carry forward and new bid requests. The revenue balance remains unchanged at £3.622 million.

General Fund Earmarked Reserves and Working Balance

3. A number of requests have been made to carry forward unspent sums in respect of previously approved budgets that have either a) not yet started, or b) are started but not completed (£1.444 million). Additionally, new bids of £745k on which to use the underspend have been proposed. Details of these requests are summarised in the table below, and further details shown in Appendix D:

Description	New Scheme £	Slipped Scheme £	Total £
Assitant Chief Executive	100,000	0	100,000
Planning & Regulatory	0	425,100	425,100
Housing & Property	0	697,306	697,306
Direct Services	400,000	0	400,000
Community Services	45,000	124,684	169,684
Partnership Team	0	91,000	91,000
Business Improvement	200,000	76,069	276,069
Law and Governance	0	30,000	30,000
General Fund	745,000	1,444,159	2,189,159

4. The new scheme requests include the following:
- Working with Clinical Commissioning Group to reduce health inequalities in Oxford - £100k** – this would be a contribution to a proposed joint fund on the basis that it would be matched by Oxfordshire Clinical Commissioning Group to support targeted interventions focused on prevention to tackle health inequalities and deliver better health outcomes in the City. The proposition follows the report Oxfordshire commissioned on Health Inequalities and recommendations from Oxford City Scrutiny Panel that the Council should support the recommendations and explore further ways in which they could be implemented. Initiatives supported by this funding would demonstrate improved outcomes and financial benefits for partners that could be used to evidence the case for wider application of preventative approaches. The programme could include applying a healthy new town approach more broadly, expansion of social prescribing and exercise on prescription, measures to improve diet, and targeted promotion

- of exercise to groups where it would otherwise be low. Crucial to this would be strengthening links between primary care practices and health-care providers and community, voluntary and local authority services that influence public health.
- **Extension to Cowley Marsh Depot and associated improvements to the local area - £300k** – this new bid has been submitted to enable the depot to be extended to ensure future operational effectiveness, in particular regarding Recycling and the need to be Emergency Response Ready. Further details are shown in Appendix E.
 - **Establishing the LATCo - £100k** – the City Executive Board have agreed in principal to the establishment of a Local Authority Trading Company (LATCO). This is a significant project and requires funding for backfill of staff, systems development and consultancy. Whilst some of this expenditure is funded from working capital allocated to the company, the Council will require a budget to undertake the work it is required to undertake.
 - **St Aldates Chambers office accommodation - £45k** - the consolidation of administrative accommodation for Council staff has been a key area of work for the 'Offices for the Future' programme. To ensure the meeting rooms continue to be used effectively a budget is required to refresh them and install new hearing loops.
 - **Housing Management ICT system - £200k** – Elsewhere on the City Executive Board agenda is a report on the replacement of the Housing Management ICT systems. The indicative budget for replacement included in the Capital Programme is £600k. The report recommends that this budget should be increase to £1 million with the additional £400k being financed equally from the Council's General Fund and HRA (see paragraph 15 below).
5. The City Executive Board is asked to review and agree the carry forward requests and new bids. It is recommended that any sums not agreed are transferred to the Capital Financing Reserve.
 6. Subject to CEB agreeing the recommended carry forwards Earmarked Reserves as at the 31st March 2017 would stand at £35.019 million, the material part of which 37% relates to funding of the Capital Programme.
 7. The most notable transfers to and from Earmarked Reserves in year are:
 - Carry Forward requests and New Bids - £2.189 million as referred to in paragraph 6;
 - NNDR Retention reserve – (£1.035) million released from the reserve to allow for variations in business rate income;
 - Housing Benefit Reserve – (£0.300) million released from the reserve to cover part of the overspend on Local Cost of Benefits

General Fund Service area position

8. At the year end the General Fund service areas showed a favourable variance of £2.348 million. The most significant of these variances are explained below:
- **Housing and Property** – year end favourable variance of (£0.797) million, due to an underspend of £0.400 million within the Homelessness prevention area and additional commercial property income of £0.400 million being received above that budgeted. Carry forward requests totalling £0.697 million have been submitted, these are for the Homelessness prevention funds, which have previously been reported to the City Executive Board, and some planned maintenance schemes for the Town Hall and Covered Market that have not been completed in year.
 - **Community Services** – year end favourable variance of (£0.159) million, which is broadly in line with that projected, this is due to staff savings across the service area and additional income received by the Town Hall. Carry forward requests totalling £0.125 million have been submitted. A new scheme for improving the meeting rooms in St Aldates Chambers offices and existing projects relating to Children’s Centre consultancy and legal services. A Carry forward request has also been submitted for the Ward Member Budgets.
 - **Direct Services** – year end favourable variance of (£1.240) million, due to savings on fuel (£0.132) million, overachievement of income in Motor Transport (£0.100) million, commercial Waste (£0.200) million, off street parking (£0.470) million and engineering services (£0.250) million. £0.400 million of this favourable variance has been requested to fund two new bids in 2017/18 for the extension to Cowley Marsh Depot and funding the set up of the new Trading Company.
 - **Financial Services** - year end adverse variance of £0.100 million due to reduced court costs income from Council Tax summons, as previously reported to City Executive Board. Proactive work has reduced the number of court cases and secured payments of Council Tax arrears to the detriment of court cost income.
 - **Law & Governance** – year end favourable variance of (£0.119) million due to staffing savings across the team, and an underspend on external legal fees. A carry forward request for £0.030 million has been submitted for services relating to the Oxford Local Plan.
 - **Service Level Agreements and Capital Charges** are showing a favourable variance of (£5.061) million due to a significant upward revaluation of the Council’s Investment Properties. This is off set by a corresponding entry in accordance with Local Government accounting within the Corporate Accounts, to ensure that this does not have an overall impact on the bottom line of the financial accounts.

Corporate Accounts, Contingencies and Transfers to/from Reserves

9. The balance of £5.292 million on the Corporate Accounts is mainly from the Transfer to Capital Reserve line, which is the reversal of the upward revaluation of the Council's Investment Properties as mentioned in the paragraph above.
10. **Local cost of benefits** - spend on housing benefit expenditure net of housing benefit subsidy and income from overpaid housing benefit shows an adverse variance of around £0.946 million, this has been partially mitigated by transfers from Earmarked Reserves established specifically for this purpose to give a final outturn position of £0.646 million. As previously reported this has largely arisen due to lost subsidy from errors and delays in the processing of housing benefit claims. Whilst not wishing to dismiss the errors, the housing benefit legislation is complex and continually changing in response to changes in welfare reforms. A recovery plan which includes additional staff training is in place to mitigate these issues going forward.
11. **Investment Income** – a favourable variance of £0.398 million has arisen from increased investment income from our property fund investments and loans to Oxwed (our West End delivery partnership).

Housing Revenue Account

12. The HRA is showing a favourable variance on the HRA of (£0.386) million against a latest budgeted surplus of (£0.165) million (Appendix C). This is prior to any carry forward requests, which were made totalling £0.386 million, £300k of new schemes and £86.4k in respect of slippage.
13. New schemes include :
 - £200k representing the HRA funding contribution in respect of the increased cost of the replacement Housing Management system
 - £100k to represents costs that the Council is likely to incur in tribunal fees in respect of leaseholder major works on Plowman tower
14. The HRA working balance remains unchanged at £4.0 million.
15. The year end variance is shown as (£0.165) million and the major variations include:
 - **Dwelling Rent** has a favourable variance of (£0.339) million, this is due to fewer Right To Buy sales during the year than originally projected (budgeted 40 RTB sale and actual RTB disposal totalled 25). Additional rental income, was also received from the 75 units being made available for Temporary Accommodation and a number of void properties converged to formulae rent during the year.
 - **Service Charges** has a favourable variance of (£0.134) million, due to changes in the leaseholder charges that had not been budgeted for.
 - **Management and Services (Stock Related)** has a favourable variance of (£0.797) million which is due staff vacancies, savings in spend associated with public utilities, external consultancy, and Council Tax associated with Void properties.

- **Misc Expenditure (Non Stock Related)** has a favourable variance of (£0.110) million, due to staff vacancies and reduced spend on utilities on Temporary Accommodation units.
- **Responsive and Cyclical Repairs** has an adverse variance of £0.335 million due to day to day responsive repairs and planned maintenance being overspent in year due to an increase in activity in this area.
- **Depreciation** has an adverse variance of £0.789 million. This represents the total amount of depreciation for Council Houses and other assets in the HRA, which are offset with a credit showing in the Appropriations lines.
- **Appropriations** has an overall adverse variance of £0.557 million, these accounts represent the entries relating to movements to and from reserves, capital financing, depreciation and impairments.

Capital

16. The outturn on the Capital Programme is £32.526 million with a favourable variance of (£3.750) million against the latest outturn estimate forecast in February as shown In Appendix B. This represents a 78% spend of the original budget compared to 69% last year and 76% the previous year
17. The variance of (£3.750) million is made up of (£3.531) million of slippage into 17/18 and (£0.219) million of underspends. Should members agree the recommendations then funding in respect of the underspend will be returned back to the Capital Financing Reserve.
18. The variance against the Original budget including carry forwards is an underspend of £9.347 million (22%).The most significant variances are as follows:
 - **Oxpens regeneration** - £1.4 million due to an underspend in the original budgeted amount for land purchase;
 - **Disabled facilities grants** - £0.4 million – due to delays in referrals being received from the County Council. Plans for the year ahead include meeting with the County commissioner to ensure we can support their needs, increasing staffing within the team and updating our policy, these will ensure that we can utilise the budget allocation as best we can;
 - **Compulsory Purchase Orders** - £0.8 million– deletion of this scheme;
 - **National Homelessness Fund** – £0.5 million homelessness property purchases are being made but the timetable is being reprofiled due to availability of suitable property to purchase
 - **Go Ultra Low** - £0.8 million – rephrasing of project spend ;
 - **Seacourt Park and Ride** - £1.1 million – delays in project delivery due to liaison with other agencies and the need appropriately to plan this project taking into account all relevant factors;
 - **Tower Blocks** - £1.3 million – to be slipped into future years partly due to the delayed commencement of works at the beginning of the contract and partly due to delays in receiving statutory approvals to carry out the work to the entrances and landscaping. Despite these delays works are still expected to be completed within the original project timescale and budget envelope;

- **Quarry Pavillion** - £0.8 million delays in start on site;
- **Investment property acquisitions** - £0.5 million slippage due to delay in working up the scheme;
- **Other net changes in HRA spend** - £1.6 million slippage due to a delay in a range of projects;
- **Loans to Housing Company**- + £750k additional budget allocation approved by Full Council to provide funds for the Housing Company to purchase 5 properties from the HRA.

Performance Management

19. There are fifteen corporate performance measures that were monitored during the year (Appendix G). Twelve (80%) were delivered as planned (Green) and three (20%) fell marginally short of their target.

20. The three indicators are detailed below:

- a. Amount of employment floor space permitted for development –target of 15,000 and a year end result of 14,659;
- b. Number of people using leisure centres – target of 1,400,000 and a year end result of 1,370,105
- c. Delivery of the Council’s costs savings and income targets – target of £1,758,000 with a year end result of £1,749,000.

Corporate Risk

21. Corporate risks are reported in Appendix F

22. There are five Amber risks and one Red risk with the remaining being shown as green. The red risk is detailed further below:

- a. Innovative arrangements and models – The Council is implementing new models of service delivery eg: Trading company and joint venture companies. There is a risk that the implications of these are not understood and communicated effectively impacting adversely on roles and governance arrangements. Agreements between the Companies and the Council regarding services to be provided and fees for these services are to be agreed.

Financial implications

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

Legal issues

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

Level of risk

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

Equalities impact

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

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Background Papers: None

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