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OXFORD CITY COUNCIL

To:	**City Executive Board**
Date:	**13 June 2018**
Report of:	**Head of Financial Services**
	Head of Business Improvement
Title of Report:	**Integrated Performance Report for Quarter 4 2017/18**

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

Recommendations: That the City Executive Board resolves to:

1. **Note** the financial outturn and performance of the Council for the year 2017/18 and also the position on risks outstanding as at 31st March 2018;

2. **Agree** the carry forward requests in respect of the General Fund and recommend to Council the establishment of budgetary provision of £364k in respect of the new bids shown in paragraph 6 and Appendix D;

3. **Agree** the additional transfer to the General Fund Capital Financing Reserve of £533k detailed in paragraph 2 a;

4. **Agree** the carry forward requests outlined in paragraph 16 to 19 in respect of the HRA as detailed in Appendix D and recommend to Council the establishment of budgetary provision of £70k in respect of the new bids;

5 **Agree** the additional transfer to the HRA Contributions to HRA Projects Reserve of £0.550 million detailed in paragraph 2 (c);

6 **Note** the underspend against the latest budget on the Capital Programme of £636k detailed in appendix B, the funding for which will be returned to Capital Financing Resources; and

7 **Agree** to allow the roll forward of all CIL related allocations, totalling £130k in 2018/19, detailed in paragraph 9.

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	Corporate Risks
Appendix F	Corporate Performance Outturn

Introduction and background

1. This report updates the Board on the performance of the Council for 2017/18 together with the corporate and service risks faced as at 31 March 2018. A brief summary is as follows:

2. **Financial Position**

    a. **General Fund** – The surplus on the General Fund is £0.533 million (2.53% of the Net Budget Requirement of £21.056 million), after allowing for carry forwards to reserves of £0.704 million. Of this carry forward amount £0.340 million is for committed schemes and £0.364 million is for new schemes. The biggest driver of the surplus is over-achievement of income. If these carry forwards are agreed in line with the recommendation, the remaining £0.548 million will be transferred to the Capital Financing Reserve to fund future capital expenditure;

    b. **Efficiencies, Fees and Charges and Service Reduction Targets** – at year end the actual sum is on target at £1,558,498.

    c. **Housing Revenue Account** – The surplus on the HRA is £6.170 million, after allowing for carry forwards of £0.495 million against the original budget of £5.619 million. This represents a favourable variation of £0.550 million (9.81% of the Budgeted surplus of £5.619 million). Carry forward requested £0.425 million is for committed schemes and £0.070 million as a new bid. It is recommended to transfer the remaining amount of £0.550 million into the HRA projects reserve. It should be noted that the HRA is setting aside funds to mitigate the impact of the government's proposed policy of "forced sale" of higher value properties, although that policy has not yet been implemented.

    d. **Capital Programme** – the outturn spend is £37.710 million, a favourable variance of (£11.228) million against the latest budget. Of this (£10.592) million is slippage, which will be carried forward into future years and (£0.636) million is net underspend on schemes, the funding for which will be transferred to the capital financing reserve. The actual spend equates to

69% of the original budget of £54.626 million. Several larger items were to do with transfers of funds to other bodies, rather than completion of particular projects of capital works directly by the City Council.

3. **Performance** – 75% (12) of the Corporate Performance targets were delivered as planned and 25% (4) were short of target; individual performance targets are detailed in Appendix F.

4. **Corporate Risk Management** – There is one red corporate risk and the remaining 9 risks are Amber risks, these are detailed in paragraph 24-25 and in Appendix E.

General Fund Revenue

5. The General Fund is showing a favourable variance of (£0.533) million as set out in Appendix A, after carry forward and new bid requests. The revenue balance remains unchanged at £3.622 million.

General Fund Earmarked Reserves and Working Balance

6. 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 (£0.340 million). Additionally, new bids of £0.364 million 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	Amount Requested £	New Scheme £	Slipped Scheme £	Total £
Regeneration & Economy	89,536	0	89,536	89,536
Financial Services	45,000	45,000	0	45,000
Planning, Sustainable Development and Regulatory Services	25,000	0	25,000	25,000
Direct Services	200,000	200,000	0	200,000
Community Services	66,500	55,000	11,500	66,500
Business Improvement	161,000	0	161,000	161,000
Law and Governance	4,000	0	4,000	4,000
Welfare Reform	113,154	63,676	49,478	113,154
General Fund	**704,190**	**363,676**	**340,514**	**704,190**

7. The new scheme requests include the following:

- **Investigations marketing - £45k** – budget to develop the commercial trading including marketing, open day expenses, apprenticeship contribution and web site development;

- **City Centre Improvements - £200k** -.to carry out a backlog of repairs to the public realm within the City Centre where routine revenue budgets are either not identified or insufficient to maintain a satisfactory standard. This will improve safety and the visual appearance to items such as street furniture and paved surfaces. It reflects the City Council's ambition to ensure that all areas of the City Centre match the appeal of the new Westgate Centre.
- **Nightsafe: Public safety and late-night economy - £40k** – to carry out a review our joint approach to managing the night-time economy to improve public safety;
- **Grants budget - £15k** – increase in grants budget to align the allocated budget with expenditure agreed;
- **Home choice pilot (Rent guarantee & Coaching model)** - **£64k** - .this projects seeks to provide a new model for the Council in placing families at risk of homelessness into the private rented sector. This will be achieved by topping up the rent of those placed in the private rented sector.

8. 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.
9. The City Executive Board is also asked to review and agree to change the recommendation regarding the Neighbourhood portion of CIL Funding. It previously agreed that these funds would only be rolled forward for schemes that may be implemented over more than one year, we are now proposing that all unspent funds are rolled forward to allow members to allocate the funds in future years.
10. Subject to CEB agreeing the recommended carry forwards, Earmarked Reserves as at the 31st March 2018 would stand at £35.511 million, 25% of which relates to funding of the Capital Programme and 13% relates to Business Rates Retention reserve.
11. The most notable transfer to and from Earmarked Reserves in year is:
    - NNDR Retention reserve – (£1.737) million this reserve is held in accordance with proper accounting practices;

General Fund Service area position

12. At the year end the General Fund service areas showed a favourable variance of (£1.357) million, (£0.704) million after carry forward requests. The most significant of these variances are explained below:

- **Housing and Property** – year end adverse variance of £0.157 million, due to increased expenditure on temporary staffing during the year, under recovery on fees charged to capital due to a reduction of work provided to capital projects and the provision of bad debts against garage income being higher than expected in year;

- **Regeneration and Economy** – year end favourable variance of (£0.547) million, (£0.308) million of this relates to the year-end adjustment for the revaluation of shared ownership mortgage debt the financial effect of which is offset by a compensating adjustment showing within the Corporate accounts. Commercial property investment income over achieved its target by £0.089 million. The Property support services team have also had staffing vacancies throughout the year. There has been a delay in some feasibility studies in year and a carry forward request for £110k has been submitted for these.

- **Direct Services** – year end favourable variance of (£0.813) million, fuel prices have been increasing throughout the year and have led to an overspend of £0.086 million in this area. There has been overachievement of income in Commercial Waste (£0.125) million and engineering services (£0.439) million. Off street parking has achieved an additional (£0.110) million , this has offset unachieved budgeted additional income of £0.160 million for Seacourt Park and Ride.

- **Business Improvement** – year end favourable variance of (£0.218) million due to staff turnover and vacancies within the Business Improvement team, offset by an adverse variance in ICT due to pressures on the telephony budget and temporary staffing. HR & OD have a favourable variance due to the apprentice programme and training budget, and a carryforward request has been submitted to carry these funds into 2018/19.
- **Service Level Agreements and Capital Charges** are showing a favourable variance of (£3.068) 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 Earmarked Reserves

13. The adverse variance of £6.251 million on the Corporate Accounts is due to
    - Compensating adjustment in respect of the revaluation of shared ownership mortgage debt ;
    - Compensating adjustment in respect of the revaluation of the Council's Investment Properties;
    - An increase in the use of revenue contributions to finance the capital programme to mitigate the need to borrow
14. **Local cost of benefits** - an adverse variance of £0.558 million at the end of the year has arisen from the Housing Benefit expenditure in relation to local authority error and admin delays above the upper threshold at which subsidy is not payable. Losses of subsidy are offset against income received from overpaid Housing

Benefit. This variance has been offset by the use of reserves which were previously set aside for this reason.

15. **Investment Income** – a favourable variance of £0.328 million has arisen from increased investment income from our property fund investments and loans to Oxwed (our West End delivery partnership).

Housing Revenue Account

16. The HRA is showing a favourable variance on the HRA of (£0.550) million above the original budgeted surplus of (£5.619) million (Appendix C). This is after allowing for carry forward requests, totalling £0.495 million, £70k of new schemes and £425k in respect of slippage.

17. The £70k for a new scheme is to provide some temporary resources in the Tenancy Management Team, who have a number of staffing issues including dealing with some long term sickness and, consequently these temporary resources will enable the team to operate more effectively and efficiently than recently experienced.

18. The HRA working balance remains unchanged at £4.0 million.

19. The year end variance is shown as (£0.550) million and the major variations include:

    - **Management and Services (Stock Related)** has a favourable variance of (£0.875) million this is as a result of lower than anticipated public utilities costs across the stock and reduced Council Tax on empty properties arising from a reduction in void turnaround times.
    - **Misc Expenditure (Non Stock Related)** has a favourable variance of (£0.201) million, associated with lower than expected spend on those HRA dwellings used for Temporary Accommodation, and the savings arising from the ability to recharge the Project Manager to the HRA capital programme.
    - **Interest paid** has a favourable variance of £0.219 million due to reduced interest on loans.
    - **Depreciation** has an overall adverse variance of £0.801 million, this is due to the calculation of depreciation in year being higher than that budgeted for.
    - **Appropriations** has an overall minimal favourable variance of £0.025 million, these accounts represent the entries relating to movements to and from reserves, capital financing, impairments and gains and losses on asset disposals.

Capital

20. The outturn on the Capital Programme is £37.710 million with a favourable variance of (£11.228) million against the latest outturn estimate forecast in February as shown in Appendix B. This represents a 69% spend of the original budget compared to 78% last year and 69% the previous year.

21. The variance of (£11.228) million is made up of (£10.592) million of slippage into 18/19 and (£0.636) million of net underspends. Should members agree the recommendations then funding in respect of the underspend will be returned back to the Capital Financing Reserve.

GENERAL FUND

- **Oxpens regeneration** – (£4.160) million loan due to OXWED in respect of Council owned land to be transferred to the company which has not yet taken place;
- **ICT project** – (£0.377) million due to delays in procurement and slippage on implementation of Bartec;
- **Cave Street and 1-5 George Street Developments** – (£0.251) million, feasibility work is being undertaken along with planning application for George Street;
- **Lucy Faithful House** – (£0.456) million slippage, £0.544 million has been spent in year for the purchase of the lease back from Riverside and securing of the vacant building , and the remaining budget of £0.456 million to be used to demolish the building in preparation for redevelopment is being slipped into 2018/19;
- **Horspath Sports Park** – (£0.533) million slippage into 2018/19 due to delays on site, the project is still due to complete by June 2018;
- **Go Ultra Low** – (£0.119) million slippage into 2018/19 due to the remaining chargers being installed in April 2018;
- **Housing Company Loans** – (£2.695) million slippage on the Housing Company development programme;
- **Seacourt Park and Ride** – (£0.233) million slippage – delays in project delivery due to liaison with other agencies and receiving planning permission. Work now expected to start on site in May 2018;

HRA

- **Tower Blocks** – (£0.315) million – additional funding required to the scheme for the replacement cladding;
- **Great Estates** – (£0.243) million slippage, to completed the committed schemes;
- **Developments at Bracegirdle and Mortimer Drive** – (£0.558) million slippage, Contractors have been appointed to manage the delivery of this scheme and pre application planning has been undertaken, work will continue into 2018/19;
- **Barton Regeneration** – (£0.154) million slippage, to enable works on Barton Road Flats to be completed now that planning permission has been received.

Performance Management

22. There are sixteen corporate performance measures that were monitored during the year (Appendix F). Twelve (75%) were delivered as planned (Green) and four (25%) fell short of their target.
23. The four indicators are detailed below:

a. Amount of employment floor space permitted for development –target of 15,000 and a year end result of 4,553; it should be noted that significant developments of employment space are proposed in the coming years;

b. Net increase in number of businesses operating in the city – target of 200 and a year end result of 140;

c. Number of people using leisure centres – target of 1,450,000 and a year end result of 992,316;

d. Percentage of customers satisfied with the OCC website – target of 65% and a year end result of 62%.

Corporate Risk

24. Corporate risks are reported in Appendix E

25. There are nine Amber risks and one Red risk, the red risk is detailed further below:

    a. Climate change – The risk that a flood event happens that mitigations and plans are not sufficient to deal with.

Financial implications

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

Legal issues

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

Level of risk

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

Equalities impact

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

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Background Papers: None