

**To:** City Executive Board  
Council

**Date:** 18 Sept 2018  
1 October 2018

**Report of:** Head of Financial Services  
Head of Business Improvement

**Title of Report:** Integrated Performance Report for Quarter 1 2018/19

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To update Members on Finance, Risk and Performance as at 30 <sup>th</sup> June 2018.
<b>Key decision:</b>	No
<b>Executive Board Member:</b>	Deputy Leader - Finance & Asset Management (Councillor Ed Turner)
<b>Corporate Priority:</b>	Efficient and Effective Council.
<b>Policy Framework:</b>	Corporate Plan
<b>Recommendations: That the City Executive Board resolves to:</b>	
1.	<b>Note</b> the projected financial outturn, the current position on risk and performance as at the 30 <sup>th</sup> June 2018;
2.	<b>Recommend</b> to council to approve the increase of the HRA capital budget for Social Rented Housing Acquisitions by £0.444 million to a total of £1.479 million. This will be fully funded by Retained Right to Buy capital receipts. More details are included in paragraph 10; and
3.	<b>Recommend</b> to Council to approve the additional capital budget for the Replacement of the Housing Computer System of £0.450 million as per the details in paragraphs 11-12.

## Appendices

Appendix A	Corporate Integrated Dials
Appendix B	General Fund - June 2018 Forecast Outturn
Appendix C	Capital Programme - June 2018 Forecast Outturn
Appendix D	HRA - June 2018 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 30th June 2018. A brief summary is as follows:
2. **Financial Position**
  - a. **General Fund** – the outturn position is forecast to be an adverse variance of £0.094 million against the latest net budget of £22.098 million;
  - b. **Housing Revenue Account** – the outturn position is forecasting a nil variance against the budgeted deficit of £1.440 million;
  - c. **Capital Programme** – the outturn position is forecasting a favourable variance of £2.350 million against the latest budget of £114.373 million;
3. **Performance** – 41% (5) of the Council's corporate performance targets are being delivered as planned, 25% (3) are below target but within acceptable tolerance limits, 17% (2) are currently at risk and 17% (2) are showing as no data available, as described in paragraphs 13 to 15;
4. **Corporate Risk Management** – There are no red corporate risk at the end of quarter one. More details of risks can be found in paragraph 12.

### Financial Position

#### General Fund Revenue

5. The overall Net Budget Requirement agreed at Council in February 2018 was £22.098 million. Since setting the budget, service area expenditure has increased by a total of £1.254 million which mainly represents unspent budget approved for carry forward from 2017/18 being added to 2018/19 budgets. These carry forwards have been funded by a corresponding release from Earmarked Reserves to ensure that the Net Budget Requirement remains unchanged. There has also been a release from contingencies for Business Rates uplifts in the sum of £0.198 million across the service areas arising from the revised Business Rates Revaluation.
6. Virements between service areas, authorised under delegated powers by the Council's Head of Financial Services totalling £0.643 million have also taken place, the most notable of which (£0.350 million) relates to the release from Transformation funds for ongoing projects and £0.105 million being the allocation of

the training budget across service areas. There is no change to the Council's Net Budget Requirement.

7. At 30<sup>th</sup> June 2018 the General Fund Service area expenditure is projecting an adverse variance of £0.494 million against the latest budget of £28.411, this is in part offset by a favourable variance on the Councils funding with an overall adverse variance of £0.094 million against the latest net budget requirement of £22.098 million. The key variances are:
  - **Direct Services** – £0.494 million adverse variance arising from a decline in car parking income. It was originally envisaged that visitor numbers travelling into the city by car would significantly increase with the opening of Westgate, but this has not been the case most of the time. Worcester Street and Oxpens car park are both seeing a decline in usage which is having a significant impact on income.
  - **Funding** – £0.400 million favourable variance which is due to Business Rates income from the properties in the Westgate centre being rated higher than expected, and therefore providing additional income above that originally budgeted for.

### **Housing Revenue Account**

8. The budgeted deficit agreed at Council in February 2018 was £1.440 million, and the Housing Revenue Account is currently forecasting a nil variance against this deficit. However some budget variations have been made across the HRA and the most notable are:
  - Management and Services (stock related) – projected favourable variance of £0.595 million. This is an accounting adjustment to reflect the full cost of work undertaken by Oxford Direct Services Ltd which was previously restricted. This is offset by a corresponding transfer to capital financing reserves to ensure no overall variance in the HRA.
9. In its housing Green Paper, the government indicates it will no longer pursue plans for a levy on proceeds from the 'forced sale' of high value council properties. We have significant contingencies set aside to mitigate such a policy, and the avoidance of a need to draw upon these will ease pressure on the HRA capital programme.

### **Capital**

10. The projected outturn on the Capital Programme is currently a favourable variance of £2.350 million against the latest budget of £114.373 million. The main variances are:
  - **Phase 1 Affordable Housing at Barton Park** – slippage of £3.253 million due to the slippage of the first completions to August 2018.
  - **Housing System Replacement**– projected overspend of £0.450 million due to re scoping of the system, which is being funded from reserves. See para 11 below.
  - **Social Rented Housing Acquisitions** has a current in year approved budget of £1.035 million; this is used to purchase additional HRA properties and is fully funded by the associated receipts received from

a non RTB disposal of a high value HRA dwelling. Due to the urgent need to re-cycle these resources into replacement homes for residents of the city an opportunity to raise the available budget yet further was identified and it is recommended to approve an additional £0.444 million to this project being an extra 30% of the original sum funded from retained RTB capital receipts the Council is holding on to for precisely the funding of replacement affordable homes. This will allow additional larger properties to be considered for purchase to really help those families in desperate need of assistance in the city.

### **Housing System Replacement**

11. The current approved budget for the Housing System Replacement is £1.150 million, however a number of opportunities and enhancements have been identified since the original procurement exercise that has increased the proposed budget requirement to £1.600 million. These changes can be summarised as follows :

- During the original procurement exercise it became apparent that the functionality of the system was wider than anticipated. Therefore it was decided to extend the overall procurement timetable by four months allowing the project scope to be reassessed and re-evaluated. This has meant the benefits of the project have been extended to additional areas of the Council, and allowed the project team to plan more effectively. This resulted in additional salary and consultancy costs of £156k relating to the in-house seconded Project Team and external Project Manager.
- Further additional salary costs have been budgeted for to allow for an additional two months of intensive application support post Go Live being procured. The costs of this are estimated to be £60k.
- The additional functionality and reimplementation / upgrade of some existing software such as repairs scheduling and document management , as well as broadening the initial remit of the project has increased the requirement for additional consultancy services , interfaces and servers - £87k
- Procurement -£41k being the reapportionment of salary costs into the project budget envelope incurred as part of the extensive procurement exercise exploring the additional scope and opportunities associated with the widening remit of the project to enhance yet more Council services over the long term via improved efficiency performance and greater capabilities, ultimately for the benefit of Council customers.
- Accommodation recharge for project team -£28k This is an internal charge and reflects the costs of housing the project team at Horspath Road offices during the whole period of the project.
- Data specialist -£69k This is only an estimate but it is recognition that the project team lost a key member of staff whose role was to lead on data cleansing and data migration. There is a requirement to recruit a consultant on a short term contract to fill this important and critical role.
- Additional software - £9k as part of the project scope reassessment exercise the decision was made to procure and implement software

designed to enable staff and customers to diagnosis repairs with a greater degree of accuracy.

12. The additional spend on the project of £0.450 million requires approval to spend, however funding of £0.360 million is available from the HRA reserves with the balance of £90k being funded from General Fund (£26k and HRA £64k) reserves and balances.

### **Performance Management**

13. There are twelve corporate performance measures that are monitored during the year. Five (41%) are being delivered as planned, three (25%) are below target but within acceptable tolerance limits, and two (17%) are at risk of not meeting their target.
14. Two (17%) of the measures are currently showing no data available, the first of these is relating to the number of people using leisure centres and this profiled target is currently being finalised. The second of these is relating to the % of adults who are physically active, this data is provided by the Sport England Active lives Survey and the first set of data will be available in October 2018.
15. Of the five that are being delivered as planned, one relates to Vibrant and Sustainable Economy, one relates to Meeting Housing Need, one to Cleaner Greener Oxford and two to an Efficient and Effective Council.
16. The two measures that are not meeting their targets are as follows:
  - **Number of new homes granted permission in the city** – Target of 100 and an actual of 56 for the first quarter. Permission was granted for 15 new homes in June, which would be above the profiled monthly requirement.
  - **Amount of employment floor space for development (m2)** – Target of 3,750 m2 and an actual of 278 m2. There has been a loss of 35 m2 at King Edward St due to a change from B1 to class A retail. As noted in previous monitoring reports, there is a significant development including employment land proposed at the Northern Gateway.

### **Corporate Risk**

17. There are no Red risks at the end of the first quarter, however the Corporate Management Team are currently reviewing all corporate risks and revising the register ready for 2018/19, the full details of which will be available in the quarter 2 report.

### **Financial implications**

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

### **Legal issues**

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

### **Level of risk**

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

## Equalities impact

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

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