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To:	**City Executive Board**
Date:	**13 March 2019**
Report of:	**Head of Financial Services**
	Head of Business Improvement
Title of Report:	**Integrated Performance Report for Quarter 3 2018/19**

Summary and recommendations	
Purpose of report:	To update Members on Finance, Risk and Performance as at 31 December 2018.
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:	
Note the projected financial outturn and the current position on risk and performance as at the 31st December 2018.	

Appendices	
Appendix A	Corporate Integrated Dials
Appendix B	General Fund - December 2018 Forecast Outturn
Appendix C	Capital Programme - December 2018 Forecast Outturn
Appendix D	HRA - December 2018 Forecast Outturn
Appendix E	Capital Projects update

Introduction and background

1. This report updates the Board on the financial, corporate performance and corporate risk positions of the Council as at 31st December 2018. A brief summary is as follows:
2. **Financial Position**
   - **General Fund** – the outturn position is forecast to be a favourable variance of £0.114 million (0.52%) against the latest net budget of £22.098 million;

- **Housing Revenue Account** – the outturn position is forecasting a nil variance against the budgeted deficit of £1.440 million;
- **Capital Programme** – the outturn position is forecasting a favourable variance of (£41.896) million against the latest budget of £96.119 million;

3. **Performance** – 64% (7) of the Council's corporate performance targets are being delivered as planned, 18% (2) are below target but within acceptable tolerance limits and 18% (2) are currently at risk.
4. **Corporate Risk Management** – There is 1 red, 8 amber and 3 green corporate risks at the end of quarter 3. More details of risks can be found in paragraphs 14-17

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 £0.868 million which mainly represents unspent budget approved for carry forward from 2017/18 being added to 2018/19 budgets, and release of grants held in reserves. These adjustments 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 of £0.138 million from contingencies for Business Rates uplifts across the service areas arising from the revised Business Rates Revaluation and £0.539 million to fund the partnership payment made.
6. Virements between service areas, authorised under delegated powers by the Council's Head of Financial Services totalling a net movement of £0.368 million have also taken place. £0.350 million relates to the release from Transformation funds for ongoing projects and £0.015 million being the allocation of the training budget across service areas. There is no change to the Council's Net Budget Requirement.
7. At 31st December 2018 the General Fund revenue account is projecting a favourable variance of £0.294 million against the latest budget of £22.098 million. The key variances are:

   - **Assistant Chief Executive** - £0.060 million favourable variance, due to recharging salary costs to the Growth Board offset by some additional expenditure on consultation portals and branding.
   - **Regeneration and Economy** - £0.200 million favourable variance, due to additional commercial property income above that originally budgeted for. This has arisen due to some properties which the Council was due to carry out major investment on and therefore not receiving any rental income for, have either been delayed or are not happening at all.
   - **Planning, Sustainable Development and Regulatory** - £0.185 million adverse variance due to additional staffing costs on contractors in Building Control and also reduced income in this area.
   - **Community Services** - £0.053 million adverse variance overall. This is predominantly made up of £0.150 million adverse variance within the community centres area due to additional staffing costs relating to cleaning & caretaking and overtime payments and reduced income across the

centres. This variance is offset by £0.100k favourable variance within the community safety area due to vacancy savings and income received above that budgeted.

- **Direct Services Client** – £0.438 million adverse variance. The Council is now expecting car parking income to reduce by £0.738 million due to a reduction in numbers, and also the impact of closing part of Oxpens car park earlier than originally expected. Some of the reduction in city centre car parks usage has increased the usage at Park and Ride sites and this has been factored into the forecast. This is offset by £0.300 million additional surplus from ODSL expected in the current year following the signing of the S42+ maintenance of classified roads agreement with Oxfordshire County Council.
- **Business Improvement** - £0.060 million favourable variance due to vacancy savings in ICT and some reduced expenditure on ICT applications. There is also a small adverse variance in Customer Services where external printing is overspending its budget due to increased volumes.
- **Law & Governance** - £0.070 million favourable variance due to reduced spending on external legal fees and additional income from OCHL for work undertaken on conveyancing.
- **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. It should be noted that the Council is receiving approx. £1m in additional income from Westgate as a result of additional business rates.

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:

- Dwelling Rent – favourable variance of £0.200 million to reflect the increased income following the decline in RTB disposals and the movement of 141 properties to formulae rent since the budget was set;
- Services Charges – favourable variance of £0.250 million, following these properties that have moved to formulae rent the service charge has increased. There is also expected additional income once the actual charges are reconciled against the estimated charges;
- Management and Services (stock related) – net favourable variance of £0.342 million. An accounting adjustment totalling £604k has been carried out 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 reserve to ensure no overall variance in the HRA. There are also adverse variances relating to caretaking and cleaning costs and final accounts on new builds being agreed, which have increased spending against the profiled budget;

- Other Revenue spend (stock related) – adverse variance of £0.307 million represents an increase to the budget funded by the release from reserves for revenue contribution to the New Housing Management System – QL; in year revenue costs relating to project management and consultancy work associated with capital projects which are currently in feasibility Responsive and Cyclical repairs – adverse variance of £0.128 million represents an increase to the budget funded by the release from reserves, this is to cover additional costs on Health and safety works.
- Transfer to/from MR/OR – adverse variance of £0.604 million. An accounting adjustment has been carried out 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 Management and services to ensure no overall variance to the HRA.

Capital

9. The projected outturn on the Capital Programme is currently a favourable variance of £41.896 million against the latest budget of £96.119 million. The main variances are:

GENERAL FUND

- **1-5 George Street** – £0.500 million of the previously slipped budget has been brought back into 2018/19 to cover costs that have occurred during the year;
- **Loans to the Housing company** – £41.198 million has slipped into future years. Activity has now started to take place in the Housing Company and a loan has been issued by the Council, but this is not to the value at originally budgeted;

HRA

- **Barton Regeneration** – £1.200 million slipped into future years, the scheme is still in design stage and therefore the development costs will not be required this financial year.

10. The Project Management Office (PMO) is being established the PMO is intended to introduce more rigour into the management of capital projects from the development of ‘Ideas’ through Feasibility Stage, Business Case and Delivery. Additional information will provided within this report of the status of projects.
11. The new process also includes a review of all proposals and Business cases for new schemes, a number of these have been reviewed and a decision on their progress has been made by Development Board and CMT, details are in the table below

Review Month/Year – January 2019

Scheme	Document Reviewed	Recommendation
Robotic Process Automation Full Rollout (either capital or revenue)	Business case	Complete the Pilot then reassess additional finance requirement
Five Mile Drive Pavilion	Business case	Progress to deliver the project
OxPops	Business case	Progress to deliver the project
Hear in Headington	Business case	Progress to deliver the project
Covered market vacant units - splitting	Business case	Progress to deliver the project
Food Waste Truck	Business case	Progress to deliver the project
Bodycams for Community Safety team	Business case	Progress to deliver the project when the budget is available in 2021/22
LAN/WiFi Refresh Phase 2	Proposal	Do not progress
Redbridge compactor	Proposal	Proposal agreed. Business case to be developed and presented for review
Paris Payment System, Replacement / PCI DSS	Proposal	Proposal agreed. Business case to be developed and presented for review
Council internet accessibility compliance changes	Proposal	Proposal agreed. Business case to be developed and presented for review
Paper-lite Planning	Proposal	Proposal agreed. Business case to be developed and presented for review
Document Management	Proposal	Proposal agreed. Business case to be developed and presented for review
Shotover Car Park	Proposal	Proposal agreed. Business case to be developed and presented for review
Parks Paths	Proposal	Proposal agreed. Business case to be developed and presented for review

Performance Management

12. There are eleven corporate performance measures that are monitored during the year. Seven (64%) are being delivered as planned, two (18%) are below

target but within acceptable tolerance limits, two (18%) are at risk of not meeting their target.

13. Of the seven that are being delivered as planned, one relates to Vibrant and Sustainable Economy, one relates to Meeting Housing Need, three to Strong and Active Communities, one to Cleaner Greener Oxford and one to an Efficient and Effective Council.

14. The measures that are not meeting their targets are as follows:

- **Number of new homes granted permission in the city** – Target of 300 against an actual achievement of 151 as at end of December.
- **Net increase in number of businesses operating in the city** – Target of 149 against an actual achievement of 40 as at the end of December.

Corporate Risk

15. There are twelve risks, one of which is Red, eight Amber, and the remaining three are Green.

16. The one red risks is as follows:

- Housing - The Council has key priorities around housing which include ensuring housing delivery and supply for the City and enabling sufficient house building and investment. Insufficient housing in the City leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via the scheme with Real Lettings.

17. There were two further Red risks reported at the end of Q2, both of which have now been reviewed and mitigated to Amber. These are:

- Local Government Reorganisation (LGR) – indications from MHCLG is that they are not currently pursuing further LGR proposals for the time being. Hence the probability of this risk has been reduced in the current term (to April 2019).

- Delivery of Services by External Suppliers/Partnerships/Supply Chain – by closely monitoring the contract with Fusion and meetings held with their Senior Management Team to ensure they have enough focus on driving improvements, the signs are positive and usage is up by 28% compared to the same period in 2017.

Financial implications

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

Legal issues

19. Best Value authorities are under a general Duty of Best Value set out in Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government and Public Involvement in Health Act 2007 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

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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Background Papers: None

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