

To: Cabinet

Date: 11 March 2020

Report of: Head of Financial Services
Head of Business Improvement

Title of Report: Integrated Performance Report for Quarter 3 2019/20

Summary and recommendations	
Purpose of report:	To update Cabinet on Finance, Risk and Corporate Performance matters as at 31 December 2019.
Key decision:	No
Cabinet Member:	Councillor Ed Turner, Finance and Asset Management
Corporate Priority:	Efficient and Effective Council.
Policy Framework:	Corporate Plan 2016-2020
Recommendation: That Cabinet resolves to:	
1.	Note the projected financial outturn as well as the current position on risk and performance as at 31 December 2019.

Appendices	
Appendix A	General Fund - Dec 2019 Forecast Outturn
Appendix B	HRA - Dec 2019 Forecast Outturn
Appendix C	Capital Programme – Dec 2019

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 31st December 2019. A brief summary is as follows:

Financial Position

- **General Fund** – the outturn position is forecast to be a favourable variance of £0.039 million against the latest net budget of £23.205 million (0.17%), and £0.609 million against the service area expenditure (2.03%);
 - **Housing Revenue Account** – The budgeted surplus agreed by the Council in February 2019 was £0.492 million. A revision to the Housing Revenue Account (“HRA”) budget and Business Plan was reported to Cabinet on 20 May 2019 which outlined the reason for and requested approval of the change in budget to reflect the impact of the dwellings to be acquired for Oxford City Housing Ltd (“OCHL”). The revised budget resulted in a surplus of £1.205 million and the outturn position is forecasting a favourable variance of £280k against this;
 - **Capital Programme** – The budget, as approved at Council in February 2019, was set at £101.526 million. This area has been subject to a major review, to get to a deliverable and well-timetabled programme. A revised budget was approved at Cabinet on the 19 December 2019, and it now stands at £59.962 million. The latest forecast outturn is £47.100 million, this represents a favourable variance of £13.035 million against the revised budget;
2. **Performance** – 46% (6) of the Council’s corporate performance targets are being delivered as planned, 23% (3) are showing as below target but within acceptable tolerance limits, 8% (1) is currently at risk. However there are 23% (3) that are showing as no data available, as described in paragraphs 13 to 16;
 3. **Corporate Risk Management** – There is one red corporate risk at the end of quarter three, which relates to actions taken to ensuring housing delivery and supply for the city and enabling sufficient house building and investment. There are nine amber risks and two green risks, more details of risks can be found in paragraphs 17 to 18;

Financial Position

General Fund Revenue

4. The overall Net Budget Requirement agreed by the Council in February 2019 was £23.205 million. Since setting the budget, service area expenditure has increased by a net total of £1.541 million, this is a combination of virements within service areas and release from reserves. The Net Budget Requirement remains unchanged.
5. Virements between service areas, were authorised under delegated powers by the Council’s Head of Financial Services totalling £0.170 million, the most notable of which relates to the realignment of the training budget and release of contingency to cover Non-Domestic Rates pressures.
6. The release from reserves totals a net movement of £0.638 million, made up of the release from Transformation Funds for ongoing projects, such as the Rent Guarantee model; Team Oxford Communications; the Corporate Scanning project; Idox upgrade; Business Process Automation pilot, release of grant funding into the service areas for ongoing expenditure, and release of budgets carried forward into the current year.

7. At 31st December 2019 the General Fund Service Area expenditure is projecting an adverse variance of £0.609 million against the latest budget of £29.957 million, this is in part offset by a release from the General Fund Repairs and Maintenance reserve and capital financing reserve, of £0.335 million and a revised forecast on net interest of £0.393 million, resulting in an overall favourable variance of £0.039 million against the latest Net Budget Requirement of £23.205 million. The key variances are:

- **Housing Services** - £0.485 million – £335k of this adverse variance is due to unbudgeted expenditure relating to surveys for the Town Hall, Asbestos and Health and Safety and works to the Town hall ceilings, these costs have been mitigated by use of reserves in year and therefore have no net impact on the overall budget, with £150k of the adverse variance relating to a pressure on the reactive maintenance budget, to mitigate this pressure there has been a pause on non-essential reactive maintenance in the last quarter of the year.
- **Business Improvement** – whilst there is no overall variance, ICT currently has a c£100k favourable variance, in the main due to a refund on telephony charges and establishment savings, this is offset by an adverse variance of a similar level due to additional spend on equalities and additional consultancy work.
- **Law & Governance** - £0.064 million - adverse variance due to a pressure in the Directors salary budget and within Electoral registration budget these are offset by unbudgeted SLA income due to be received from work undertaken for the Housing Company.
- **Oxford Direct Services** - £0.060 million – adverse variance due to savings predicated on the development of the Recycling Transfer Station not materialising in year due to the scheme not yet being implemented which is partly offset by additional car parking income.
- **Transfer to /from Earmarked Reserves** - £0.335 million – use of the General Fund Repairs and Maintenance reserve to cover the expenditure relating to Town Hall surveys and works.
- **Interest Payable/Receivable** - £0.393 million – favourable variance due to increased returns on investments and less interest payable on external borrowing arising from slippage in the Councils capital programme.

Housing Revenue Account

8. The updated budgeted surplus agreed by the Council in July 2019 was £1.250 million, this was following a revision to the HRA budget and Business plan to include the financial impact of dwellings acquired by the HRA from the Councils housing company in terms of rental income, maintenance spend, interest payments and debt redemption. The Housing Revenue Account is currently forecasting a favourable variance of £0.280 million against this surplus, the most notable variations include:

- Dwelling Rent - £340k favourable variance due to lower than expected RTB sales and more properties than expected moving to formulae rents since the budget was set;
- Service Charges - £650k favourable variance due to tenant service charge income continuing to be higher than that budgeted (£270k), and leaseholder service charge income which is due to more leaseholders and recharges for major works, which are a one off increase in income (£380k);
- Garage income - £30k favourable variance due to an increase in the charge which had not been reflected in the budget;
- Miscellaneous income – £90k favourable variance due to higher than anticipated income for telecommunications;
- Management & Services - £176k adverse variance due to increase caretaking costs and some additional temporary staff to cover long term absences within the team;
- Other revenue spend - £512 adverse variance due to a pressure caused by increased legal costs , feasibility costs for phase 2 of the OCHL development programme, decant costs associated with the ongoing developments and consultancy fees relating to the implementation of a new QL Housing system;
- Responsive & cyclical repairs – £203k adverse variance due to security at the Tower blocks that was put in place until the beginning of June;

Capital

9. The budget, as approved at Council in February 2019, was set at £101.526 million. This area has been subject to a major review, to get to a deliverable and well-timetabled programme. A revised budget was approved at Cabinet on the 19 December 2019, and it now stands at £59.962 million. The latest forecast outturn is £47.100 million, this represents a favourable variance of £13.035 million. The main items which are being re-timetabled or where there are over/underspends are:

General Fund

- Windows 2008 Server Replacement - £0.030 million re-timetabled as work continues into 2020/21 financial year;
- 1-5 George Street - £0.036 million overspend. This project was reviewed by Development Board and following consideration it was decided that the revised cost/benefit ratio did not justify a full redevelopment solution and that as a result this approach should be dis-continued. Pursuant to this decision, Willmott Dixon's account has been determined. Attention is now being given to alternative uses for 1-3 George Street, including various levels of refurbishment and meanwhile uses. A further report to Cabinet will come forward approve any subsequent budget required;
- Seacourt Park and Ride Extension - £2.049 million re-timetabled into next year due to the project being at standstill due to adverse weather. It is expected that contractors will be back on site in March;
- Feasibility was only agreed in December and procurement will take place by the end of the financial year, therefore spend will be in 2020/21;
- Floyds Row Refurbishment - £0.928 million – work on remaining two wings will be completed in Spring 2020;

- Gloucester street car park ventilation (H&S) - £0.191 million re-timetabled – pre-site meeting completed but issues with design and siting of the residential car park air handling unit that need to be resolved;
- Major Capital works at Covered Market - £0.114 million re-timetabled – Internal redecoration, external redecoration, refurbishment of gents toilets and decoration of brickwork undertaken. Orders have been raised for the redecoration of High Street Avenues and Ladies traders toilets and work will be started in February but continue into 2020/21;
- Housing Company loans - £5.231 million re-timetabled – Three of the largest development schemes that began this year have experienced delays due to ongoing re-profiling issues following contractor appointment. Seven of the nine extension/new build schemes planned to start at the end of the current financial year have been deferred to 2020/21 (£1.731 million) due to resourcing issues that have now been resolved, as has the Elsfield/Cumberlege new build scheme (£1.678 million). There is also slippage in schemes at Rosehill of £0.778 million (groundworks have taken longer than anticipated due to poor local ground conditions), £0.325 million associated with the Harts Close scheme has been deferred due to requiring a revised planning application as a result of costing enquiries and Bracegirdle is experiencing £0.719 million of re-profiling following the appointment of ODS. There is still the possibility of bringing forward some spend amounting to c.£2.1 million into the current financial year associated with land acquisitions on development sites at Elsfield and Between Towns Road. For prudent reasons as this is not as yet confirmed it has been excluded from the current projected outturn for the year. Furthermore OCHL has recently appointed two Non-Executive Directors as well as a permanent Managing Director and two new developments which will improve capacity within the company to enhance delivery. In addition providing cash flow requirements to the Council should improve the alignment of borrowing by the Council with forecast spend of the company;
- Oxford and Abingdon Flood Alleviation Scheme - £0.250 million re-timetabled, the contribution is delayed until Kennington Bridge is replaced, therefore the spend is unlikely to be prior to 2021/22 financial year;
- OxPops (Electric Vehicle Charging) - £0.087 million re-timetabled – the project is approaching completion and the trial is complete and the prototypes will be removed;
- Clean Bus Technology Grants - £0.499 million re-timetabled, the project is on track to be delivered by end of Sept, this is grant funded work where the Council is the accountable body. Progress dependent on the bus companies completing their retrofits and making their claims;
- Motor Transport – Vehicle/Plant Replacement Programme - £1.854 million re-timetabled due to lead in times for vehicles, particularly Electrical Vehicles, having increased with delivery being in 2020/21;
- Car Park resurfacing - £0.112 million re-timetabled into 20/21; the works on Gloucester Green car park have been re scheduled to be undertaken in next financial year when the weather will be more suitable for the works to be carried out;

- Depot Rationalisation - £0.396 million re-timetabled, the feasibility work has been completed, ODS is now drafting the Outline Business Case which will be submitted to Development Board, now expected to be Summer 2020;

HRA

- Structural - £0.180 million re-timetabled into 2020/21 – works are progressing and Stowford Path will be completed and paid for April 2020;
 - Doors and Windows - £0.110 million underspend – Programme has been rescheduled to allow for a virement into the Fire Doors budget;
 - Communal Areas - £0.200 million underspend – Programme has been rescheduled to allow for a virement into the Fire Doors budget;
 - Fire Doors – £0.310 million overspend with funding to be vired from Doors and Windows and Communal Areas budgets;
 - Energy Efficiency Initiatives - £0.100 million re-timetabled – Delays to the insulation programme have been encountered due to low resident take up. The balance of the budget will be proposed to be carried forward to 2020/21 to continue the EPC validation and upgrade of efficiency measures;
 - Extensions & Major Adaptations - £0.305 million re-timetabled – underspend to be carried forward to 2020/21. Delays have been experienced due to the need for revised design for the adaptations to meet changing client needs and then the need to reschedule ODS resources to accommodate.;
 - Lift Replacement Programme - £0.210 million re-timetabled – procurement has delivered a framework of suppliers during 2019/20 with the delivery now moved to 2020/21;
 - HRA Stock condition survey - £0.140 million re-timetabled – There has been good progress with the survey and the balance of the budget is to be carried forward into the structural budget for 2020/21 to address serious structural issues identified as part of the SCS exercise;
10. The Council's current capital programme assigns a status to each capital scheme, in line with the Council's Capital Gateway. The programme is split into:
- a. **One off projects** – These are split into idea, feasibility, design, delivery and completion
 - b. **Rolling programme** – These items relate to schemes which are ongoing in nature ie HRA planned maintenance; vehicle replacements and ICT software and hardware
 - c. **Other Capital Spend** – This largely consists of the General Fund Loans to the housing company

11. Of the one off projects approx 47% are in the delivery stage with a further 4% being in design & technical specification.

Status of capital project/scheme	2019/20 Budget Book	Latest Budget	Spend to 30/12/2019	Forecast Outturn	Forecast Variance	Variance due to Slippage	Variance due to Over/ Under spend
Idea	1,779,599	1,779,599	217,813	1,438,461	-341,138	-378,000	36,862
Feasibility	1,066,280	1,240,280	175,939	743,009	-497,271	-497,271	
Design & Technical Specification	945,675	945,675	127,496	697,326	-248,349	-248,349	
Pipeline	339,440	339,440	129,348	339,440	0	0	
Delivery	12,055,712	12,205,712	3,456,060	8,836,402	-3,369,310	-3,422,677	53,367
Completed	6,737,353	6,737,353	6,277,493	6,815,872	78,519		78,519
Sub Total	22,924,059	23,248,059	10,384,149	18,870,510	-4,377,549	-4,546,297	168,748
Rolling Programme	17,755,952	17,605,952	8,233,465	14,678,390	-2,927,562	-2,913,137	-14,425
Other Capital Spend	19,281,596	19,281,596	7,747,614	13,551,535	-5,730,061	-5,730,061	
Sub Total	37,037,548	36,887,548	15,981,079	28,229,925	-8,657,623	-8,643,198	-14,425
Total Capital Programme	59,961,607	60,135,607	26,365,228	47,100,435	-13,035,172	-13,189,495	154,323

12. In line with new processes that are now in place as previously reported, there are several projects that have been allocated money from the approved feasibility budget by the Development board and in order to keep Cabinet members sighted on such schemes a summary is given as an exempt appendix. When and if the business cases for each of these projects are approved these will be brought forward for formal budget approval in the normal way.

Performance Management

13. There are thirteen corporate performance measures that are monitored during the financial year. 46% (6) of the Council's corporate performance targets are being delivered as planned, 23% (3) are showing as below target but within acceptable tolerance limits, 8% (1) is currently at risk.
14. However there are 3 (23%) of the measures that are currently showing no data available, as they have not been updated this quarter.
15. Of the six measures that are being delivered as planned, one relates to Cleaner Greener Oxford, one to Meeting Housing Needs, one relates to Strong and Active Communities and three to an Efficient and Effective Council.
16. The measures that is not meeting its targets is as follows:
- **Number of people from our target groups using our leisure facilities –** Target of 599,200 and an actual of 550,040 up to the end of December. Visits are consistent with where they were 2 years ago. Targets set for the reporting year were ambitious. The leisure market remains highly competitive with budget and boutique gyms. The Council is working closely with Fusion Lifestyle to continuously improve their targeted outreach work across the city's communities. This includes the introduction of additional partnership work and Marketing and Communications Steering Groups.

Corporate Risk

17. There is one red risk on the current Corporate Risk Register, which is as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford 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 real lettings. In addition the Council's housing companies are in the process of constructing new affordable homes and the Cabinet has approved plans which will result in the Council's Housing Revenue Account ("HRA") purchasing the social housing using its new borrowing headroom, following the removal of the HRA borrowing cap by central government.

18. The table below shows the level of Red, Amber and Green current risks over the last 12 months:

Current Risk	Q4 201/19	Q1 2019/20	Q2 2019/20	Q3 2019/20
Red	1	1	1	1
Amber	9	10	8	9
Green	2	1	3	2
Total Risks	12	12	12	12

Financial implications

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

Legal issues

20. There are no legal implications arising directly from this report.

Level of risk

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

Equalities impact

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

Report author	Nigel Kennedy Helen Bishop
Job title	Head of Financial Services Head of Business Improvement
Service area or department	Financial Services/Business Improvement
Telephone	01865 252708
e-mail	nkennedy@oxford.gov.uk / hbishop@oxford.gov.uk

This page is intentionally left blank