www.oxford.gov.uk
OXFORD CITY COUNCIL

To:	**Cabinet**
Date:	**14 September 2022**
Report of:	**Head of Financial Services**
	Head of Business Improvement
Title of Report:	**Integrated Performance Report for Quarter 1 2022/23**

Summary and recommendations	
Purpose of report:	To update the Cabinet on Finance, Risk and Corporate Performance matters as at 30th June 2022.
Key decision:	No
Cabinet Member:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Council Strategy 2020-24
Recommendation(s): That the Cabinet resolves to:	
1.	**Note** the projected financial outturn as well as the current position on risk and performance as at 30 June 2022.

Appendices	
Appendix A	General Fund - June 2022 Forecast Outturn
Appendix B	Housing Revenue Account - June 2022 Forecast Outturn
Appendix C	Capital Programme – June 2022
Appendix D	Corporate KPI's June 2022

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 30th June 2022. A brief summary is as follows:

Financial Position

- **General Fund** – the outturn position is forecasting an favourable variance of £0.100 million against the net budget agreed by Council in February 2022 of £22.382 million;

- **Housing Revenue Account** – The budgeted surplus agreed by the Council in February 2022 was £0.064 million and is currently on budget;
- **Capital Programme** – The budget, as approved at Council in February 2022, was set at £210.981 million with carry forward of unspent balances in 2021-22 and a reprofile of the HRA budget, this was subsequently revised to the latest budget of £208.714 million. The outturn forecast position is currently £184.726 million with a total slippage of £23.988 million.

2. **Performance** – There are 25 Corporate Indicators for the current financial year, 9 of which are rated Green (on target); 2 are rated Amber (within a tolerance of target) and 3 are rated Red (outside of target), there are also 11 indicators which are tracking indicators or have no data available. More details can be found in paragraph 15.
3. **Corporate Risk Management** – There are five red corporate risks at the end of quarter one. These relate to actions taken to ensure housing delivery and supply for the city of Oxford and to enable sufficient house building and investment; local, national or international factors adversely affecting the economic growth of the city; negative impacts of Climate Change; potential terrorist incident in the city that affects normal life and delivery of services by external suppliers and partners. More details of the risks can be found in paragraphs 13 to 14;

Financial Position

General Fund Revenue

4. The overall Net Budget Requirement agreed by the Council in February 2022 was £22.382 million. Since setting the budget, service area expenditure has increased by a net total of £0.645 million.This is mainly due to the release of pay inflation to services from the contingency pot in line with the agreed pay award. The Net Budget Requirement remains unchanged since this is simply a virement.
5. As at 30th June 2022 the General Fund Service Areas are a limited number of variances against the latest budget of £33.580 million. A number of key areas however continue to be monitored closely as they recover from the impact of COVID 19. These include :
    - **Car Park income** – income for the first quarter is slightly above budget and usage is increasing steadily in most car parks. However the usage and income is still down in comparison to 2019/20 (pre COVID) levels, by an average of 16% on usage and 9% on income. At Cabinet on 13th July 2022 the Council agreed an adjustment in park and ride charges for a 6 month period commencing in September in order to safeguard the future of the park and ride facility and encourage usage rather than driving into the city centre;
    - **Property rental** – the base budget for the year is £12.408 million an increase of £2.36 million from the previous year, some of this increase relates to bringing the budget back to pre COVID 19 levels. Work is ongoing to increase these levels further although in the immediate future this remains unlikely. This has been reflected in the MTFP. Outstanding debt is approximately £6million and a provision for bad debt for high risk debts stands at around £4million. Proactive action is taking place to recover

outstanding debt and determine what level of write off will be charged against the provision. It should be noted that for the period of the COVID pandemic, enforcement action for unpaid commercial property debts was largely suspended, and there remain particular rules in place for the treatment of debts from this period going forward.

- **Town Hall income** – the income budget was increased by £0.336 million for the year to £0.808 million reflecting some recovery from COVID 19. This target is currently forecast to be met during the year.
- **Financial Services** – bank charges continue to be above budget due to non-compliance of Payment Card Industry Data Security Standards (PCIDSS), work on which is currently in progress to resolve. Additionally court cost income continues to be below budget for the first quarter of the financial year due to successful arrears recovery processes. Together an adverse variance of £0.100 million is forecast.
- **Oxford Direct Services** ODS board have declared a dividend for 2020-21 of £0.600 million which is payable to the Council in this financial year, this has slipped from 2021-22 and therefore an additional £0.600 million for the year is forecast. The 2021-22 dividend is not expected to be declared until the sign off of the accounts which is expected by December 2022, but early indication is that the surplus is expected to be on budget at around £1.1 million and the company's intention that this is also paid to the shareholder.
- **Oxford City Housing Limited** – the revised business plan as at May 2022 has recently been presented to shareholders. Based on this plan interest returns will reduce in 2022-23 by around £0.400 million given the extensive slippage in the OCHL build program. This has been reflected in the forecast outturn position of the corporate accounts.
- **Utility costs** – Work is ongoing to estimate the impact of the significant increases in the cost of electric and gas for council owned buildings. The market is very volatile and fluctuating on a daily basis. Based on the latest prices it is estimated that the current cost of utilities of £1.6 million per annum could rise to between £2.4 million and £5.5 million, some of which will be charged to the HRA and some to General Fund. An optimistic scenario would be an additional £2.5 to £3.0 million per annum, £1.5 million for the half year from October 2022, with approximately a 75/25 split between General Fund and HRA. The Council currently purchases its utilities through the Laser Energy Consortium with prices fixed up until October 2022. In recent weeks the Council has moved a number of supplies to flexible purchase in advance (PIA) contracts as opposed to Fixed Term Fixed Price (FTFP) contracts, which are more suited to extremely volatile and unpredictable energy markets. We are continuing to seek such PIA deals for other suppliers although prices that do become available can change within hours such is the volatility of the market. This is clearly a significant cost pressure to the Council's budget which will need close monitoring over the coming months.

Efficiencies

6. £2.351 million of new efficiencies were introduced within this year's budget and work is ongoing to ensure that these are all achieved. Most are on target

however there is a saving for £0.050 million in procurement to be made from contract for supplies and services across the Council, which still needs to be identified. The saving in relation to St Aldates Chambers is also waiting for decisions to be made regarding the letting of the building. The savings in respect of the Leisure services review are on target but rising utility costs which need to be paid by the contractor propose a risk to this.

	Budgeted savings 2022/23 £000's	On track Y/N	Comments
Efficiencies			
St Aldates Chambers	199	Y	Decision on options pending
ICT Contracts - Strategic review	200	Y	System rationalisation, as contracts come to an end should be achievable
Service Integration Project	480	Y	Post savings in Communities £168k; £90k saving on Director rols, post in HIA £46k and £176k turnover savings across the teams
Housing Needs System and Structure change	200	Y	On track to deliver £238k in 22/23 and a further £50k in 23/24 and 24/25
County Wide rough sleeping recommisiong strategy efficiencies	142	Y	savings across a variety of areas identified to make the total saving
Council Tax Reduction Scheme	120	Y	Linkage to channel shift and Civica Open Revenues introduction
Replacement Revenues and Benefits system	100	Y	Linkage to channel shift and Civica Open Revenues introduction
Leisure services review	100	Y	Full management fee of £500k agreed , need to get a better picutre of the impact of increasing utility costs will have
Review of voluntary sector grants	200	Y	savings identified
Cashless payments	20	Y	partially implemented, trials on cashless carparks looking successful
Printing and scanning	50	Y	working with suppliers to achieve savings
Selective licensing	369	Y	work has commenced with implementation date of Sept 2022
Transformation projects			
Procurement	50	N	at risk but procurement are working with services to identify savings
Customer services	63	Y	customer experience savings
Service based savings	46	Y	customer experience savings
CORVU replacement	12	Y	CORVU has been taken off line so savings will be made
	2,351		

Housing Revenue Account (“the HRA”)

7. The HRA budgeted surplus agreed by the Council in February 2022 was £0.064 million. The forecast outturn indicates that this budgeted position will be met at year end. The accounts are showing an underspend on the year to date position and this relates to delays with identifying work in progress job costs through QL. All transactions for completed jobs have been accounted for but the work in progress valuation for work undertaken by ODS has been more difficult to analyse, therefore the year to date position is showing an underspend on responsive and cyclical repairs.

Capital

8. The budget, as approved by the Council at its meeting in February 2022, was set at £210.981 million. Since that date the budget has been increased to take account of unspent balances rolled forward from 2021-22, and a reprofiling of the HRA capital programme, giving a latest budget of £208.714 million

9. Spend against the budget is £5.709 million which equated to 3% of the latest budget, and the forecast outturn is £184.726 million with a total of £23.988 million slippage.

General Fund

10. A summary of the General Fund schemes by project type is shown below and this provides an insight into the value of development projects that the Council

is undergoing. It also highlights that a significant % of the capital programme relates to Housing Company Loans of which the spend is reliant on the progress of the Housing company development programme.

Project Classification	Projects	In Deilvery Stage	Latest Budget 22/23	Spend to Date	% Spent	Projects Forecasting Variance	Latest Forecast Variance	22/23 Forecast Spend
Project - Development	35	6	45,245,200	- 104,849	0%	3	- 961,275	44,283,925
Project - ICT	12	6	859,757	46,746	5%	0	-	859,757
Project - Compliance	4	2	274,477	- 36,798	-13%	0	-	274,477
Project - Other	15	3	3,044,349	20,876	1%	0	-	3,044,349
Rolling Programme	7	0	8,020,070	576,265	7%	0	-	8,020,070
Housing Company Loans	3	0	41,727,851	1,195,494	3%	3	- 6,044,510	35,683,341
Other Capital Spend	17	1	28,954,949	1,913,248	7%	2	- 16,982,622	11,972,327
General Fund Total	**93**	**18**	**128,126,653**	**3,610,982**	**3%**	**8**	**- 23,988,407**	**104,138,246**

11. Details of that slippage are:

- Regeneration Property – budget of £17.0 million has been slipped into future years as one purchase is pending but as other options remain limited the remaining budget has been slipped, if an opportunity does arise in year the budget can be brought forwards

- Barton Park and Housing company loans – net slippage of £6.044 million to reflect the reprofiling of the developments schemes in line with the revised OX Place business plan

- Depot Rationalisation – slippage of £0.967 million leaving £0.500 million in the current year to cover feasibility and Cowley Marsh extension work.

HRA

12. A summary of the HRA schemes by project type is shown in the table below, and this shows that a significant element of the capital programme is a rolling programme, for example Kitchen and bathroom replacements, heating and electrics etc. The other large element is the Other Capital Spend classification, and these schemes relate to acquisitions and developments.

Project Classification	Projects	In Deilvery Stage	Latest Budget 22/23	Spend to Date	% Spent	Projects Forecasting Variance	22/23 Forecast Variance	22/23 Forecast Spend
Project - Development	4	1	5,542,152	53,161	1%	0	-	5,542,152
Project - Other	1	0	333,753	-	0%	0	-	333,753
Rolling Programme	20	4	20,213,815	374,979	2%	0	-	20,213,815
Other Capital Spend	9	3	54,395,677	1,669,858	3%	0	-	54,395,677
HRA Total	**35**	**8**	**80,587,397**	**2,097,999**	**3%**	**-**	**-**	**80,587,397**

Corporate Risk

13. There are five red risks on the current Corporate Risk Register, which are 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 the social housing elements will be purchased by the Council;

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Whilst COVID 19 restrictions are currently lifted, the supply chain challenges relating to Brexit, the war in Europe, energy security and related inflationary issues are a heightened risk. The Council is able to affect this risk through the delivery of the Oxford Economic Strategy and City Centre Vision Action Plan, This aims to stimulate recovery through targeted measures and the Council will work with Economic Growth Board & City Centre Task Force and engage with businesses to understand long term impact of COVID and EU Transition, taking action where possible, Macroeconomic impacts are outside the Council's direct control but the effects can be managed and mitigated at the local level;

- **Negative Impact of Climate change** – areas of concern are flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat. The Council does not have control over the global climate positions but it can make changes and improvements within its sphere of influence. The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City. The Oxford Flood Alleviation Scheme (OFAS) scheme continues to progress. Work is ongoing through Zero Carbon Oxfordshire Partnership (ZCOP) to reduce carbon emissions across the City. Oxford City Council's Carbon Management Plan, ongoing work around flood mitigation, tree planting and partnership with EA-led programme to deliver the OFAS scheme. Control measure relating to advocacy, clear communication and negotiation over our land assets, in particular at Seacourt and Redbridge Park and Ride sites are also employed.

- **Terrorism** – this relates to a potential terrorist incident in the city centre that adversely affect normal life in the city, including a negative impact on the Council's business or targets an individual event such as May Morning or St. Giles' Fair. Dependent on nature of attack and where it occurs could result in lock down of buildings, including Council offices, severe travel disruption and a need to disperse large numbers of people to places of safety. The Council cannot prevent a terrorist attack but working with partners, particularly the Police and County Council on the Crowded Places Plan, which includes mitigation intervention, it can hopefully help reduce impact.

- **Delivery of Services by External Suppliers/Partners/Supply Chain** – this relates to the Council's arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties.

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

Current Risk	Q2 2021/22	Q3 2021/22	Q4 2021/22	Q1 2022/23
Red	3	3	3	5
Amber	10	11	11	9
Green	1	0	0	0
Total Risks	**14**	**14**	**14**	**14**

Performance Indicators

15. There are three red corporate performance indicators being reported at the end of quarter 1, these relate to:

- % of Council spend with local businesses including SME's – target 45% with an actual of 38.97%. Statistics are being investigated to ensure that grants are excluded (since these distort spending statistics) and also ensure OX Place construction contracts are fully accounted for, and we will look at ways to step up local spend as part of the forthcoming review of the Procurement Strategy;
- Number of rough sleepers without an offer of accommodation – target of 34 with an actual of 30 – there were 40 persons rough sleeping in the city at the end of June and 34 of those did not have an offer of accommodation. We are working with all groups of rough sleepers to move them into supported accommodation. Nationally there has been a rise in rough sleeping post-pandemic as pandemic measures and funding has been removed;
- Reduction of number of face to face visits – target of 10% with an actual increase of 32%. Tracking 244 more visits year to date this year than last;

Financial implications

16. All financial implications are covered in the body of this report and the Appendices, as required by 8.14b of the Council's constitution.

Legal issues

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

Level of risk

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

Equalities impact

19. 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

Background Papers: None