

**To:** Cabinet  
**Date:** 10 July 2024  
**Report of:** Head of Financial Services  
**Title of Report:** Financial Outturn Report 2023/24

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To update Members on the financial outturn for the year ending 31 March 2024.
<b>Key decision:</b>	Yes
<b>Cabinet Member:</b>	Councillor Ed Turner, Deputy Leader (Statutory) – Finance and Asset Management
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	Council Strategy 2020-24
<b>Recommendations:</b> That Cabinet resolves to:	
1.	<b>Note</b> the financial outturn and performance of the Council for the year 2023/24 and the recommended transfer of £3.903 million to the risk reserve; and
2.	<b>Agree</b> the carry forward requests in respect of the General Fund of £0.064 million in accordance with paragraph 2.

<b>Appendices</b>	
Appendix A	General Fund Outturn
Appendix B	Capital Programme Outturn
Appendix C	HRA Outturn

## Overview

- 1 This report updates the Cabinet on the financial performance of the Council for 2023/24.
  - **General Fund** –The final outturn position is a surplus of £3.903 million against the balanced budget agreed in February 2023. This outturn surplus is recommended to be transferred to the risk reserve, as the Council has become aware of substantial risks arising in the course of this financial year, notably from increased temporary accommodation spend.

- **Housing Revenue Account** – The year end surplus on the HRA is a total favourable variance of £1.441 million against the original budgeted surplus of £1.232 million.
- **Capital Programme** – the final outturn spend for the year is £59.149 million, a favourable variance of £73 million against the latest budget of £132.618 million. Main areas of slippage relate to enabling works for the leisure decarbonisation programme; Barton Park property purchases and Housing company loans; Growth Deal; Northern Gateway; Motor Vehicle purchases and Car park resurfacing.

## General Fund Outturn

- 2 General Fund outturn surplus is £3.903 million, as set out in Appendix A including a total of £0.064 million of General Fund carry forward requests have been recommended for approval. Carry forwards have been proposed for the following:
  - Delay in works for play areas - £14,700.
  - Delay in works for Hinksey play project - £10,750
  - Remaining DWP funding for Verify earnings and Pensions alerts service - £39,016.
- 3 The General Fund Earmarked Reserves as at the 31 March 2024 stand at £53 million. Of this amount useable reserves are approximately £25 million the most significant of which are as follows:
 

• Direct revenue funding of capital	£8.9 million
• Risk reserve	£4.8 million
• Employee reserve	£2.9 million
• NNDR reserve	£8.0 million
- 4 The current MTFP provides for exhausting the risk reserve and spending half of the direct funding reserve to fund capital, although usage of the direct funding reserve will depend on the level of slippage within the capital programme and of other resources generated to finance the programme.
- 5 In addition to the above the General Fund Working Balance was £3.6 million as at 31-3-2024.

## General Fund Variations

- 6 Notable variations to budget included:
  - **Housing Services** – Overspend of £1.5million. This is primarily due to the high demand for Temporary Accommodation. This high usage aligns with the national trend, with temporary accommodation levels in England now at the highest level since records began. The cost of living seems to be the major factor driving this pattern, with people unable to afford to stay in accommodation in the Private Rented Sector (PRS) where the Local Housing Allowance is frozen despite rental inflation being high. Additionally,

some landlords have been selling their properties and exiting the market due to increased interest rates.

- **Community Services** – Total underspend of £0.400 million at the end of the financial year consisting of a favourable variance of £514k of accrued income due from previous leisure management contractor, and savings in staffing in parks, youth ambition and localities team £370k offset by cost pressures arising from the tendering of the leisure centre contract of £239k, and £270k pressure from the delay to leasing St Aldates Chambers.
- **Corporate Property** – Favourable variance of £0.853million, this is mainly due to a reduction in the corporate Property Bad Debt Provision (£1.5 million) established to cover debt arising over the COVID period, additional rental income from leasehold properties, offset by delays in the letting of St Aldates chambers and Cadogan House, £700k, and an extra post for leisure clienting £50k.
- **Environmental Sustainability** – Favourable variance of £466k – due to additional income from ZEZ for 2023-24 and unexpected allocation from 2022-23, £310k, and underspend from costs payable to the County Council in respect of the ZEZ bid of £140k which were funded by DEFRA.
- **ODS Client** Overall favourable variance of £4.362 million – This is mainly due to a £4 million dividend payment in respect of prior years.
- **Business Improvement** – Adverse variance of £0.527 million. This includes staffing cost pressures in Transformation Projects and other ICT system maintenance costs and services £267k, staffing pressures within the Customer Contact Centre £113 million, failure to achieve Customer Change Experience Programme efficiencies £60K and an overspend of £89k on printing and postage due to more spend by different services.
- **Law and Governance** - favourable variance £0.552 million – driven by savings on election costs (£350k).

### **SLAs and Capital charges**

- An adverse variance of £0.973 million is currently being reported. This is mainly due to estimated depreciation charges. Depreciation and all Capital charges are based on the valuation of capital assets which has still to be completed. Any charges are reversed out below the line in corporate accounts in accordance with accounting statutory overrides and will not affect the overall surplus.

### **Corporate Accounts, Contingencies and Funding**

- **Corporate accounts** – An overall net adverse variance of £0.302 million. This is outlined below:
  - **Local Cost of Benefits** – adverse variance of £1.873 million (6.7% of total benefit paid in year). No benefit subsidy is claimable on 2 specific areas of spend:
    1. Local authority errors – where benefit is miscalculated and paid incorrectly, or benefit is overpaid due to delays in not taking into

account changes in circumstances which effect benefit. No subsidy is recoverable for all such expenditure above a threshold. In 2023-24 the threshold was £86k and expenditure exceeded this threshold by £250k. Total benefit expenditure for 2023-24 totalled £33 million. Should overpaid housing benefits be recovered from claimants then the position is neutralised.

2. Benefit paid to charitable organisations which are not registered providers and provide supported accommodation to vulnerable clients. Total expenditure in this area was £1.6 million which over recent years has escalated. Oxford in conjunction with a number of other authorities are lobbying DWP to change the legislation to allow the expenditure for subsidy purposes but to date there has been no change. Supported accommodation is a County Council function and they allocate vulnerable clients to support service providers. Without changes either from the Government or the County Council in who they allocate to, this expenditure is likely to increase because of the government's policy towards independent living.

- **Interest Payable and Investment Income:** Reporting a favourable variance of £1.571 million in total. This is mainly due to underspends in interest payable and MRP from reduced capital spend and other movements in cash balances.
- **Transfers to/from earmarked reserves** – adverse variance of £1.272 million. Budgeted to take money out of reserves to balance the budget but not required as outturn is a surplus.

## Company Financial positions

- 7 The Council has five wholly owned companies: Oxford Direct Services Ltd (ODSL), Oxford Direct Services Trading Ltd (ODSTL), Oxford City Housing Development Ltd (OCH(D)L), Oxford City Housing Investment Ltd (OCH(I)L) and Oxford City Housing Ltd (OCHL) plus a 50/50 joint venture, Oxford West End Development Ltd (OxWed), and a 50% share in Barton LLP.
- 8 The accounts for the companies are still in the process of being prepared at the time of writing this report and a verbal update can be given at Cabinet in July. Early indications given to shareholders are:
  - i. OXPlace – surplus of £3.79 million. The council's dividend expectation for 2024-25 is £3million and the company will decide on the level of dividend to be declared when the accounts are finalised in June.
  - ii. ODSI - £2.7 million surplus (£800k ahead of budget) and ODSTL £0.28 million £0.529 million adverse to budget i.e a total of around £3million which is £0.271m favourable to budget. Distributable reserves will be £4.2 million at year end based on the forecasts. The dividend expectation for 2024-25 is approximately £2million.

## Housing Revenue Account

- 9 The HRA achieved a favourable variance of £1.441 million above the original budgeted surplus of £1.232 million (Appendix C).
- 10 The HRA working balance remains unchanged at £4.0 million.
- 11 Major variations include:
- **Net Income** – Dwelling Rents and Service Charges achieved slightly more income than budgeted.
  - The favourable variance on miscellaneous income includes The New Burdens government grant of £18k that was received to assist the Tenancy Involvement Team to comply with the latest government requirements. Additional £120k income has arisen from increased take up of the Furnished Tenancy scheme, due to new homes developed by OXPlace and £120k backdated rent from a leased property.
  - **Management and Services (Stock related)** – There was an additional spend of £295k on Furnished Tenancies, £124k of Council tax payments on void properties, and a £249k increase in utility costs. These overspends were offset by underspends including several vacant posts in Landlord Services (£275k), other areas (£193k) and reduced spend on Supplies & Service (£787k) mainly due to a reduced spend on contracted services.
  - **Other Revenue spend (stock related)** – favourable variance of £0.659 million as the result of reduced spend on consultants (£172k), external legal counsel (£100k), guide service (£180k), General Contracted Services (£164k), Miscellaneous (£58k), and Software (£90k)
  - **Misc. Expenditure (not stock related)** – Underspend due to salary savings from vacant posts (£365k), consultancy fees (£229k) and an underspend on feasibility work on potential developments (£76k)
  - **Responsive and Cyclical Repairs** – The final position is an overspend of £1.301million which includes an unbudgeted additional SLA recharge from ODS of £481k for the contact centre. Overall this would have nil impact on the authority. Work was undertaken throughout the year to capitalise the majority of unplanned capital works. The majority of the overspend has been incurred against the General Minor Works budget line which has overspent by a total of £1.8million. OCC have implemented a programme of planned refurbishment works for a more holistic approach which should help minimise future overspends.
  - **Interest Paid & Depreciation** - The actual interest charged for the year on external debt came in over budget at £9.567m, an adverse variance of £0.947 million. Depreciation has currently been estimated at the budgeted amount until the actual figure is available when the accounts have been closed.
  - **Investment income** – favourable variance of £943k due to slippage in the capital programme leading to higher cash balances.

## Capital

- 12 The budget as approved by the Council at its meeting in February 2023 was set at £235.623 million and the final budget as at 31<sup>st</sup> March, 2024 was £132.619 million. Final year end spend was £59.149 million which equates to 45% spend against the latest budget and 25% spend against the original budget. Going forward in the MTFP provision has been made for a 40% optimism bias which effectively reduces the budgeted spend to allow for unavoidable slippage and correct optimism-bias on programmed spend.
- 13 The tables below show the classification of projects in the General Fund and HRA. The General Fund table highlights that a significant proportion of the capital programme (£13.0 million) relates to Housing Company loans, which is impacted by the developments of the Housing Company.
- 14 The HRA table shows that a significant element of the capital programme (£18.6 million) is a rolling programme, for example kitchen and bathroom replacements, heating and electrics etc. The other large element is the other capital spend classification which relates to acquisitions and developments.

<b>General Fund Schemes by project type 2023/24</b>				
<b>Project Classification</b>	<b>Projects</b>	<b>Latest Budget</b>	<b>Spend to Date</b>	<b>% Spent</b>
Project - Development	32	21,164,110	5,137,098	24%
Project - ICT	26	2,503,770	919,088	37%
Project - Compliance	4	1,808,148	951,940	53%
Project - Other	12	2,570,562	505,467	20%
Rolling Programme	9	5,299,449	3,272,915	62%
Housing Company Loans	2	13,043,000	3,298,620	25%
Other Capital Spend	14	13,610,050	6,828,722	50%
<b>General Fund Total</b>	<b>99</b>	<b>59,999,090</b>	<b>20,913,849</b>	<b>35%</b>

  

<b>HRA Schemes by project type 2023/24</b>				
<b>Project Classification</b>	<b>Projects</b>	<b>Latest Budget</b>	<b>Spend to Date</b>	<b>% Spent</b>
Project - Development	4	3,231,924	1,687,647	52%
Project - Compliance	1	176,802	29,781	17%
Project - Other	2	1,638,100	1,483,183	91%
Rolling Programme	23	18,594,621	12,036,597	65%
Other Capital Spend	11	48,978,262	22,997,652	47%
<b>HRA Total</b>	<b>41</b>	<b>72,619,708</b>	<b>38,234,860</b>	<b>53%</b>
<b>Overall GF + HRA Total</b>	<b>140</b>	<b>132,618,798</b>	<b>59,148,709</b>	<b>45%</b>

Capital Spend Analysis						
		Original Budget 2023/24	Latest Budget 23/24	Spend to Date	% Spent v Latest (Approved) Budget	% Spent v Original Budget
General Fund Total		116,970,650	59,999,090	20,913,849	35%	18%
HRA Total		118,652,701	72,619,708	38,234,860	53%	32%
Total Capital Programme		235,623,351	132,618,798	59,148,709	45%	25%

15 The total to be carried forward into future years is £73.541 million. Significant slippages include:

### General Fund Capital

- **Housing Delivery:- £14.4million**
  - Expenditure related to project budgets to Barton Park, OxPLace and Oxford North schemes delayed into 24/25 following a revised Business plans occurring during Q3.
- **Regeneration & Economy:- £15.184m**
  - **Oxford Flood Alleviation (HIF)** - £4.3million. Further work related to Deed of Variation on the funding agreement with Homes England required to ensure drawdown of funding and reduced risk to Council, this pushed scheme into 24/25.
  - **Blackbird Leys Regeneration** - £6.540million. Scheme delayed into 24/25.
  - **Osney Mead Path works (HIF)** - £1.398million main works will occur in 24/25
  - **Cowley Branch Line** - £0.887million – Some payments delayed into 24/25. Project still on track.
  - **New Burial Meadow** - £0.211million – Agreeing Heads of Terms with OPT delayed until May24 also slower progress with County on Planning Application.
- **Corporate Property - £3.438 million**
  - **Enabling Works – Decarbonisation** - £0.638million, most planned work delayed into 24/25
  - **Stock Condition Surveys** - £0.819million – rolling programme
  - **Asset Surveys** £0.300million – Progress on these in some way dependent on a new Asset Management System.
  - **Old Gas Works Bridge** – £0.770m – scheme delayed into Q1/Q2 24/25.
  - **Covered Market (Master Plan)** - £0.276million – scheme further delayed whilst updated essential and enabling works are determined.

- **Planned Maintenance** - £0.250million – Levels of expenditure on Planned Repairs and Maintenance and LED Lighting replacement scheme below budget set.
- **Business Improvement - £1.4million**
  - **Asset Management System** – £0.280million, scheme delayed whilst further scoping work is carried out
  - **End-point devices** – £0.249 million – rolling programme for laptops and telephony devices.
  - **ICT Feasibility & Projects** - £0.283million – some expenditure delayed into 24/25
  - **Scanning of all Planning Files** - £0.150million – transformation project delayed into 24/25



## HRA Capital

23/24 HRA Capital Schemes	Variance	Commentary
Tower Blocks	(560,387)	Payments to the principal contractor have been withheld pending satisfactory completion / rectification of works
Adaptations for disabled	(46,175)	A revised approach has been instigated to approval for the larger more costly adaptations
Structural	(138,550)	Programme has slipped
Controlled Entry Upgrades	(416,969)	Programme has slipped
Major Voids	703,518	Increase in the number of voids requiring major works due to tenants moving to new housing stock
Damp-proof works	(440,558)	Programme has slipped
Kitchens & Bathrooms	0	
Heating	0	
Roofing	(190,751)	Programme has slipped
Electrics	(11,277)	Programme has slipped
Doors and Windows	372,915	Budget to be adjusted in 2024/25 - now included under External Works
Extensions & Major Adaptions	(101,948)	Programme has slipped
Communal Areas	(728,491)	Programme has slipped
Homes at Barton	0	
Great Estates Programme	(308,157)	Programme has slipped
Energy Efficiency Initiatives	(2,984,618)	Programme has slipped
Blackbird Leys Regeneration	446,659	Budget to be adjusted in 2024/25
Barton Regeneration	(598,360)	Development Programme has slipped
Lift Replacement & Refurbishment Programme	(108,464)	Programme has slipped
Social Rented Housing Acquisitions	78,776	Budget to be combined with Acquisition of Additional Units and adjusted in 2024/25
Fire Door Installations	(80,288)	Programme has slipped
Compulsory purchase of property	0	
East Oxford development	(844,371)	Slippage due to delays with engaging a contractor.
Acquisition of Additional Units	(2,466,000)	This budget is to be combined with Social Rented Housing Acquisitions
HRA Stock Condition Survey	4,673	Budget to be adjusted in 2024/25
Properties Purchased From OCHL	(18,962,884)	Slippage due to
Kitchens	(230,353)	Underspend to be used for Kitchens & Bathrooms installed as part of Major Voids
Bathrooms	(173,733)	Underspend to be used for Kitchens & Bathrooms installed as part of Major Voids
Boilers Only	(556,695)	Programme has slipped
Heating Systems	(154,823)	Programme has slipped
Northfield Hostel	(1,760,836)	Development Programme has slipped
Lanham Way	670,796	Budget to be adjusted in 2024/25
Next Steps Accommodation Programme	(581,746)	Programme has slipped
Renewal Of Fire Alarm Panels	(147,021)	Programme has slipped
Juniper	(385,229)	Project has ceased - budget no longer required
Major Refurbishment Masons Road	(586,179)	Programme has slipped
Fencing	(850,856)	Less Demand for fencing has resulted in a significant underspend
QL Improvements	(490,000)	Programme has slipped
Southfield Park Leases	(1,500,000)	Programme has slipped
Oxford North Development	(1,156,859)	Development Programme has slipped
LAHF Acquisitions	129,549	Overspend to be funded from LAHF 2
Major Voids – Kitchens and Bathrooms	440,434	This spend will be offset by the underspends on Kitchens & Bathrooms
Climate Change	0	
LAHF 2 Acquisitions	(690,679)	Programme has slipped
SHAP Acquisitions	1,021,088	A capital budget for SHAP was approved by full council in August 2023
	(34,384,849)	

### **Financial implications**

16 All financial implications are covered in the body of this report and the appendices.

### **Legal issues**

17 There are no legal implications directly relevant to 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.

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**Background Papers:** None