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OXFORD CITY COUNCIL

To:	**Cabinet**
Date:	**11 September 2024**
Report of:	**Head of Financial Services**
Title of Report:	**Integrated Performance Report for Quarter 1 2024/25**

Summary and recommendations	
Purpose of report:	To update the Cabinet on Finance, Risk and Corporate Performance matters as at 30 June 2024
Key decision:	No
Executive Board Member:	Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Corporate Strategy 2024-28
Recommendation: That Cabinet resolves to:	
1. **Note** the projected financial outturn as well as the current position on risk and performance as at 30 June 2024.	

Appendices	
Appendix A	General Fund – June 2024 Forecast Outturn
Appendix B	Housing Revenue Account – June 2024 Forecast Outturn
Appendix C	Capital Programme – June 2024
Appendix D	Corporate KPIs – June 2024

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 30 June 2024.

Financial Position Overview

General Fund – the outturn position is forecasting an adverse variance of £2.132 million against the net budget agreed by the Council in February 2024 of £28.604 million after allowing for a transfer from reserves of £1.4 million.

Housing Revenue Account – At the end of Quarter 1 the forecast outturn position is estimated at £7.249 million deficit, an adverse variance of £0.767m to the budgeted deficit of £6.482 million mostly due to a forecast overspend against Responsive & Cyclical Repairs offset by increased forecast income and reduced management costs.

Capital Programme – The budget, as approved at the Council meeting in February 2024, was set at £235.419 million with carry forward of unspent balances in 2023/24 of £73.470 million, some additional budget changes including new allocations, leads to a revised latest budget of £240.744 million.

Performance – There are 15 Corporate Indicators for the current financial year, 7 of which are rated Green (on target); 2 are rated Amber (within a tolerance of target) and 2 are rated Red (outside of target). There are also 4 indicators where data is reported at year end. More details can be found in paragraph 16-17.

Corporate Risk Management – There are five red corporate risks at the end of quarter three. These relate to Financial Stability, Workforce sustainability, Climate change emergency, Climate change adaptation, Increased demand on services. More details on mitigations of the risks can be found in paragraphs 12 to 15.

Financial Position Detailed Analysis

General Fund Revenue

2. The overall Net Budget Requirement agreed by the Council in February 2024 was £28.604 million after a £1.3 million transfer from general reserves.

3. As of 30 June 2024, the General Fund forecast outturn variance would indicate an adverse variance of £2.1 million the reason for which is detailed below:

    - **Housing Services** – As at the end of June there were 252 families in temporary accommodation (TA), 133 of which were in hotel and bed and breakfast accommodation. Twenty one households were placed in TA in June compared to 51 in May. Whilst the numbers have reduced slightly, it is not considered prudent to change assumptions on such a small timeframe, and therefore the cost pressure of £3.3 million, net of housing benefit payments may still remain at this for some time to come. At the time of setting the budget in December 2023 there were 195 families in T/A with 74 in hotels and B&B. Officers included an additional amount in the base budget for TA of £300k based on these numbers with some expectation of a reduction. A full review of the forecasted pressure will be carried out in early Autumn although early indications are that this pressure of £3.3 million will continue for a number of years to come, which is having a significant impact on the Councils Medium Term Financial Plan. The Council continues to work on increasing the supply of suitable accommodation to mitigate the cost increase.

    - **Corporate Property** – total pressure of £0.178k due to:

        - Additional unbudgeted tree officer post required by new Tree Strategy to support safety concerns - £50k.

        - Additional resources to assist in insurance valuations on general fund property - £128k. Following a recent tender for councils' insurance, the insurers stance is more rigorous on ensuring property valuations are up to date. Additional resources will ensure that the council can meet this requirement. See Cabinet June 2024.

- **ODS Client –** The Company are finalising their year-end accounts for 2023-24 an outturn figures subject to audit would indicate that Directors should be in a position to pay the dividend of £1.9 million for 2024-25.
- **OXplace -** The company are due to pay £11 million of dividend to the council over the next 4-year period. Although there are significant slippages in the housing development programme the latest indications are that the company can pay the dividend albeit on a different profile to that already forecast.
- **Business Improvement** – £300k adverse. There is a significant upwards movement in software costs as systems are reprocured across the Council. Several systems have seen unbudgeted and unforeseen increases in costs from the suppliers. These include Agresso Financial Management System, Civica Pay, the Council's income management system. Additional costs are also being incurred in relation to data centre and ICT telephony. The Council is currently negotiating with the data centre provider on a better deal for data storage and costs should continue to fall as systems are moved to cloud based technology in line with the Council's ICT strategy.
- **Financial Services** - £54k (72%) increase in General Fund corporate property insurance following a recent tendering exercise in addition to a £333k (336%) for similar insurance in relation to HRA properties. A number of authorities are experiencing increases in property insurance in addition to property conditions post Grenfell.
- **Corporate** – With significant slippages in the capital programme of around £74 million last year and base rates still at 5.25% there is a net favourable variance on borrowing cost of around £2.5 million per annum forecast. This however has been partially offset by increases in the net cost of housing benefit payments. This relates to benefit paid to non-registered provider organisations in respect of supported accommodation and a forecast adverse variance is shown as £800k. The number of such providers in the city is limited and the service is commissioned by Oxfordshire County Council. Whilst the Council will try to mitigate this issue the extent to which it can do so is limited.

Efficiencies

4. There are £1.829 million of new efficiencies and transformation savings introduced or continuing into the 2024/25 budget. These are shown in the table below. Early indications are that most if not all will be achieved. All of these savings are being closely monitored by the Finance Team and Heads of Service and are being reported to the Organisational Change Board on a monthly basis.

Service Area		Description		2024-25 £000's	On Track Y/N	Comments
Planning		Paperlite Digitalisation of Planning - savings achieved on the back of investment in new planning system		(23)	Y	
Corporate strategy		Departure of the G10 Policy and Partnerships Manager and subsequent recruitment of additional Policy and Partnerships Officer at Grade 8		(12)	Y	
Housing Needs		Housing needs system and structure change		(50)	Y	
HR & OD		Claw back of £138k investment in People Team service re-design leading to post reduction		(42)	Y	
Transformation		Reversal of investment in the change programme, now included £250k in base		(436)	Y	Reduction of resoruces required to deliver change programme
Human Resources		Reversal of additional funding for People PM change, now included in base		(67)		
ICT		Part reversal of ICT investment in the change programme . £60k to remain in the base budget for additional specialist resources as required.		(97)	Y	
Housing Needs		Reversal of potential Response Invest to Save bid to become a Register Provider with City supporting some of the set up costs to recoup circa £1m savings to Finance		(75)	Y	
ICT		ICT Savings from change programme		(340)	Y	
Applications Team		Savings from Customer Experience change programme		(2)	Y	
Human Resources		CD05 Staff Offers reductions		(2)	Y	
Communities		Adjustment to community impact fund		(86)	Y	
Regen & Economy		HoS capitalise time on projects under sponsor role - assumed 50% of chargeable time on regeneration and economy capital projects including time as board director on OxWED		(67)	Y	
Corporate property		Recharge of Corporate Asset Lead to HRA and OCHL		(16)	Y	
Corporate property		Recharge of HoS to Capital Programme		(67)	Y	
Planning		Savings from Customer experience change programme		(8)	Y	
Housing Needs		Savings from Customer experience change programme		(13)	Y	
Housing Needs		Housemark contract from GF to HRA		(10)	Y	
RS&CS		Reduced management costs - Head of Service post		(95)	P	HoS budget removed partially offset by increases in other posts
Community Safety		HRA funding for low level ASB in Community Response Team		(120)	Y	
Investigations		Reduction in spend on subscriptions		(5)	Y	Removed from budget
Directors		Capitalise 20% of Exec Director (Development) time as sponsor to projects		(31)	Y	
Human Resources		DP07 Reduction in Corporate Training Budget		(40)	Y	
Planning		Additional savings following service review		(50)	Y	
Environmental Sutainability		Reduction in capacity around Water Quality work		(20)	Y	post removed
Parks		Reduce grass cutting in parks from 8 cuts to 5 cuts		(36)	N	May need to be revisted
Legal Services		Stop Lexcel accredition.This is a cost of approximately £5k over three years, the figure is an average but it fluctuates depending on if it's an assessment year		(1)	Y	
Legal Services		Do not renew Local Government Lawyer job listing package - £3999 unlimited postings per annum - standard listing		(4)	Y	
Legal Services		Cease MBL subscription. This is a subscription for training course discounts but there are other options which provide free, lower cost and more local government focused training (LLG, EM Lawshare) £600		(1)	Y	
Committee & Member Services		Remove general contracted services in Member Support buget - delete £3k and add £1k to training budget to assist with cross training for efficiencies		(3)	Y	
Committee & Member Services		Half the current budget and ensure that the Civic Officer takes up more of the driving in line with their JD		(10)	Y	
				(1,829)		

Housing Revenue Account ("the HRA")

5. The HRA budgeted deficit agreed by the Council in February 2024 was £6.482 million. The current forecast outturn is expected to be an adverse variance of £0.767 million, giving a total deficit of £7.249 million. Reasons for the variation include:

   - **Income –** additional income forecast of £333k from Major Works £60k, £60k Garages, £100k from Furnished Tenancy scheme, £23k Lease Assignment and £90k Leased Property income. This additional income represents 0.6% of the original budget
   - **Management – overall savings of £400k**
   - **Forecast underspends** - vacant posts £715k held up pending the landlord services review and
   - **Forecast overspends** - £110k Furnished Tenancies, this is partially offset by increased income

- £140k Void Council tax due to increases in the council tax payable and also the number of voids
- £50k Additional Consultants Fees for work on HRA business planning
- £65k increased Subscription Fees to housing bodies, including the Housing Ombudsman
- **Repairs –** net overspend of £1.5 million (11.8%) largely driven by :
    - Electrical upgrades - £317k – electrical inspections are in the process of being moved to a 7 yearly cycle from 5 yearly next year to mitigate this overspend going forward
    - Void works £513k – significant increase in voids due to increases in number of new homes coming into the HRA from the Development programme.
    - General Minor works - £357k. This is a demand led budget which council officers are trying to reduce in favour of undertaken more planned work

Capital

6. The budget for 2024-25, as approved by the Council at its meeting in February 2024, was set at £235.419 million. Since this point, some of the required carry forwards of underspends from 2023/24 have been included as well as in-year budget slippages with the budgets reprofiled accordingly. This gives a revised budget at end of June 2024 of £240.743 million as shown in Appendix B.
7. Spend against the budget at the end of June 2024 is £27 million in total which is 11% of the latest budget and optimism bias based on previous years would suggest that only £96 m of the total reprofiled budget of £240m will be spent by year end.

Capital Spend Analysis 24/25	Original Budget 2024/25	Latest Budget 24/25	Spend to Date	% Spent
General Fund Total	77,182,456	116,302,787	20,992,977	18%
HRA Total	158,254,860	124,439,899	6,337,517	5%
Total Capital Programme	235,437,316	240,742,687	27,330,494	11%

General Fund Capital

8. 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 percentage of the capital programme relates to OX Place Housing Company Loans of which the spend is reliant on the progress of the Housing company development programme. From the start of 2024/25 a revised approach to aligning the OX Place Business Plan with the quarterly Capital Monitoring has been in place and this should realise improved projections in terms of both loans to the company and HRA purchases.

General Fund Schemes by project type 2024/25

Project Classification	Projects	Latest Budget	Spend to Date	% Spent
Project - Development	32	33,366,523	7,175,419	22%
Project - ICT	26	3,206,010	736,613	23%
Project - Compliance	4	2,527,209	- 90,515	-4%
Project - Other	12	9,498,454	127,540	1%
Rolling Programme	9	6,202,167	758,262	12%
Housing Company Loans	2	33,130,380	5,599,810	17%
Other Capital Spend	14	28,354,294	6,685,848	24%
General Fund Total	**99**	**116,285,037**	**20,992,977**	**18%**

9. 18% of the General Fund Capital budget has been spent by 30-06-24. Key Budget Re-profile changes and slippages already during Q1 include:

- **East Oxford CC (B0083)** – £1.962m slipped – This is based on the current build programme having now entered build contract and recently commenced.
- **Town Hall & Broad St Roof & Façade works** – £3.000m slipped due to delays on building design feasibility and building control requirements.
- **BBL Regeneration -** £5.965m slipped - has been slipped into 25/26 as the project has been delayed due to programme extensions for the design of community centre: more time needed for design development, community consultation & planning for the community centre. This has affected spend forecasts for costs related to shell & core and fitout. Furthermore, Phase 2 (redevelopment of the Top Shops) is currently undergoing a review so there has been slippage on costs pertaining to budgets allocated for purchase compensation for leaseholds and home loss/disturbance costs.
- **Cave St -** £4.9m budget removed from Capital Programme entirely due to project ended as unable to proceed with feasible scheme for site.
- **OxWed Loans -** £2.325m removed – allocation was made for enabling works, which OXWED has now confirmed to be undertaken by future development partner
- **OxPlace Loans (excl Barton)** – £20.135m slippage due to revised development programme submitted by OX Place with some project delivery moving back in the programme due to issues with site assembly, planning, including delays from statutory consultees, delays in grant allocations, and re-procurement of contractors. Although the overall programme remains the same it is now reprofiled to finish in 2031/32.

HRA

10. 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, for example kitchen and bathroom replacements, heating, and electrics etc. The large element is the Other Capital Spend classification, and these schemes relate to acquisitions and developments.

HRA Schemes by project type 2024/25				
Project Classification	Projects	Latest Budget	Spend to Date	% Spent
Project - Development	4	10,837,542	1,019,960	9%
Project - Compliance	1	207,021	-	0%
Project - Other	2	17,458,163	1,673,657	10%
Rolling Programme	23	20,591,338	1,525,672	7%
Other Capital Spend	11	75,345,836	2,118,228	3%
HRA Total	**41**	**124,439,899**	**6,337,517**	**5%**

11. The majority of the movements on the HRA capital programme is solely for the purpose of reprofiling slippage carried forward from 2023/24 into 2024/25. Not all of this slippage will be spent during the 2024/25 financial year and budget managers were asked to reprofile these carry forwards across future years.

    - Properties Purchased from OCHL - £113m slipped from 2024/25 due to slippages in the OX Place Housing Company development programme. Although the overall programme remains the same it is now reprofiled to finish in 2031/32. An overall £127.3million has been removed from the current 4-year MTFP period. This is due to issues with site assembly, planning, including delays from statutory consultees, delays in grant allocations, and re-procurement of contractors.
    - Tower Blocks – discussions are still ongoing with the contractor in regard to completing the outstanding works, £1.3 million from the original contract - expenditure is likely to slip into next year. Also discussing the undertaking of remedial defect works, where contractors accept liability but not full costs of making good to current regulatory standards.
    - Energy Efficiency Initiatives – delays in securing appropriate contractors has resulted in slippage of the whole programme across all years. £3.6 million has been slipped into 2025/26.
    - Tower Blocks Additional Works – this additional work will be done in conjunction with the outstanding works to the Tower Blocks referred to above and as a result £1.5 million is expected to slip into next year.

Corporate Risk

12. There are five red risks on the current Corporate Risk Register, which are as follows:

    - **Financial Stability** – this is the risk of the Council being unable to deliver its plans and corporate priorities due to lack of finance. The position on temporary accommodation remains a concern and is a big contributor to the current forecast adverse variance of £2.3 million for 2024-25. This position is currently forecast to continue into 2025-26 and possibly the following year requiring further savings to be delivered over the MTFP to mitigate.
    - **Workforce sustainability** – this is the risk of loss of workforce due to various factors including inability to compete with costs and nationwide shortages in certain professions creating hard to fill roles; and work pressure.

Turnover currently is around 15% as a running 12-month average. Recruitment is challenging in a small number of teams, generally we are successful, but the process does take longer. There is a comprehensive programme of actions to improve recruitment and support retention including a review of pay and grading; improved learning and development opportunities for our staff and improved recruitment processes including attraction strategies.

- **Climate Change Emergency** – this is the risk of being unable to meet climate change targets, both local and national due to conflicting policies, pace of delivery and a skills and technology gap leading to an impact on reputation, commercial property letting, increased extreme weather and an adverse impact on the workforce and residents.
- **Climate Change Adaptation** – whereby the Council and its communities are exposed to the future impacts of climate change due to inability to deal with climate change adaptation because of lack of funding or awareness of different options leading to an increased exposure to future weather events, damage to reputation and infrastructure and an adverse financial impact.

  The Council does not have control over the global climate position 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.
- **Increased demand on services –** Various external factors such as cost of living crisis is putting an increased demand on services provided by the Council, in particular the demand for temporary accommodation which is creating a significant budget pressure. A broad range of mitigations are in place to control the demand for service and the supply of both TA accommodation and move-on accommodation. There is a comprehensive programme of work to enable citizens to have direct access to services online, via the City Council's contact centre and face to face across many settings. City Council funding is also made available to enable other partner organisations to provide much needed support to those in need.

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

Current Risk	Q2 2023/24	Q3 2023/24	Q4 2023/24	Q1 2024/25
Red	5	5	5	5
Amber	6	6	6	6
Green	0	0	0	0
Total risks	**11**	**11**	**11**	**11**
New risks in quarter	0	0	0	0
Closed	0	0	0	0

14. The table below shows the number of service risks as at 30 June compared with the previous reported quarters.

Current Risk	Q1 2023/24	Q3 2023/24	Q4 2023/24	Q1 2024/25
Red	8	9	8	10
Amber	42	40	37	44
Green	19	18	20	17
Total risks	**69**	**67**	**65**	**71**
New risks in quarter	0	4	0	6
Closed	0	6	2	0

15. The number of red service area risks has increased to 10. This is due to a number of factors: 1 new red risk, 2 amber risks moving to red; 1 green risk moving to red; and 2 red risks moving to amber.

Details of the Red risks are as follows beginning with the newly added red risk:

New red risk

- Corporate Property and Assets – relating to the quality of data and the need to improve data management processes arising from the need to implement an asset management system with risks around inability to plan property maintenance and implications on obtaining insurance cover.

Risks moved from amber to red

- Corporate Property and Assets – this relates to the inability to recruit and / or retain staff on current terms and conditions, particularly in respect of HRA and compliance result in an adverse impact on work programmes.
- Corporate Property and Assets – relating to the inability or delay in letting properties or the need to offer increased incentives arising from property being returned in poor condition leading to reduced or delayed rent and consequent budget pressures.

Risk moving from green to red

- Regeneration and Economy – unforeseen circumstances e.g. planning risks, external factors, competing asks on resources, contractor insolvency or supply chain issues resulting in the significant delays of capital projects and potential impact on the medium-term financial plan and / or grant stipulations. 44 Risks Continuing to be red
- **Housing Services** – this relates to concerns over the timely delivery of the Adult Homeless Pathway transformation programme to provide sufficient reprofiled services of good quality across the County resulting in increased rough sleepers and homelessness presentation which in turn leads to increased costs to the City Council.
- **Planning** – this relates to delays to Council projects caused by outside agencies. The probability of this risk occurring can only be influenced to a limited extent through greater collaboration on key projects, but the impact can

be influenced to a higher degree with a proactive approach to intervention and communications.

- **Planning -** this relates to Government legislation resulting in substantial changes to the planning system. Relaxation of Change of Use, Prior Approval regime extended. Expectations of politicians and the local community impacting on resources and priorities. The probability of this risk occurring is out of the Council's control, except through response to consultations. However, the impact of the risk can be mitigated by maintaining responsiveness and plan for change.
- **Financial Services –** this relates to risks of a successful challenge to a procurement arising through not following proper procedures due to capacity pressures on staff and because of increased challenges in the procurement area from suppliers who fail to win contracts.
- **Financial Services** – this relates to employee ability to deliver services due to increased workloads and the volume of emails, which together with the many on-line meetings is placing excessive pressure and demands on staff and managers. This risk is entirely within the control of the Council, although it cannot be fully controlled within the service area itself.
- **Housing Services** – this relates to increased homelessness costs providing temporary accommodation and rent top-up payments, which has been additionally impacted due to the pandemic, lockdown and economic recession increasing homelessness demand. Control measures include undertaking a review of the approach to temporary accommodation to ensure faster move on, informed by the "Housing First" approach, undertaking work to look at options for stock rationalisation of temporary accommodation units and bidding for any further funding available from Department for Levelling Up, Housing and Communities (DLUHC) to help fund provision for rough sleepers.

Performance Indicators

16. There are 15 corporate performance indicators further details of which are contained in a separate report to September Cabinet. Monitoring has been undertaken on these indicators to establish the 30 June 2024 position on the basis that these indicators are agreed in full.
17. Of these 15 indicators at the end of quarter 1, 7 are green, 2 are red, 2 are amber and the remainder are annual target reported at year end. Further details on the 2 red risks are:
    - **%age channel shift to online forms for top 8 services where process improvements implemented** - The top 8 services include Housing Needs, Revenues and Benefits. It is expected that increased online activity will follow once the Housing Portal is live for taking housing repairs enquiries which is expected in early September. In addition a full communication campaign is in progress to promote use of our online forms for use in Revenues and Benefits services. It is envisaged that once these campaigns have landed online usage will increase.
    - **Oxford greenhouse gas emissions measured by government tracking towards zero by 2040 –** The city is currently tracking around 19% behind the

current pathway to reach net zero by 2040 according to the data issued by Department for Energy, Security and Net Zero (DESNZ). Population growth and economic output are key drivers of emissions as well as slow progress in industry decarbonisation, which has shown only a 2% reduction in emissions since the 2018 baseline year.

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 arising directly from 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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Background Papers: None

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