

To: Cabinet

Date: 17 September 2025

Report of: Group Finance Director (Section 151 Officer)

Title of Report: Integrated Performance Report for Quarter 1 2025/26

Summary and recommendations	
Decision being taken:	To note the update to the Cabinet on Finance, Risk and Corporate Performance matters at 30 th June 2025
Key decision:	No
Cabinet Member:	Cabinet Member for Finance and Assets
Corporate Priority:	All areas
Policy Framework:	Corporate Plan

Recommendation(s): That the Cabinet resolves to:
1. Note the financial position for quarter 1 (Q1) 2025/26 including forecast outturn, as well as the current position on risk and performance at 30 th June 2025.

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	General Fund – June 2025 Forecast Outturn	No
Appendix 2	Housing Revenue Account – June 2025 Forecast Outturn	No
Appendix 3	Capital Programme – June 2025	No

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council at 30th June 2025.

Financial Position Overview

2. **General Fund (GF)** – The General Fund is reporting an actual deficit of £1.31m for the three months ending 30 June 2025; this is currently expected to be partly redressed during the year such that the projected 2025/26 outturn variance is a pressure of £0.656m compared to the 2025/26 Latest Budget.

Further detail is provided in paragraphs 6 to 8 and in Appendix 1.

3. **Housing Revenue Account (HRA)** – At Q1 2025/26 the HRA currently have a favourable variance of £1.2m mainly due to underspend on Responsive & Cyclical Repairs by £0.88m; the budget for this category of expenditure has been increased from the 2024/25 level and it is expected to be spent in full by year end 2025/26. Stock related Management & Services contributed a favourable variance of £0.47m.

The HRA projected outturn for 2025/26 remains the same as the 2025/26 original budget.

More information is provided in paragraph 9 and Appendix 2.

4. **Capital Programme** – The 2025/26 budget, as approved at the Council meeting in February 2025, was set at £179.014m. The carry forward of unspent balances in 2024/25 of £9.321m and £31.412m of additional budget changes including new allocations, a further revision of the Housing Company Loans and HRA property purchases programme since the setting of the budget in February, leads to a revised 2025/26 latest budget of £219.747m.

The 2025/26 forecast outturn stands at £208.645m compared to this revised latest budget, which is a variance of £11.1m due to slippage of programme spend since May, split between GF related of £7.9m and HRA related of £3.2m.

Further detail and analysis are provided in paragraphs 10 to 15 and in Appendix 3.

5. **Corporate Risk Management** – At the end of Q1 2025/26 in the latest update to the current Corporate Risk Register there are 14 risks registered, an increase of two from Q3 2024/25.

There are six red corporate risks at 30 June 2025 which is an increase of one with the category 'Red' since Q3 2024/25. The six red risks at the end of Q1 2025/26 relate to:

- Financial stability;
- Flood;
- A utilities infrastructure that does not meet the needs of the city;
- Cybersecurity and IT infrastructure resilience;
- Addressing the causes and impacts of climate change;
- A failure to deliver Temporary Accommodation strategies to meet demand and increases in homelessness.

More details on the Council's corporate and service risks can be found in paragraphs 16 to 21.

Financial Position Detailed Analysis

General Fund Revenue

6. The overall Net Budget Requirement for 2025/26 agreed by the Council in February 2025 was £30.25m after a £3.38m transfer to general reserves.
7. Following budget virements and the release of the central pay contingency between directorate budgets and earmarked reserves in 1Q, the 2025/26 Latest Budget remains in balance. At 30 June 2025, there is a forecast change to this position with an adverse projected 2025/26 outturn variance of £0.656m compared to the 2025/26 Latest Budget.
8. The General Fund is reporting an actual deficit of £1.31m for the three months ending 30 June 2025, which can be attributed to:

Corporate Property – actual pressure in Q1 of £0.81m from:

- a shortfall in rental income by £0.373m compared the profiled budget for 1Q; the most recent profiling of actual rental income shows a significant increase expected in 4Q
- unbudgeted temporary staff costs of £0.3m for vacancies and specialist staff, most of which will be recharged to the HRA

Community & Citizen Services – an actual underspend of £0.608m in 1Q relating mainly to:

- Sport underspend from grant balances brought forward from 2024/25 of £0.315m which are predicted to be fully spent at year end in March 2026
- Community Centres underspend of £0.128m from savings on salaries, premises costs such as business rates, utilities and waste bills and a marginal income surplus. Costs are expected to pick up during the year and once the community centres are re-opened, therefore no year end outturn variance is currently predicted.
- Community Grants has an underspend of £0.122m in 1Q due to timing of payments versus the budgeted profile spend.. Community Grants is projected to be spent in full according to budget by year end March 2026.
- Leisure underspend of £0.06m relating to surveyor and management fees. This is a timing variance to budget and is predicted to be spent by year end.

Financial Services – there is a projected outturn variance of £0.267m for 2025/26 with 1Q pressures mainly attributed to:

- Income pressure of £0.248m across the service area for fees & grant receipts such as lower income from Magistrates Courts and Investigations income. This is projected to be recouped by year end 2025/26.
- Decentralisation of the printing and postage budget from Corporate print room is insufficient to cover printing and postage costs with Revenues Service. Cost pressure of £114 k is expected. Reductions have been made in printing costs associated with annual billing of business rates and council tax although these savings will materialise from 2026-27 onwards.

- Establishment cost pressures of £0.094m across the service area from the requirement for unbudgeted agency staffing to cover one off long-term staff sickness and short-term support to assist with 2024/25 financial year-end closedown tasks
- £0.059m cost pressure from expenditure on asset valuation services in respect of preparation of the statement of accounts. The service is currently being subjected to tender.

Law, Governance & Strategy – there is a pressure of £0.418m in 1Q which is projected to result in an adverse outturn variance of £0.239m for 2025/26 due to:

- £0.169m third party services associated with addressing the cyber incident in June 2025
- £0.179m pressure as a result of election staff, hire of premise and printing costs for the May 2025 local elections. This is expected to be reclaimed from the County Council therefore the forecast outturn variance for 2025/26 will be zero.
- Use of locum lawyers and manager to provide resource capacity estimated at £70k

Corporate Accounts – this includes the net cost of housing benefits, interest receivable from investments and payable on loan finance. The current net position indicates a net credit of £4.047m in 1Q largely due to the fact that net cost of benefits is shown on a cash and receipts basis as opposed to prepayments and accruals. At this stage the 2025/26 projected outturn for Corporate Accounts remains on target to achieve the net budgeted cost of £2.131m, the majority of which, (£1.5 million), relates to the net cost of housing benefits, largely arising from the inability to claim subsidy on supported housing accommodation benefit expenditure.

Whilst a forecast favourable outturn variance of £1m is expected on net interest, since borrowing to finance the capital programme is significantly less than budgeted due to programme slippages, current indications suggest that this will be offset by increases in the net cost of housing benefits payments as supported housing benefit expenditure continues to rise. The council are working on mitigations to try and contain overspends and the situation is being monitored.

Housing Revenue Account (“the HRA”)

9. HRA budgeted deficit agreed by the Council in February 2025 for 2025/26 was £2.603m. The latest budget and current forecast outturn for 2025/26 remains the same at 30 June 2025.

For Q1 2025/26 the HRA currently have a favourable variance to budget of £1.2m mainly due an underspend on Responsive & Cyclical Repairs; the budget for this expenditure category has been increased from 2024/25 and it is expected to be fully spent by 31 March 2026.

Reasons for the current variation include:

Income – 1Q 2025/26 actual income of £15.07m is slightly below the corresponding budget of £15.34m by £0.27m due to:

- Dwelling Rent underachieving by £0.33m; there is an expected increase in rental income of circa £2.6m for new build homes during the year
- A small increase to Service Charges and Garages Income
- A small increase to Miscellaneous Income from: Leased properties rental and lease assignments £0.047m, less Feed In Tariff income grant and income from Furnished Tenancies £0.021m

Expenditure - 1Q 2025/26 actual expenditure of £6.39m is lower than the corresponding budget of £7.86m by £1.47m. This is attributed to:

- **Management and Services (Stock Related)** is currently underspent by £0.474m, due to:
 - Savings on salaries of £0.434m, a number of vacant posts across the area are awaiting the outcome of the Landlord Services Transformation, offset by posts within Property Services that have yet be charged to the HRA
 - Savings of £0.148m on utilities and £0.076m on Supplies & Services against the profiled budget

These underspends are reduced by:

- An adverse variance of £0.155m on Council tax payments in respect of void properties.
- An overspend of £0.03m on leasehold properties Service Charges
- **Bad Debt** - a current saving of £0.115m for the bad debt provision; this budget may be able to be reduced in future. At this stage it is too early to say whether this position will be maintained.
- **Responsive & Cyclical Repairs** - the 1Q actual expenditure is £3.68m for Responsive and Cyclical Repairs which compared to the corresponding budget of £4.56m is a favourable variance to date of £0.880m. The expenditure is being carefully managed within the increased budget from 2024/25; the 2025/26 budget is currently forecast to be spent by year end.

We continue to move works where possible into capital programmes and reduce the element of reactive works. The favourable variance of £0.880m is largely attributed to the following areas:

- Day to Day jobs - £0.61m underspend in 1Q on demand led jobs raised by tenants via the contact centre
- General Minor works - £0.422m overspend. This is a demand led budget which council officers are trying to reduce in favour of undertaking more planned work.
- Electrical upgrades - £0.209m underspend
- Highways & Engineering - £0.146m underspend

Capital

10. The budget for 2025/26, as approved by the Council at its meeting in February 2025, was set at £179.014m. Since this point, the required carry forwards of underspends from 2024/25 of £9.321m have been included as well as £31.412m of additional budget changes including new allocations in-year and budget slippages with the budgets reprofiled accordingly. This gives a revised budget at 30 June 2025 of £219.747m as shown in Fig.1 and in Appendix 3.
11. Spend against the total budget in the period April to June 2025 (Q1) is £22.7m in total, which represents 10% of the latest budget, 19% being GF and 6% HRA. The forecast outturn variance is £11.1m due to forecast slippage.

	Original Budget 2025/26	Latest Budget 25/26	Spend to Date	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q1	25/26 Forecast Outturn Variance at Q1
General Fund Total	£37,687,856	£73,797,422	£14,383,223	19%	£65,861,162	-£7,936,260
HRA Total	£141,326,133	£145,949,725	£8,325,374	6%	£142,783,807	-£3,165,918
Total Capital Programme	£179,013,989	£219,747,147	£22,708,597	10%	£208,644,969	-£11,102,178

Fig.1

General Fund Capital

12. A summary of the General Fund schemes by project type is shown below in Fig.2 and this provides an insight into the value and range of projects that the Council is undertaking. It also highlights that approximately 13% 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	Latest Budget	Spend to Date	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q1	25/26 Forecast Outturn Variance at Q1
Project - Development	£24,861,331	£2,214,104	9%	£17,967,459	-£6,893,872
Project - ICT	£3,487,227	£586,865	17%	£3,487,227	£0
Project - Compliance	£1,084,674	£38,102	4%	£1,051,548	-£33,126
Project - Other	£19,079,814	£144,715	1%	£17,935,422	-£1,144,392
Rolling Programme	£8,970,508	£1,168,247	13%	£8,631,481	-£339,027
Housing Company Loans	£9,700,000	£9,700,000	100%	£9,700,000	£0
Other Capital Spend	£6,613,868	£531,190	8%	£7,088,025	£474,157
General Fund Total	£73,797,422	£14,383,223	19%	£65,861,162	-£7,936,260

Fig.2

13. Overall, 19% of the latest General Fund Capital budget or 21% percent of the forecast outturn has been spent by 30 June 2025.

Project type key budgets:

- **Development** – Blackbird Leys Regeneration; East Oxford Community Centre; Covered Market; HIF and Growth Deal Osney Bridge works and Path; Oxford Flood Alleviation Scheme; Town Hall works
- **ICT** – MS365 and Cloud Migration; system upgrades
- **Compliance** - Gloucester Green CP(H&S); Old Gas Works Bridges & Waterways

- **Project Other** – Leisure Invest to Save and Dilapidations works; numerous Capital M&E works on City Centre Portfolio.
- **Rolling Programme** – ODS Fleet Replacement Programme; Stock Condition Surveys; Planned Building Maintenance and Energy Efficiency Initiatives
- **Housing Co. Loans** – loans to OxPlace
- **Other Capital Spend** - includes OxWED loans; Cowley Branch Line; Affordable Housing Supply; Disabled Facilities Grant and Capitalised Salaries budget.

Key Budget Re-profile changes and Forecast slippages at Q1 include:

- **Osney Mead Bridge and Path Works** – HIF and Growth Deal funded. Slippage of £5.97m forecast for 2025/26 due to delays associated with the judicial review. Site works are forecast to commence in early 2026.
- **Energy Efficiency Initiatives** - £1.096m slippage forecast for 2025/26 due to delivery pushed back into future years.
- **New Burial Space** - £0.8m slippage forecast for 2025/26 due to extended timescales of Environment Agency and Highways to remove their objections to enable approval of planning application for change of use of land. This is necessary to allow more than 100 burials per year on the land.
- **Bridge Investment Work** - £0.614 slippage in 2025/26 forecast with work being pushed back to 2026/27. The initial study on the Gas Works Railway bridge is expected in 2025/26.
- **Disabled Facilities Grant** – pressure of £0.597m forecast to be funded by increased Government Grant for 2025/26. Budget to be increased upon confirmation of grant; all monies have been received in July 2025.
- **Covered Market** - £0.353m slippage in latest 2025/26 forecast. Extended design work requires additional survey works however this is being accommodated withing the existing project budget.
- **Stock Condition Surveys** - £0.339m slippage forecast for 2025/26 due to delays carrying out some surveys.
- **Town Hall Works** – A pressure of £0.317m due to an increased programme of works expected for 2025/26, for example façade and ceilings. The project budget will be reprofiled.
- **St. Michael's Street Levelling Works** - £0.29m pressure estimated for 2025/26 with final edge works being completed and valuation/safety audit to follow.
- **Broad Street roofing and Façade project** - £0.252m slippage forecast for 2025/26 due to delays in the procurement process.

HRA Capital

14. A summary of the HRA schemes by project type is shown in Fig.3 below. This shows that the significant element (55%) of the HRA capital programme is the

Other Capital Spend classification; these schemes relate to housing acquisitions and developments. The Other Project element accounts for approximately 33% of the programme and relates to works required, which have been included in the new programme model and include items such as Fire Safety, Structural works and decency (damp and mould, etc.). Approximately 8% of the capital programme is a rolling programme, for example kitchen and bathroom replacements, heating, and electrics etc.

Project Classification	Latest Budget	Spend to Date	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q1	25/26 Forecast Outturn Variance at Q1
Project - Development	£4,223,501	£1,506,879	36%	£4,110,530	-£112,971
Project - Compliance	£297,021	£0	0%	£297,021	£0
Project - Other	£48,852,222	£2,881,251	6%	£51,750,578	£2,898,355
Rolling Programme	£11,616,171	£2,087,984	18%	£10,520,208	-£1,095,963
Other Capital Spend	£80,960,809	£1,849,260	2%	£76,105,470	-£4,855,339
HRA Total	£145,949,725	£8,325,374	6%	£142,783,807	-£3,165,918

Fig.3

15. The majority of the movements on the HRA capital programme between the Latest Budget and the Forecast for 2025/26, as advised by project managers, are due to the following key variances:

- **Northfield Hostel** - this housing development has been delayed with slippage of £6.21m due to the contractual process.
- **HRA Barton Acquisitions** – there is a forecast pressure of £2.684m arising from the re-casting of the development programme and handover schedule from the developer. The programme budget is being reprofiled
- **Properties purchased from Housing Company** - £1.355m pressure forecast for 2025/26 due to the re-programming of Marston Paddock and Railway Lane properties and the increased scope of Goose Green proposals.

Corporate Risk

16. The Council employs a 'five-by-five' risk scoring matrix, assessing risks based on probability and impact. Corporate risks are reviewed by the Corporate Leadership Team quarterly. Service level risks are reviewed periodically by Directors and Service Managers.
17. The table below shows the number of corporate risks on 30 June 2025, categorised by level Red, Amber and Green, and the comparative number for the previous reported quarter.

Current Risk	Q3	Q1
	2024/25	2025/26
Red	5	6
Amber	7	8
Green	0	0
Total risks	12	14
New risks in half year	1	10

Closed	0	8
--------	---	---

At 1Q 2025/26 in the latest update to the current Corporate Risk Register (CRR) there are six red corporate risks with one risk remaining red, four new red risks, two red risks that have been combined into one red risk related to climate change and the following two red risks that are no longer in the CRR:

- Health and safety and compliance with legislative requirements which has been replaced by three risks: Failure to comply with governance requirements; Failure to comply with regulations and statutory compliance; Ensuring the health and safety of the workforce and the public
- Increased costs and complexity for waste which is now an amber risk held on the service risk register (SRR)

The current six red risks are as follows:

- **Financial stability** – this risk concerns the Council's capacity to deliver its strategic plans and corporate priorities under increasing financial pressure.

Key contributing factors include:

- Volatility in income and expenditure
- Inflation-driven cost escalation, affecting materials for capital projects
- Rising service demands, such as temporary accommodation

Compounding pressures on the Oxford model are a more challenging client, inflationary increases incurred by Oxford Direct Services, and a need for OxPlace to refresh the business plan for developments once the current plan expires in 2033.

Broader economic weakness may also depress income streams such as commercial rent and business rates. Finally, insufficient governance could increase the risk of overspending and impair the Council's ability to realise required savings

- **Flood** - previously, the Council categorised all types of emergencies under a single Civil Emergencies risk. This new risk focuses on flooding, highlighting concerns over the Council's ability to respond effectively to a major flooding incident. An inadequate response could significantly compromise the Council's capacity to manage the situation.
- **A utilities infrastructure that does not meet the needs of the city** – this risk identifies that without further investment and partnership working, the city's utility infrastructure will come under increasing strain, adversely impacting citizens' well-being and the city's prosperity
- **Cybersecurity and IT infrastructure resilience** - this single risk replaces the previous separate risks for cybersecurity and IT infrastructure.
- **Addressing the causes and impacts of climate change** – this risk, which consolidates the former climate change emergency and climate change adaptation risks, relates to factors that could prevent the Council from prioritising efforts to tackle the causes of climate change and mitigate its effects. Failure to do so would harm both residents and the environment.

- **A failure to deliver Temporary Accommodation strategies to meet demand and increases in homelessness** - This risk assesses the potential consequences if the Council fails to implement effective mitigation measures to control temporary accommodation costs or develop contingency plans to meet the increasing demand for homelessness prevention. It also considers the challenges of securing an adequate housing supply through the private rented sector and the Council's development programme.

18. The current corporate Amber risks are:

- Workforce stability
- Failure to comply with governance requirements
- Political and partnership landscape – Local and National
- Increased demand for services
- Adverse weather, terrorism, and utility outage
- The workforce and public are healthy and safe
- A failure to deliver housing priorities and business plans
- Failure to meet Social Housing (Regulation) Act customer and consumer standards

19. There are currently no corporate Green risks

20. As part of the service planning process, all service risks are reviewed. Those no longer relevant are deleted, and any new ones added. The table below shows the number of service risks at 30 June 2025 compared with the previous reported quarters.

Current Risk	Q1 2024/25	Q3 2024/25	Q4 2024/25	Q1 2025/26
Red	10	11	11	10
Amber	44	43	42	52
Green	17	27	26	32
Total Risks	71	81	79	94
New Risks in the Quarter	0	10	0	25
Closed	2	0	2	10

21. The number of red service area risks at 30 June 2025 has reduced from 11 to 10 since 31 March 2025. Details of the current red service risks are as follows:

- **Planning - External delays** - delays to Council projects arising from external agencies may impact overall Council performance, resulting in missed targets and reduced effectiveness.
- **Planning** - if Government legislation requiring substantial changes in the planning system results in a need for redesigned processes, then there will be a lack of capacity to meet the changes, and the delivery of local policy objectives will be undermined.
- **Property and Assets - Quality of data and property knowledge** – Failure to implement an asset management system capable of storing and

analysing data may hinder the Council's ability to effectively plan and schedule work. This could result in delays to property lettings, difficulties in providing timely insurance information, and increased risk of non-compliance.

- **Law, Governance and Strategy – Resilience of service** - an inability to effectively deliver services required by the Council and to deliver critical projects and support statutory and non-statutory functions will have a direct impact on risk, compliance, expenditure, and income to the Council. Furthermore, inadequate staffing and the requirement for expertise in response to major incidents may necessitate increased reliance on external support or lead to operational delays.
- **Law, Governance and Strategy – Income target not achieved** - a failure to secure external work causes income targets not to be achieved, resulting in budgetary pressure. Income generation is purely reactive; for example, should the Planning Department require fewer s106 agreements, the Council will suffer a reduction in legal income.
- **Law, Governance and Strategy** - the use of the budget is reactive and therefore, as unexpected corporate issues arise, external legal costs increase, which will lead to an overspend on the legal services budget, and potentially pressure on other service area budgets as they may need to fund work.
- **Financial Services** - Management effectiveness and the ability of employees to deliver services. If an increased workload places excessive pressure on staff and managers, then there might be an increase in staff stress and burnout, resulting in a lack of capacity to deliver work demands.
- **Property Assets** - If there is a lack of legal support, the Council will be unable to meet income, capital receipt, and project targets. Alternatively, external legal spend will be more costly and will result in an increase in financial pressure.
- **Communities and Citizen Services** - Failure to achieve the necessary savings may result in financial pressure on the Council and/or a decline in the quality of services delivered, as cost-cutting measures may need to be implemented.

Financial implications

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

Legal issues

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

Level of risk

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

Equalities impact

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

Report author	Clare Paterson
Job title	Strategic Finance Manager
Service area or department	Financial Services
Telephone	01865 252442
e-mail	cpaterson@oxford.gov.uk

Background Papers: 'Risk Management Reporting at 30 June 2025' report to the Audit and Governance Committee dated 23rd July 2025

Please note in the table below the version number of your report that was finally cleared at each stage

Report Stage	Version Number
First Draft: <i>Commissioned and cleared by Director</i>	V1.0
Second Draft: <i>Cleared by Legal and Finance</i>	V2.0
Organisational Draft: <i>Cleared by the Chief Executive</i>	-
Final Draft: <i>Cleared by the Board Member</i>	
Final Report: <i>Cleared by Labour Group</i>	