

To: Cabinet

Date: 18 March 2026

Report of: Group Finance Director (Section 151 Officer)

Title of Report: Integrated Performance Report for Quarter 3 2025/26

Summary and recommendations	
Decision being taken:	To note the update to the Cabinet on Finance, Risk and Corporate Performance matters at 31 st December 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 3 (Q3) 2025/26 including forecast outturn, as well as the current position on risk and performance at 31 st December 2025.

Appendix No.	Appendix Title	Exempt from Publication
Appendix A	General Fund – December 2025 Forecast Outturn	No
Appendix B	Housing Revenue Account – December 2025 Forecast Outturn	No
Appendix C	Capital Programme – December 2025	No

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council at 31st December 2025.

Financial Position Overview

2. **General Fund (GF)** – The General Fund is reporting a projected 2025/26 adverse outturn variance of £1.205m compared to the 2025/26 latest budget. This is almost double the forecast adverse outturn variance reported at September 2025 due mainly to increases in projected overspends for Housing Services, Information & Technology and local cost of benefits offset by a more favourable projected position for the companies' client services of ODS and OX Place.

Further detail about the Q3 2025/26 actual position and the 2025/26 projected outturn is provided in paragraphs 6 to 8 of this report and in Appendix A.

3. **Housing Revenue Account (HRA)** – At Q3 2025/26 the HRA year to date position is a favourable variance of £0.403m arising from a net shortfall of income of £0.155m and a favourable variance of £0.558m for net expenditure related to a lower bad debt provision than budgeted to date by £0.238m and a underspend of £0.368m on responsive and cyclical repairs.

The 3Q position changes by year end with the HRA projected outturn for 2025/26 expected to be an adverse variance of £0.958m. This is mainly due to a projected net shortfall of income of £0.376m and a net expenditure pressure of £0.582m, which arises from an adverse variance on responsive and cyclical repairs of £0.650m most of which is expected to relate to necessary damp and mould works.

More information is provided in paragraphs 9 to 11 of this report and Appendix B.

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, additional budget changes including new allocations, further revisions to the council's loans to its housing company and the HRA property purchases programme since the setting of the budget in February, leads to the latest budget for 2025/26 being revised downwards to £151.503m.

The 2025/26 forecast outturn at Q3 is lowered to £140.133m as a result of slippage of £11.369m (7.5%) compared to the revised latest budget. Spend in the three quarters to date is £69.353m, which is 46% of the latest budget.

Further detail and analysis are provided in paragraphs 12 to 17 of this report and in Appendix C.

5. **Corporate Risk Management** – At the end of Q3 2025/26 in the latest update to the current Corporate Risk Register (CRR) there are 14 risks registered, of which six are red risks and eight are amber risks. There are no new risks and no closed risks.

More details on the Council's corporate and service risks can be found in paragraphs 18 to 23 of this report.

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 £2.079m 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.
8. At Q3 there is an adverse projected 2025/26 outturn variance of £1.205m compared to the 2025/26 latest budget.

The most significant variances, by service area, are attributed to:

Communities & Citizens Services – The favourable variance of £0.675m at Q3 year to date relates mainly to Leisure and Sport from grants received and savings in the Youth Ambition programme. Anticipated pressures from supplies and services, Community grants and shortfall of income including Events reduce this favourable variance to £0.211m at year end, a result mainly of projected savings in the Leisure Management area, from salaries and utilities.

Housing – The adverse projected outturn variance of £0.7m is driven by increased demand for Temporary Accommodation (TA). The outturn forecast for 2025/26 includes a provision for bad debts of £0.4m for associated TA rents & charges not paid.

The number of households approaching OCC as homeless and requiring TA remains high. The number of placements rose from 281 households as at 1 April 2025 to 325 at the end of December 2025. Prevention work continues to focus on earlier interventions to avoid homelessness/placements into TA where possible. The team are continuing to prioritise minimising the number of families in hotels, particularly any families nearing or over the 6-week statutory limit and move them on as quickly as possible, helping people transition to longer-term accommodation, which could either be private sector or social housing sector, in support of independent living.

The projected outturn overspend for 2025/26 has been taken into account in the setting of the 2026/27 Medium Term Financial Strategy (MTFS) through a plan to bring online additional TA units from a combination of HRA transfers and new acquisitions together with targeted budgetary increases of £0.642m in areas of anticipated cost pressure.

Information & Technology – Based on the 3Q year to date overspend of £1.279m compared to the profiled budget, the adverse projected outturn variance for 2025/26 is £1.309m which includes estimated unbudgeted spend on:

- cyber incident response of £0.616m
- applications fees and migration to Azure cloud solution of £0.389m after recharges to capital year to date at Q3 of £0.80m, which were unbudgeted. This projected cost pressure may be further reduced by year end if additional recharges to capital are identified in Q4.
- dual running telephony services contracts of £0.304m

The 2026/27 proposed budgetary increases recognise £1.048m of ongoing ICT costs pressures for future years necessary to fund applications' price inflation, data storage requirements, additional user licenses.

ODS and OX Place Client – The Q3 favourable variance of £1.718m mainly relates to increased car parking income compared to budgeted levels.

A favourable outturn to budget of £1.5m is projected for 2025/26. This assumes maintenance of existing April to December 2025 income patterns across the city centre, suburban and Park & Ride car parks collectively throughout the remaining quarter of 2025/26, with car parking management costs similarly rising. However, there is a sense that the full impact of the congestion charge introduced by Oxfordshire County Council is not fully understood as we come out of the Christmas period.

The budgeted dividend return from ODS is £2.0m and from OX Place £4.889m. The ODS dividend declared in January 2026 is higher than budgeted at £2.4m although the Ox Place dividend is lower by a similar amount.

Financial Services – The adverse variance of £0.948m at Q3 primarily arises from the unbudgeted £0.199m requirement for temporary agency staff covering long-term staff sickness; adverse bank charges of £0.093m from increased debit and credit card payment processing charges; adverse contract printing costs of £0.220m; adverse Business Rates RV assessment costs of £0.089m; adverse costs of £0.217m relating to unrecovered Covid grants (a liability currently expected to be passed back to central government); and a £0.067m overspend on temporary staffing in revenue and benefits to deal with backlog correspondence.

There is a projected outturn variance of £0.782m for 2025/26 arising from expected pressures in:

- Revenues and Benefits £0.315m – adverse outturn variances on printing, postage and carriage of £0.248m related to council tax and business rates billing and £0.067m overspend on temporary staffing

Decentralisation of the printing and postage budget from corporate print room has been found to hold insufficient budget to cover printing and postage costs for the Revenues Service. Reductions in printing costs associated with the annual billing of business rates and council tax are planned although these savings will materialise from 2026-27 onwards.

- Salaries cost pressures of £0.255m across the service area from the requirement for unbudgeted agency staffing for coverage of staff absence including additional short-term support to assist with 2024/25 financial year-end closedown tasks.
- £0.212m cost pressure from a combination of adverse expenditure on subscriptions, fees for tax returns, and bank charges.

Law, Governance & Strategy – there is a projected adverse outturn variance of £0.231m across the service area for 2025/26. This is due to:

- a projected adverse outturn variance of £0.408m across Legal Services, Committee and Members Services. This outturn variance can be mainly attributed to Legal Services staffing costs due to the payment of market allowances and other remuneration increments, difficulty in recruiting

lawyers and increasing dependency on locums to provide resource capacity to meet service demands. The total cost of locums for 2025/26 is forecast to be £0.834m.

- a combined projected favourable outturn variance of £0.177m across Election Services, Information Governance, Corporate Strategy, Policy and Partnerships, Executive Assistants. This outturn variance is mainly due to projected underspends on establishment, such as unpaid leave and reduction in hours, supplies and/or services costs.

People Team – a favourable variance of £0.1m is forecast for 2025/26 arising principally from lower than budgeted expenditure on staff training, Apprenticeship Levy contributions, staff advertising, staff travel discount and consultants' fees offset by expenditure exceeding budget on software purchases.

Corporate Accounts – this includes the net cost of housing benefits, interest receivable from investments and payable on loan finance. At this stage the 2025/26 projected outturn for Corporate Accounts is marginally favourable by £0.01m compared to the net budgeted cost of £2.131m, the majority of which, £1.5m, relates to the net cost of housing benefits.

Whilst a favourable outturn for 2025/26 is expected on net interest to the tune of £2.03m, since borrowing to finance the capital programme is significantly less than budgeted due to programme slippages and higher than budgeted interest receivable is anticipated, current estimates indicate that this will be offset by an almost equal £2.02m increase in the net cost of housing benefits payments as supported housing benefit expenditure and the number of supported housing accommodation cases continue to rise. The council continues to actively work on mitigations to try and contain overspends largely arising from the inability to claim subsidy on supported housing accommodation benefit expenditure and the situation is being monitored.

Housing Revenue Account (“HRA”)

9. The HRA budgeted deficit agreed by the council in February 2025 for 2025/26 was £2.603m and the latest 2025/26 budget remains the same. The current forecast outturn for 2025/26 is a deficit of £3.561m, which gives an adverse forecast outturn variance of £0.958m at 31 December 2025.
10. At Q3 2025/26, the HRA has a favourable variance year-to-date to budget of £0.403m mainly due to an underspend of £0.368m on responsive and cyclical repairs. However, these repairs are forecast to generate a year end pressure of £0.650m due to overspend on damp and mould and coupled with a shortfall in dwelling rent income due to delays in the acquisitions of new homes, the **year-end forecast variance becomes an adverse £0.958m.**

Reasons for the current year to date favourable variance of £0.403m include:

Income – 3Q 2025/26 year to date actual income of £45.399m is lower than the corresponding budget of £45.554m by £0.155m due to:

- Dwelling rent underachieving by £0.641m as a result of delayed timings of the acquisition of new homes which generate rental income, which is included in the base budget and is offset by :
 - An increase to service charges and garages income. The service charges budget has an additional income of £0.316m from actuals compared to estimates.
 - An increase to miscellaneous income from: leased properties rental £0.092m, lease assignments £0.047m, court fees £0.015m less £0.042m pressure on the furnished tenancies budget.

Expenditure - 3Q 2025/26 year to date actual expenditure of £23.062m is lower than the corresponding budget of £23.620m creating a favourable variance of £0.558m. This is attributed to:

- **Management and services (stock related)** is currently overspent by £0.115m, due to:
 - Salaries pressure of £0.342m; there are several vacant posts across the service including savings from the Landlord Services Team restructure £0.50m, various recharged posts that are currently vacant £0.121m, savings in the Rent Team £0.094m. This is offset by pressures of £1.057m for staff recharges from General Fund Property Services for the provision of repairs and maintenance support.
 - Overspends on supplies and services £0.398m which includes on consultants £0.198m; council tax payments on void properties, some of which will be refunded as the properties are relet, £0.148m; service charges on leasehold properties £0.168m
 - Savings of £0.626m on utilities
- **Other revenue spend (stock related)** is currently underspent by £0.072m arising from an underspend on advertising of new developments £0.065m; saving from the rent arrears software contract, Rent Sense, of £0.048m following QL exploitation work; consultants underspend of £0.023m and Electric Vehicles charges underspend of £0.015m less overspends on compensation payments to tenants £0.059m and purchase card spend relating to decants £0.019m.
- **Bad debt** - a favourable variance at Q3 of £0.238m against the bad debt provision budgeted following the reassessment of bad debts.
- **Responsive and cyclical repairs** – there is currently a favourable variance to date of £0.368m, which is analysed in the table in figure 1 below.

The budget for 2025/26 was increased from the last financial year and together with robust HRA clienting and commissioning there is a current saving at December 2025 against the profiled budget. However, due to the extent of necessary damp and mould works which are expected to generate a year end pressure of £0.7m, responsive and cyclical repairs will become a pressure at year end by almost 4% more than the approved budget for 2025/26.

<u>Workstream</u>	<u>Budget</u>	<u>Budget YTD</u>	<u>Actual</u>	<u>Variance</u>	<u>Projected Outturn 2025/26</u>
	£	£	£	£	£
<u>Adverse Variances</u>					
Damp & Mould Works	800,000	798,750	1,261,183	462,433	1,500,000
Asbestos	350,000	262,500	539,347	276,847	350,000
General Minor Works / D2D	6,000,000	4,500,000	4,587,317	87,317	6,000,000
Gas Maintenance	1,635,000	1,226,250	1,294,096	67,846	1,635,000
NTCO	400,000	300,000	347,740	47,740	400,000
Pest Control	180,000	135,000	144,844	9,844	180,000
				952,026	
<u>Favourable Variances</u>					
Fire safety	1,290,000	967,500	651,382	-316,118	1,290,000
Electrical Upgrade/inspections	1,500,000	1,125,000	906,990	-218,010	1,500,000
Voids	2,030,000	1,522,500	1,353,487	-169,013	2,030,000
Highways & Engineering	508,406	381,304	251,525	-129,779	508,406
R&M	1,324,967	989,975	893,902	-96,073	1,324,967
Energy Improvements / Repairs	126,300	94,725	5,615	-89,111	126,300
Env Improvements	224,203	168,152	88,353	-79,799	194,203
Disrepairs	850,000	637,500	568,443	-69,057	850,000
Trees	300,000	225,000	175,075	-49,925	300,000
Disabled Adaptations	280,000	210,000	164,632	-45,368	280,000
Insurance	150,000	112,500	92,099	-20,401	150,000
Water System Testing	165,000	123,750	104,377	-19,373	165,000
Other	97,266	70,450	52,408	-18,041	77,266
				-1,320,069	
Total Responsive & Cyclical Repairs	18,211,142	13,850,856	13,482,814	-368,042	18,861,142

Fig. 1 Analysis of variations to Q3 2025/26 year to date budget for HRA Responsive and Cyclical Repairs

11. The overall year-end forecast adverse variance of £0.958m is due to:

Income – an adverse forecast outturn variance of £0.376m is forecast from: additional miscellaneous income of £0.124m from leased rental and assignments, additional leaseholders service charges income of £0.30m less a £0.80m shortfall in dwelling rent income arising from delayed acquisitions of new homes.

Expenditure – an adverse forecast outturn variance of £0.582m for:

- **Management and services (stock related)** – the forecast outturn is a pressure of £0.157m arising from underspends on utilities £0.388m, furnished tenancy furniture purchases £0.080m, court fees £0.060m, under occupation scheme £0.040m, new bin purchases £0.040m, less pressures in housing consultants £0.190m, council tax spend £0.180m, contaminated waste £0.070m and service charges £0.030m.
- **Other revenue spend (stock related)** – there is a forecast outturn saving of £0.084m for Rent Sense £0.064m, advertising £0.060m less compensation payments of £0.040m

- **Bad debt** – a forecast saving at year end of £0.20m
- **Responsive and cyclical repairs** – a year-end forecast pressure of £0.650m. Damp and mould works are expected to be £0.7m (4.0%) more than the approved budget. This is offset by a £0.050m saving from the Environment Improvements budget managed by the Landlord Services Team.

Capital

- The overall budget for 2025/26, as approved by the Council at its meeting in February 2025, was set at £179.014m. Adjusting for required carry forwards of underspends from 2024/25 and additional budget changes, including new allocations in-year and budget slippages with the budgets reprofiled accordingly, this gives a revised latest budget for 2025/26 at 31 December 2025 of £151.503m as shown in Fig.2 and in Appendix C.
- Spend against the total budget in the period April to December (Q1 to Q3) is £69.353m in total, which represents 46% of the latest budget 2025/26, 49% being GF and 44% HRA. The forecast outturn for 2025/26 at Q3 is £140.133m due to forecast slippage of £11.369m.

In February 2025 we assumed an optimism bias of 45% for the 2025/26 budget and the current forecast outturn for 2025/26 of £140.133m for the capital programme is in line with that optimism biased budget of £139.680m.

	Original Budget 2025/26	Original Budget 2025/26 assuming 45% optimism bias	Latest Budget 25/26	Spend to 31/12/2025	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q3	25/26 Forecast Outturn Variance at Q3
General Fund Total	£37,687,856	£38,053,321	£47,310,357	£23,204,814	49%	£41,983,441	-£5,326,916
HRA Total	£141,326,133	£101,626,873	£104,192,653	£46,148,613	44%	£98,150,070	-£6,042,583
Total Capital Programme	£179,013,989	£139,680,194	£151,503,010	£69,353,427	46%	£140,133,511	-£11,369,499

Fig.2 Summary of Capital Programme financial position at 31 December 2025

General Fund (GF) Capital

- A summary of the GF schemes by project classification is shown in Fig.3. Overall, £23.191m (49%) of the latest capital budget has been spent by 31 December 2025 and the outturn forecast of £41.983m is a result of £5.327m of slippage.

Project Classification	Latest Budget 2025/26	Spend to Date 31/12/2025	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q3	25/26 Forecast Outturn Variance at Q3
Compliance (H&S)	£319,469	£287	0%	£319,469	£0
Development - Project	£5,294,356	£2,916,908	55%	£5,011,835	-£282,520
Feasibility	£1,235,604	£265,493	21%	£939,632	-£295,972
Housing - Homelessness	£813,709	£53,872	7%	£813,709	-£0
Housing Supply	£297,693	£110,528	37%	£297,693	£0
ICT Rolling Programme	£744,747	£466,494	63%	£570,000	-£174,747
ICT Systems	£3,295,737	£2,269,740	69%	£3,355,948	£60,211
Infrastructure	£4,493,252	£1,050,094	23%	£3,991,540	-£501,712
Investments - Improvements	£11,639,526	£4,164,780	36%	£7,699,551	-£3,939,975
Loans	£10,725,000	£9,700,000	90%	£10,725,000	£0
Project	£0	£13,504	0%	£0	£0
Rolling Programme	£7,584,315	£2,051,430	27%	£7,614,315	£30,000
Other Capital Spend	£866,948	£141,685	16%	£644,747	-£222,201
General Fund Total	£47,310,357	£23,204,814	49%	£41,983,441	-£5,326,916

Fig.3 Summary of the General Fund capital schemes by project classification at 31 December 2025

Project classification key budgets:

- **Compliance (H&S)** - Gloucester Green Car Park (H&S)
- **Development-Project** – Blackbird Leys Regeneration; East Oxford Community Centre; Floyds Row Refurbishment; Covered Market; Odeon, 1-3 George Street; Oxford Ice Rink Development; New Burial Space
- **Feasibility** – development feasibility studies for various projects
- **Housing–Homelessness** - National Homelessness Property Fund; Roken House; Growth Deal Registered Provider Payments
- **Housing Supply** – affordable housing supply
- **ICT Rolling Programme** – desktop/laptop computers, telephony device refresh
- **ICT Systems** – MS365 and Cloud Migration; system upgrades
- **Infrastructure** – investment in the wider economy, roads, rail, cycling, bridges including Cowley Branch Line; Oxford Flood Alleviation Scheme; HIF and Growth Deal Osney Bridge works and path; Controlled Parking Zones; Go Ultra Low Oxford projects; St Michael's Street Levelling Works
- **Investments-Improvement** – corporate property investments including car parks resurfacing, Decarbonisation Fund; Leisure Invest to Save and dilapidations works; Leys Youth Hub; waterways investment; Broad Street roofing and façade project; Town Hall works; stock condition surveys; planned building maintenance
- **Loans** – OxWED Loans; loans to OxPlace, the council's housing company
- **Rolling Programme** – ODS Fleet Replacement Programme; Disabled Facilities Grants; Capitalised salaries budget.
- **Project/Other Capital Spend** - UK Shared Prosperity Fund Investment Plan; archive scanning project

The Investment-Improvements classification has the largest 2025/26 budget at £11.64m and the greatest slippage at £3.94m, which relates mainly to planned building improvements and the capital works at the Covered Market amongst other corporate property projects.

Approximately 22% of the GF capital programme budget relates to loans, to the council's housing company, of which 90% is spent at Q3.

15. Key Budget re-profile changes and forecast slippages to individual schemes at Q3 include:
- **Covered Market capital works** – a slippage of £1.037m is forecast for 2025/26 due to the project being on hold and awaiting masterplan details in relation to the roof
 - **Reserve (SCS works & Energy)** – a slippage of £0.70m is forecast for 2025/26 works relating to asset repairs and maintenance pressures. The slippage will be mostly used to fund the Ice Rink chillers works
 - **Town Hall Relocation** project – a slippage of £0.492m is forecast for 2025/26. There is an outstanding review of the status of the historic building control applications in order to assess project status, target completion date and budget re-profiling for completion of the project. There are delays of the PABX room relating to building regulations and wi-fi delays with works due to complete in May 2026.

HRA Capital

16. A summary of the HRA schemes by project type is shown in Fig.4 below. 44% of the latest HRA capital budget for 2025/26 has been spent by 31 December 2025.

Project Classification	Latest Budget 2025/26	Spend to Date 31/12/2025	% Spend to date v Latest Budget	25/26 Forecast Outturn at Q3	25/26 Forecast Outturn Variance at Q3
Development - Project	£3,659,074	£3,414,845	93%	£3,659,074	£0
Housing Supply	£61,737,958	£28,527,140	46%	£56,838,376	-£4,899,582
Investments - Improvements	£23,322,202	£9,514,228	41%	£23,322,202	£0
Rolling Programme	£13,973,419	£4,674,896	33%	£12,795,419	-£1,178,000
Other Capital Spend	£1,500,000	£17,505	1%	£1,535,000	£35,000
HRA Total	£104,192,653	£46,148,613	44%	£98,150,070	-£6,042,583

Fig.4 Summary of the HRA capital schemes by project classification at 31 December 2025

Fig.4 shows that the significant element (59%) of the HRA capital programme is classified as Housing Supply, i.e. housing acquisitions and developments.

The Investment Improvements classification relates to internal, external and communal 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 14% of the capital programme is a rolling programme, for example kitchen and bathroom replacements, heating, and electrics etc.

Development Projects include Masons Road Refurbishment; the East Oxford Development and Blackbird Leys Regeneration (HRA).

Other Capital Spend classification relates mainly to Southfield Park lease extension which is being pursued with a view to extending the lease for up to 999 years and should be completed by year end.

17. The 2025/26 outturn forecast is £98.027m, which is a result of £6.042m of slippages at Q3 relating mainly to the following schemes:
 - **HRA Barton Acquisitions** – a slippage of £4.416m is forecast due to a revised handover schedule received from the developer. Handovers forecast for 2025/26 for 19 houses and 10 flats (block B). Other flat blocks have slipped into 2026/27.
 - **Controlled Entry** - a slippage of £0.726m is forecast for 2025/26. The procurement is out to tender.
 - **Oxford North Development** – a slippage of £0.715m is forecast due to site delays and this is under review at present.

Corporate Risk

18. 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, most recently on 18 December 2025. Service level risks are reviewed periodically by Directors and Service Managers and the Risk Management Group maintains oversight of all service risks and, during its meetings, assesses whether any risks should be escalated for inclusion in the Corporate Risk Register (CRR). The Group reviewed the Information and Technology and the Financial Services risk registers on 9 December 2025.
19. The table below shows the number of corporate risks on 31 December 2025, categorised by level Red, Amber and Green, and the comparative number for the previous reported quarters in 2025/26.

Current Risk	Q1	Q2	Q3
	2025/26	2025/26	2025/26
Red	6	6	6
Amber	8	8	8
Green	0	0	0
Total risks	14	14	14
New risks in half year	10	0	0
Closed	8	0	0

At Q3 2025/26, in the latest update to the current CRR, there are no changes to the fourteen named risks, no new risks and no closed risks.

The current six red risks are as follows:

- **Financial stability** – this risk concerns the Council’s ability to implement its strategic plans and corporate priorities amid increasing financial pressure. Key contributing factors include:

- A lack of knowledge on the implications of fairer funding
- Fluctuations in income and expenditure
- Inflation-driven cost escalation affecting materials for capital projects
- Rising service demands, such as temporary accommodation
- Broader economic weaknesses, which may depress income streams such as commercial rents and business rates
- **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 risk addresses the failure to prevent and respond to cyber-attacks and ensure that the Council's IT infrastructure is fit for purpose and adaptable to future needs.
- **Addressing the causes and impacts of climate change** – this risk identifies the 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.
- **A failure to meet Social Housing (Regulation) Act 2023 customer/consumer standards** - this risk evaluates the potential impact if the Council, in its capacity as a landlord, fails to fully comply with the Social Housing (Regulation) Act 2023 customer standards, particularly the Safety and Quality Consumer Standard. Such a failure could result in a major incident that compromises tenant safety, leading to sanctions, regulatory intervention, and severe reputational damage.

20. 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
- Flood
- Adverse weather, terrorism, and utility outage
- The workforce and public are healthy and safe
- A failure to deliver housing priorities and business plans

21. There are no corporate green risks in the CRR at Q3.

22. As part of the service planning process, all service risks are reviewed. Those no longer relevant are deleted, and any new ones are added. The table below shows the number of service risks at 31 December 2025 compared with the previous reported quarters.

Current Risk	Q4 2024/25	Q1 2025/26	Q2 2025/26	Q3 2025/26
Red	11	10	12	10
Amber	42	52	56	61
Green	26	32	24	25
Total Risks	79	94	92	96
New Risks	0	25	0	4
Closed	2	10	2	0

23. The number of red service area risks at 31 December 2025 has decreased from 12 to 10 since 30 September 2025. Details of the current red service risks are as follows:

- **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** - if the income target is not achieved, additional pressure will be placed on the overall legal services budget, leading to an overspend.
- **Law, Governance and Strategy** - if the Council’s departments and suppliers do not safeguard data there is a risk of a data protection breach and non-compliance
- **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.

- **Failure to Meet Homeless Temporary Accommodation Demand** – if, because of changes in government policy, the Council’s homeless prevention activities are unable to meet a sustained increase in homelessness, there will be a failure in service delivery and an increase in temporary accommodation costs.
- **Housing** – a failure in resident involvement activities and compliance with the Social Housing consumer standards might result in an increase in complaints, inefficient service delivery and regulator intervention.
- **Housing** - a failure to evidence the implementation of and adherence to the Social Housing Regulator’s consumer standards may result in a loss of reputation to the Council and increased financial pressures as issues are dealt with reactively
- **Communities and Citizen Services** - a contract management and partnership approach to the external leisure provision contract will help ensure the stability of financial performance and quality of service.

Financial implications

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

Legal issues

25. There are no legal implications arising directly from this report. (EG/81267/4/2/2026)

Level of risk

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

Equalities impact

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

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Background Papers: ‘Risk Management Reporting at 31st December 2025’ report to the Audit and Governance Committee dated 28th January 2026