

CABINET
20 June 2023

BUSINESS MANAGEMENT AND MONITORING REPORT
ANNUAL REPORT AND PROVISIONAL REVENUE OUTTURN 2022/23

Report by the Director of Finance

RECOMMENDATION

1. The Cabinet is RECOMMENDED to

- a. To note the annual Performance Report for 2022/23.
- b. To note the summary of the provisional year - end financial position for 2022/23 along with the year-end position on general balances and earmarked reserves as explained in Annex B.
- c. To note the virements set out in Annex B-2.
- d. To agree that the £1.0m surplus on the On-Street Parking Account at the end of the 2022/23 financial year, that has not yet been applied to fund eligible expenditure in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, can be carried forward to the 2023/24 financial year as set out in Annex B-3c.
- e. to approve the creation of a new reserve to hold £0.5m income relating to the Zero Emissions Zone in Oxford for future use.

Executive Summary

2. This report presents the council's annual performance report and provisional year - end finance position for 2022/23.
3. The Council recognises the importance of timely, accurate and accessible performance and budget management information as part of its commitment to both transparency and demonstrating efficiency and effectiveness.
4. This annual report reflects the end of year position against the corporate priorities, and budget documents supporting the ambitions and priorities. The Strategic Plan agreed by Council in February 2022 set out the Council's ambitions for 2022/23.
5. The Strategic Plan, Medium Term Financial Plan, Outcomes Framework and previous business management reports, can be found on the council's website.
6. This report summarises the performance over the last financial year. Further information is provided in the following annexes:
 - a. Annex A: Annual performance report 2022/23
 - b. Annex B: Provisional revenue outturn 2022/23

Performance Overview

7. The Outcomes Framework 2022/23 set out the golden thread of key performance

indicators and progress measures supporting the overarching nine strategic priorities and running the business priority.

8. The bi-monthly business management and monitoring reports included progress updates supporting the nine strategic priorities, overarching indicators which comprised of over 100 key performance indicators and progress measures.

End of year 2022/23 performance summary:

9. The end of financial year performance indicators are reported as follows:

Green	Amber	Red	Data monitoring	Total
62 (57%)	15 (14%)	14 (13%)	18 (16%)	109

Table 1 – End of year performance summary for 2022/23

This represents a good outcome of the measures and indicators supporting the overarching priorities for the financial year with:

- 71% either above target or very close to it
- 13% below target

10. The annual report reflects the highlights and achievements over the last 12 months against the priorities of the council. The annual report captures the response to the cost of living crisis and the migration support; the significant impact on the services we deliver; how we coordinated and supported the delivery of services.

11. Included below are some highlights that services have delivered during 2022 / 2023. Please refer to the Annex A: Annual report 2022 / 2023 for the full overview of how services have delivered against our nine priorities and our response to the cost of living crisis and provided migration support.

12. Through our continued commitment to the **Climate emergency**, we have modified and upgraded 141 homes through energy efficient measures for those living in fuel poverty.

13. As part of our commitment to **tackling inequality across Oxfordshire** together with local authority partners and the Oxfordshire Local Enterprise Partnership, we launched climateactionoxfordshire.org.uk, a website providing ideas and advice about how individuals, families and businesses can reduce carbon emissions and save money.

14. **Health and Wellbeing priority.** We commissioned health partners to deliver 9,629 free NHS health checks for those aged between 40 and 74. We launched 'You Move', a bespoke programme offering free or heavily subsidised activities to children in receipt of free school meals to help families get active with than 3,000 individuals and 800 families registered in the first four months of the scheme.

15. Supporting **carers and the social care** system through our transformation programme – **the Oxfordshire Way** – we bucked national trends for adult social care assessments, care and reviews, achieving a 24 per cent decrease in the number of people on waiting lists and a 33 per cent reduction on April 2021 waiting times. We supported the opening of 3 extra care housing schemes in Chipping

Norton, Didcot and Wallingford, with 235 homes created to enable people to live independently whilst having access to care.

16. As part of our **Transport** priority. We supported the introduction of **159 battery electric buses** to make public transport more accessible and reduce emissions. We also delivered **20mph schemes in 41 villages and towns** across the county to make our roads safer.
17. Some of the achievements supporting **Nature and Green Spaces** have accomplished include **clearing 329km of vegetation** to improve the county's public rights of way network. We **planted 450 trees** along highways across the county — the first time in over 10 years that tree planting has been delivered by the county council. As part of the Queen's Green Canopy initiative **559 trees were presented to new citizens and 1,335 trees were donated** on their behalf and will be planted in Oxfordshire.
18. As part of the priority **Creating opportunities for children and young people to reach their full potential**, we created 300 additional secondary pupil places, 560 additional primary pupil places, 106 full time equivalent additional nursery places, and **28 additional Special Educational Needs places**. We secured £5.2m in government grant funding to develop four children's homes in Oxfordshire.
19. As part of our priority **Playing a part in vibrant and participatory local democracy** we enabled people of all ages to address our council and cabinet meetings, welcoming 140 public speakers, 13 public questions and 12 petitions. We hosted three Oxfordshire Conversations Q&A events, with 122 attendees, enabling residents to quiz cabinet members about the issues that matter most to them.
20. Through **Working with local businesses and partners** The Oxfordshire Business and Intellectual Property Centre opened at the Westgate Library in May 2022, with new facilities and resources to support local entrepreneurs and businesses. The inclusive employment scheme run by County Print Finishers in partnership with White Brothers supported **18 employees and Oxfordshire employment's Wood to Work initiative**, delivered in partnership with Ways into Work and Oxford Wood Recycling, provided occupational support to 17 people accessing work for the first time or returning to work.
21. **Migration Support** working with Asylum Welcome, we increased the number of community liaison officers across the county to support new guests on arrival, identify their needs and advise them about housing, education, and health options. We also supported **over 550 asylum seekers and asylum-seeking children** staying in Home Office commissioned hotels.

Financial Management

Summary of the Council's financial position at the end of 2022/23

22. This report provides a summary of the provisional year - end financial position for 2022/23
23. The information in this report will be used to compile the Council's Statement of Accounts for 2022/23. The audit of the 2021/22 accounts began in January 2023 and is still in progress due a variety of complex factors arising from audit delays

in previous years. Ernst and Young, the Council's external auditor, are expected to carry out their 2022/23 audit in early 2024. It is possible that changes may be made to the accounts during this period which may alter the position presented within this report.

24. At the end of 2022/23, there was an overspend of £21.6m (4.1%) against the final directorate budget and a net underspend of £9.6m on budgets and funding held centrally. The combined overspend after taking account of additional business rates funding is £13.4m. The final position compares to a forecast directorate overspend of £22.4m based on the position as at the end of January 2023 and an overall forecast overspend of £14.4m. The table on the next page summarises the final position compared to the Net Operating Budget for 2022/23 agreed by Council in February 2022. This is made up of directorate spend plus budgets and funding held centrally and is funded by council tax and business rates income.
25. As explained in the Business Management & Monitoring Reports during the year the final position for 2022/23 reflects the impact of increases in the level of demand for children's social care and a lack of suitable care placements available in the system as well as inflationary pressures across the council's services. Action has been taking to manage and mitigate this in 2022/23 and the on-going impact in 2023/24 and over the medium term was considered through the Budget & Business Planning Process for 2023/24.

	Final Budget 2022/23 £m	Net Expenditure 2022/23 £m	Variance March 2023 £m	Variance March 2023 %	Variance January 2023 £m
Directorate Budgets:					
Adult Services	215.6	218.5	2.9	1.3%	4.9
Children's Services	153.7	172.9	19.2	12.5%	17.1
Environment & Place	63.9	60.8	-3.1	-4.8%	-2.1
Public Health	3.7	3.4	-0.3	-8.5%	-0.3
Community Safety	25.0	25.0	0.0	0.0%	0.0
Customers, Culture & Corporate Services	64.2	67.1	2.9	4.5%	2.8
Total Directorate Budgets	526.1	547.7	21.6	4.1%	22.4
Budgets Held Centrally:					
Capital Financing Costs	26.1	24.0	-2.1	-8.2%	0.0
Interest on Balances	-13.0	-13.3	-0.3	-2.4%	-2.4
Contingency	1.9	0.9	-1.0	-51.8%	-1.1
Un-ringfenced Specific Grants	-37.2	-37.2	0.0	0.0%	0.0
Insurance	1.4	1.4	0.0	0.0%	0.0
Contribution from COVID-19 reserve	-9.6	-10.8	-1.2	-13.3%	-1.0
Contributions to reserves	24.9	25.6	0.7	2.9%	0.0
Budgeted Contributions to/from balances	-0.2	-0.2	0.0	0.0%	0.0
Total Budgets Held Centrally	-5.7	-9.6	-3.9	68.4%	-4.5
Net Operating Budget	520.4	538.1	17.7	3.4%	17.9
Business Rates & Council Tax Funding	-520.4	-524.7	-4.3		-3.5
Total Year End Position	0.0	13.4	13.4	2.6%	14.4

Table 2

26. The end-year position includes the delivery of 43% of the planned directorate savings of £17.8m built into the 2022/23 budget. Where savings have not been delivered these have been mitigated or offset by other underspends to form part of the directorate variation summarised in the table above. Further information about the achievement of savings is included in Annex B. Action is being taken to ensure that directorates manage services within agreed budgets for 2023/24. As part of that any planned savings not delivered in 2022/23, where the on-going impact was not adjusted through the 2023/24 Budget & Business Planning Process, will need to be achieved in 2023/24 as well as new changes agreed in February 2023. Updates will be included as part of the Business Management & Monitoring Reports for 2023/24.

27. The risk assessed level of balances for 2022/23 was £28.9m. After taking account of planned changes and the £13.4m overspend, general balances will reduce to £22.6m. This is £6.3m below the risk assessed level for 2022/23 and £7.6m below the £30.2m risk assessed level for 2023/24 agreed as part of the 2023/24 budget

in February 2023. While balances have reduced, the prudent level of funding available, as well as on-going contingency budget, has allowed the council to sustain services despite the unexpected inflationary and demand pressures experienced during 2022/23.

28. Funding of £6.8m estimated to be required to top balances up to the risk assessed level for 2023/24 was included in the budget for 2023/24. Since the overspend is higher than assumed when the budget was set £0.8m funding needs to be added to top up to the risk assessed level. This will be funded from the £5.0m additional Business Rates and Council Tax funding noted in the Financial Monitoring Report to Cabinet in May 2023. The remaining balance of £4.2m will be added to contingency, as agreed by Cabinet in May 2023.
29. Earmarked reserves, of which over 95% are expected to be used for specific planned purposes, totalled £202.7m at 31 March 2023. The increase of £19.1m compared to the £183.6m balance as at 1 April 2022 includes of £15.3m in planned net contributions to/from reserves plus £3.8m for other net changes during the year including the addition of unspent funding for the Homes for Ukraine scheme. Budgeted contributions to reserves included: Budget Priorities Reserve (£9.5m), Budget Equalisation Reserve (£2.7m) and Demographic Risk Reserve (£4.0m), prudential borrowing reserve (£7.5m). £8.4m was agreed to be drawn down from the COVID-19 reserve as part of the 2022/23 budget agreed in February 2022.
30. The Grants and Contributions Reserve holds underspends on ringfenced grant funding which need to be used in accordance with the grant conditions in future years. Almost half of the £37.0m balance at 31 March 2023 relates to £16.8m grant funding for the Homes for Ukraine scheme that has not been required to be spent by the end of 2022/23 and £2.1m funding for education costs relating to the scheme. This funding will be used to support the on-going cost of the scheme in Oxfordshire in future years.
31. Funding held in the COVID-19 Reserve as at 1 April 2022 was £26.2m. Calls on the reserve in 2022/23 included £8.4m funding for directorate pressures agreed as part of the 2022/23 budget, £1.0m agreed to be used to offset pressures in Children's services on the basis that some of the additional cost and activity for Children we Care For was driven by the on-going impact of the COVID-19 pandemic and further calls totalling £1.4m agreed during 2022/23.
32. The balance held in the reserve as at 31 of March 2023 is £15.4m. As agreed in the 2023/24 budget and Medium Term Financial Strategy £13.4m is planned to be used to fund COVID-19 related pressures in future years. The uncommitted balance of £2.0m is available to support further COVID-19 related pressures on a one-off basis.
33. The total deficit transferred to the DSG reserve at the end of 2022/23 was £10.0m. This consists of an overspend of £11.3m on High Needs, offset by a £1.1m underspend on Early Years, and other minor adjustments. The addition of the deficit for 2022/23 increases the net negative balance held in the reserve to £33.6m. Within the overall total, which also includes positive balances held for Early Years and other purposes, the total unusable High Needs deficit has increased from £29.8m at 1 April 2022 to £41.1m at 31 March 2023.
34. The Council received £457.2m of government grants during 2022/23 of which, £99.5m were un-ringfenced and £357.7m were ringfenced. £21.9m of the

ringfenced funding will be carried forward for use in future years, in line with the terms and conditions of the individual grants.

35. Further details and commentary explaining both the directorate positions variations on budgets held centrally are provided in Annex B.

Financial Implications

36. This report sets out the financial position for the council as at 31 March 2023. While action was taken as part of the 2023/24 Budget & Business Planning Process to ensure that balances could be topped up to the risk assessed level and to fund on-going inflationary and demand pressures, strong financial management and oversight will be required to ensure that services are managed within budgets for 2023/24.

Comments checked by: Lorna Baxter, Director of Finance

Legal Implications

37. The Council's constitution at Part 3.2 (Budget and Policy Framework) sets out the obligations and responsibilities of both the Cabinet and the Full Council in approving, adopting and implementing the council's budget and policy framework.
38. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers. The report sets out the performance, risk and finance position for the Council as at 31 March 2023 as part of its fiduciary duty to implement budgetary controls and monitoring.

Comments checked by: Paul Grant, Head of Legal and Deputy Monitoring Officer

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