

# Scrutiny Committee reports for City Executive Board - Thursday 13 October 2016

## 7. Scrutiny Committee Reports

The Scrutiny Committee has submitted reports on the following items that were considered at the Scrutiny Committee meeting on 6 October 2016. These reports are included together with suggested CEB responses to recommendations:

- a) **The Implications of Brexit for Local Government (Pages 3 - 8)**
- b) **Review of Tree Management Policy (Pages 9 - 14)**

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**To: City Executive Board**

**Date: 13 October 2016**

**Report of: Finance Panel (Panel of the Scrutiny Committee)**

**Title of Report: The implications of Brexit for the Council's finances**

## **Summary and Recommendations**

**Purpose of report:** To present recommendations of the Finance Panel on the financial implications of Brexit on the Council's finances.

**Scrutiny Lead Member:** Councillor Craig Simmons

**Executive lead members:** Councillor Ed Turner, Board Member for Finance, Asset Management and Public Health

**Recommendation** of the Finance Panel to the City Executive Board:

**That the City Executive Board states whether it agrees or disagrees with the recommendations set out in the body of this report.**

## **Introduction**

1. The Finance Panel requested a report from the Head of Financial Services on the implications of Brexit for the Council's finances. This followed the outcome of a public referendum held on 23 June 2016, which resulted in a decision for Britain to leave the European Union. The Finance Panel considered this item at a meeting on 7 September 2016 and would like to thank the Head of Financial Services for presenting his report and supporting the discussion.

## **Summary of the discussion**

2. The Head of Financial Services advised that many impacts of Brexit had not yet played out but that there were some immediate impacts on the Council that were already known, most notably:
  - Lower interest rates would hit the Council's annual treasury income by approximately £400k.
  - Property fund appreciation values had dropped but remained well above purchase values and dividend income had not been affected.

- An Oxfutures Programme target for achieving leveraged income of €23m had increased by £1.8m since the Brexit decision and the fall in the exchange rate. This target would now be significantly harder to achieve and in the event that it isn't achieved, a portion of the £1.2m grant is repayable to the EU.
3. The Panel suggested that the Council could face higher procurement costs and potentially difficulties in achieving planned levels of trading income following the Brexit decision and any resulting economic downturn. The Panel noted that it would be helpful for the Council to track these impacts over time, in addition to income from car parking, commercial rents, investments and planning fees.
  4. The Panel noted that on the upside, the cost of borrowing was cheaper and the Council did have a borrowing requirement within its Medium Term Financial Plan, which was expected to be met from a combination of internal and external borrowing. The Head of Financial Services advised that officers would explore whether or not it would be advantageous to bring planned borrowing forwards to take advantage of historically low interest rates, given that there would be a cost of carrying borrowing that was not yet needed.
  5. The Panel questioned whether there would be a case for closing and refinancing some or all of the Council's £198.5m Housing Revenue Account debt, which was originally borrowed at preferential rates. The Panel heard that the Council would look again at whether or not to refinance the first £20m repayment due in 2021. Officers had looked at whether there was an opportunity to refinance the debt outside of the repayment tranches but had found this option to be too punitive.
  6. The Panel also considered whether there was a strong case for increasing council borrowing in order to increase investment spending. The Head of Financial Services advised that this would be kept under review but that the Council was already taking a lead in many respects compared to benchmarked authorities, for example by investing significantly in commercial property and new build housing. Going even further would depend on the Council's appetite for borrowing and risk. The Panel agreed to encourage new borrowing to fund revenue generating opportunities, including potentially renewable energy schemes, where there is a strong business case for doing so.

***Recommendation 1: That the Council explores whether there are opportunities to increase its levels of borrowing at historically low interest rates in order to fund additional revenue generating schemes.***

7. In terms of the wider economy the Panel suggested that Brexit could reduce inward investment and joint funding opportunities. The Panel noted that the impact on Business Rates income of one or two major employers relocating away from the City could be very high, with the Council liable to lose £500k before government safety net payments kicked in. The Panel heard that 19 business premises accounted for 22% of rateable values in the City. The Panel noted that the Government was consulting on proposals to grant local authorities 100% Business Rates retention. It was expected that this would only apply to growth above a baseline not the full Business Rates take but there was a lot of

uncertainty around what these changes would mean for the City, including whether safety net payments would still apply in future.

8. The Panel suggest that the Council should look to partner with local organisations in commissioning a study of the expected impacts of Brexit on the local economy. The findings of such a study could help to inform scenario planning by the Council and other local bodies such as the Local Enterprise Partnership.

***Recommendation 2: That the Council looks to partner with local Universities or economic institutions to study the wider impacts of Brexit on the economy of Oxfordshire, either through locally commissioned research or an Oxfordshire case-study in a national examination.***

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**List of background papers: None**  
**Version number: 0.1**

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**Suggested City Executive Board response to the recommendations of the Finance Panel (Panel of the Scrutiny Committee) on the implications of Brexit for the Council's finances.**

**Provided by the Board Member for Finance, Asset Management and Public Health**

<b><i>Recommendation</i></b>	<b><i>Agreed?</i></b>	<b><i>Comment</i></b>
1: That the Council explores whether there are opportunities to increase its levels of borrowing at historically low interest rates in order to fund additional revenue generating schemes.	Y	Within the Councils approved Medium Term Financial Plan is around £23million of prudential borrowing to fund investment in Oxpens and our own investment property to generate and maintain income streams. Additionally the Council has £11 million invested with external property funds earning significantly more in investment interest than typical banks and building societies. We will continue to explore opportunities for investment but we also need to be careful not to over-expose the Council to risk.
2: That the Council looks to partner with local Universities or economic institutions to study the wider impacts of Brexit on the economy of Oxfordshire, either through locally commissioned research or through an Oxfordshire case-study in wider examination.	Y	We will work with other organisations such as those mentioned to understand potential impacts of Brexit for Oxfordshire. Indeed we have heard from DCLG that some insights into the local situation will be appreciated and we would like these to be considered as part of any future devolution deal.

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**To:** City Executive Board  
**Date:** 13 October 2016  
**Report of:** Scrutiny Committee  
**Title of Report:** Tree Management Policy

### Summary and Recommendations

**Purpose of report:** To present the recommendations of the Scrutiny Committee on the Council's draft Tree Management Policy

**Scrutiny Lead Member:** Councillor Andrew Gant

**Executive lead member:** Councillor Linda Smith, Board Member for Leisure, Parks and Sport

**Recommendation** of the Scrutiny Committee to the City Executive Board:

**That the City Executive Board states whether it agrees or disagrees with the 3 recommendations set out in the body of this report.**

### **Introduction**

1. The Scrutiny Committee pre-scrutinised the draft Tree Management Policy at its meeting on 6 October 2016. The Committee would like to thank Councillor Linda Smith, Board Member for Leisure, Parks and Sport, the Head of Direct Services and the Parks and Open Spaces Manager for presenting the report and answering questions.

### **Summary and recommendation**

2. The Board Member for Leisure, Parks and Sport introduced the report and said that the policy had been written with a friendlier tone and focused on what the Council would do rather than what it would not do. The draft policy contains a more extensive arbitration and review section to assist customers who are unhappy with decisions. Officers reminded the Committee that the policy only extends to the management and maintenance of Council owned trees.

3. The Committee discussed the issue of trees blocking light and what the Tree team would do in these cases. The Parks and Open Spaces Manager explained to the Committee that there is no legal right to light but there is an obligation to keep the lamp posts clear. The Tree team considers each case on an individual basis.
4. The cost of maintaining the Council's tree stock was discussed and officers explained that with over 100,000 Council trees in the city there are considerable budgetary pressures on the service. The tree team trades externally to subsidise these costs.
5. The Committee noted a number of minor amendments to the report which the Board Member and Officers agreed to correct (although the paperwork for the City Executive Board had already been published).

**Recommendation 1: That the following amendments are made to the Policy:**

- a) **The phrase 'perceived to be causing medical issues' in the bullet points at the top of page 5 of the Policy is replaced with 'undocumented medical conditions'.**
  - b) **Explanation is added that challenges under the arbitration and review process will be assessed against the Policy.**
  - c) **The statement that 'every tree felled should be replaced' on page 8 of the Policy is strengthened to say that 'every tree felled will be replaced'.**
6. The Committee favoured the idea of fruit trees being planted in Council parks and asked for fruiting trees to be included in the tree planting list as an option for parks and for the policy to say that people can help themselves to the fruit off these trees.

**Recommendation 2: That fruit trees are listed in the tree planting guide as an option for parks and that the policy mentions that people can help themselves to fruit from the fruit trees in Council parks.**

7. The Committee agreed with the creation of a Customer Advice Guide and suggested a number of issues to be included.
8. The Committee asked that the Tree Planting Guide provide more information on the common trees listed and how they meet the requirements of the policy. They also asked for the planting guide to list which trees could be pollarded; and for more information on which species are pollinators (specifically bee pollinators). The Committee also requested that a new section on trees that could be planted in parks (most notably fruit trees) be added.

**Recommendation 3: That the following are included in the Tree Planting Guide or the Customer Advice Guide, as appropriate:**

- a) **How the common trees meet the requirement of the policy.**
- b) **Which trees could be pollarded.**
- c) **Which trees are pollinators.**
- d) **A new section listing (fruit) trees that are suitable for parks.**

- e) **General advice to householders on what trees are appropriate for planting in gardens.**
- f) **Guidance on which trees are suitable for planting in future council sites.**

9. The Committee raised concerns with the narrow focus of the policy in that it did not mention enough about the role of planning or the highways authority in tree management. Many tree issues faced by members of the public are the responsibility of other authorities and are not covered by this policy. To improve public understanding, the Committee requested that officers include a section at the front of the policy which highlighted what the policy covers and where people can find additional information on trees from the planning and highways authority.

**Recommendation 4: That the Tree Management Policy includes a clearer section at the start that highlights what the policy covers and what it does not cover, as well as signposting to where people can find additional information on trees from the City Council’s Planning Department and Highways Authority.**

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**List of background papers: None**

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## Suggested City Executive Board response to the recommendation of the Scrutiny Committee on the Tree Management Policy

Provided by the Board Member for Leisure, Parks and Sport

<i>Recommendation</i>	<i>Agreed?</i>	<i>Comment</i>
<p>1: That the following amendments are made to the Policy:</p> <p>a) The phrase 'perceived to be causing medical issues' in the bullet points at the top of page 5 of the Policy is replaced with 'undocumented medical conditions'.</p> <p>b) Explanation is added that challenges under the arbitration and review process will be assessed against the Policy.</p> <p>c) The statement that 'every tree felled should be replaced' on page 8 of the Policy is strengthened to say that 'every tree felled will be replaced'.</p>	Agreed	C. Each tree will be replaced however this may not be in the same location as the tree that was removed.
<p>2: That fruit trees are listed in the tree planting guide as an option for parks and that the policy mentions that people can help themselves to fruit from the fruit trees in Council parks.</p>	Partially Agreed	<p>We will add fruit trees to the Tree Planting list for Parks.</p> <p>The public will be able to take the fruit.</p>
<p>3: That the following are included in the Tree Planting Guide or the Customer Advice Guide, as appropriate:</p> <p>a) How the common trees meet the requirement of the policy.</p> <p>b) Which trees could be pollarded.</p> <p>c) Which trees are pollinators.</p> <p>d) A new section listing (fruit) trees that are suitable for parks.</p> <p>e) General advice to householders on what trees are appropriate for planting in gardens.</p> <p>f) Guidance on which trees are suitable for planting in future council sites.</p>	Agreed	<p>A. We will add the benefits of each tree in the Planting List i.e. native, flowering, fruiting, autumn colour or a particular benefit to pollination.</p> <p>B. We will provide a list in the Customer Advice Guide of the most common trees in Oxford that can be pollarded rather than listing all trees that can be pollarded. This list will not be exhaustive as the Tree Team may sometimes recommend pollarding other trees.</p> <p>C. As per point A. above we will include some additional information on the Planting List.</p> <p>D. Fruit trees will be added to the Tree Planting list for planting in suitable locations only i.e. Parks and not highways.</p> <p>E. We will add advice to the Customer Advice Guide</p>

		F. We will add a statement requesting that the Council consults with the Tree Team in regards to new tree planting on Council owned Developments.
4: That the Tree Management Policy includes a clearer section at the start that highlights what the policy covers and what it does not cover, as well as signposting to where people can find additional information on trees from the City Council's Planning Department and Highways Authority.	Agreed	The introduction will be edited to make it clearer that this Policy is for the management of Council owned trees only.  We will also add a signposting section to the Planning Department and the most common 3 <sup>rd</sup> parties i.e. County Council Highways.