

Scrutiny Committee Reports for City Executive Board - Thursday 15 December 2016

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To: City Executive Board

Date: 15 December 2016

Report of: Scrutiny Committee

Title of Report: Air Quality

Summary and Recommendations

Purpose of report: To present the recommendation of the Scrutiny Committee on Air Quality

Scrutiny Lead Member: Councillor Andrew Gant, Chair of Scrutiny

Executive lead member: Councillor John Tanner, Board Member for A Clean and Green Oxford

Recommendation of the Scrutiny Committee to the City Executive Board:

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

Introduction

1. The Scrutiny Committee prioritised the issue of air quality for consideration during the 2016/17 council year and requested a report from the Council's Air Quality Officer to support a discussion at the 7 November 2016 Scrutiny Committee meeting. The Committee would like to thank Councillor John Tanner and Ian Halliday for providing an excellent report and supporting this discussion.

Summary and recommendation

2. The Board Member and Air Quality Officer explained that significant progress was being made in improving air quality in the City but that further action was needed. More information about air pollution is available than ever before and public awareness of the impacts of air pollution on health are increasing. They explained there needed to be a shift to zero emission transport in the City as hybrid buses, taxis and freight still produced diesel emissions.

3. The Committee asked a question about the implications of a recent High Court ruling which ruled that the Government failed to comply with EU targets on air quality. The Air Quality Officer advised that the Department for Environment, Food and Rural Affairs (DEFRA) had indicated that their broad air quality framework and current targets would remain in place post-Brexit. It was stated that DEFRA was likely to look to increase the number of Clean Air Zones being implemented in UK cities, but that plans for a zero emissions zone in Oxford already went further. Government has also indicated that any EU fines in relation to non-compliance of EU targets could be passed down to local authorities. The Committee suggest that, in the event of a future weakening of air quality targets in the UK, the Council should continue to work to the current EU targets.

Recommendation 1 – That the City Council continues to seek to comply with the current EU air quality targets in the event that the UK Government chooses to introduce less-stringent targets after leaving the EU.

4. The Committee commented that the Low Emissions Zone (LEZ) in Oxford City Centre was not well publicised by signage. The Committee heard that the LEZ only applies to buses and while the bus companies were fully aware, more could be done in terms of wider awareness-raising.

Recommendation 2 – That the City Council should promote and raise public awareness of initiatives to improve air quality in Oxford such as the Low Emissions Zone.

5. The Committee commented that there were no smokeless obligations or restrictions on boat emissions in the City Centre area. Currently data is not available to evidence the level of impact of emission from boats. The Committee suggest that measures are needed to determine if emissions from boats are found to be in breach of air quality targets. If this is found to be the case the Council should work in partnership with the Canal and Rivers Trust and press for the introduction of appropriate measures.

Recommendation 3 – That the City Council gathers empirical evidence of the impacts of boat emissions on air quality and works in partnership with partners to identify solutions.

6. The Committee noted that there was a growing body of evidence that planting trees can help to reduce nitrogen dioxide concentrations and noted that the Council could draw on local expertise in this field. The Air Quality Officer agreed and said this was something that could be looked at. The Committee suggest that further consideration should be given to the case for tree planting to offset emissions and whether tree planting could be included in the Council's Air Quality Action Plan.

Recommendation 4 – That further consideration is given to whether tree planting should form part of the City Council's approach to improving air quality in Oxford.

7. The Committee examined air quality data at various locations in the City for 2011 to 2015 and questioned why, following a trend of steadily improving data, air

quality appeared to have deteriorated in 2015 at various locations. The Committee heard that the monitoring data was considered to be accurate to within plus or minus 25%, so the 2015 rises were generally within the margin of error. However, it was expected that prolonged roadworks close to some monitoring locations had had a significant impact on air quality in those areas.

8. The Committee noted that St. Clements was one area where, even allowing for the margin of error, the monitoring data for nitrogen dioxide had consistently exceeded targets. The Air Quality Officer agreed that the data indicated that this was one of the worst areas in the City for air quality due to heavy traffic, frequent bus movements, a lack of alternative routes and its geographical position. He said that the department had tried but been unsuccessful in seeking funding for additional monitoring at St. Clements. The City continued to raise concerns with the transport authority, Oxfordshire County Council. The Committee suggest that urgent action is needed at St. Clements in particular, perhaps supported by an area-specific action plan.

Recommendation 5 – That the City Council works with the Transport Authority in order to achieve air quality objective levels in the worst areas (e.g. St. Clements).

9. The Committee noted the need for effective partnership working with the County Council as the local transport authority. Transport accounts for 75% of emissions, so transport policy and strategy will have the biggest impact on air quality. The Committee heard that a lot of work had gone into working with the County to reduce emissions from buses and that further air quality improvements required commitment and continued pressure from the City Council.
10. The Committee questioned what impact the opening of the redeveloped Westgate Shopping Centre was expected to have on air quality. The Air Quality Officer said he had reviewed the air quality impact assessments for the new Westgate Centre and there was likely to be an increase in nitrogen dioxide concentrations at a specific location. This had resulted in the developers being required to implement mitigation measures. Modelling future air quality was difficult to do and it was now becoming generally recognised that some projections had included very optimistic assumptions about the impacts of new technologies on emissions levels and air quality, as evidenced by the VW emissions scandal.
11. The Board Member expressed concern about the transportation of shoppers to and from the new Westgate Shopping Centre. He said that his preference was for fast buses to and from park and rides or slightly further afield.

Recommendation 6 – That the City and County Council encourage shoppers to utilise sustainable methods of transport when the Westgate Shopping Centre reopens in autumn 2017.

12. Other lines of inquiry pursued by the Committee included the impacts and take up of additional cycle parking at park and ride sites, controls around wood burning stoves, the prevalence of volatile organic compounds in the City and whether

additional monitoring would take place during a major road scheme in Headington. The Committee noted that people would be forced to consider whether journeys through Headington were really necessary and that people tended to be exposed to the highest levels of nitrogen dioxide when in their vehicles, rather than when walking or cycling. The Committee also voiced support in principle for the introduction of a Workplace Parking Levy.

Further consideration

13. The Committee agreed to revisit the issue of air quality within the next six months or so and to invite representatives of the County Council to that discussion.

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List of background papers: None
Version number: 1.0

Suggested City Executive Board response to the recommendations of the Scrutiny Committee on air quality provided by the Board Member for A Clean Green Oxford

<i>Recommendation</i>	<i>Agreed?</i>	<i>Comment</i>
1. That the City Council continues to seek to comply with the current EU air quality targets in the event that the UK Government chooses to introduce less-stringent targets after leaving the EU.	Y	
2. That the City Council should promote and raise public awareness of initiatives to improve air quality in Oxford such as the Low Emissions Zone.	Y	
3. That the City Council gathers empirical evidence of the impacts of boat emissions on air quality and works in partnership with partners to identify solutions.	Y	
4. That further consideration is given to whether tree planting should form part of the City Council's approach to improving air quality in Oxford.	Y	
5. That the City Council works with the Transport Authority in order to achieve air quality objective levels in the worst areas (e.g. St. Clements).	Y	
6. That the City and County Council encourage shoppers to utilise sustainable methods of transport when the Westgate Shopping Centre reopens in autumn 2017.	Y	

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To: City Executive Board

Date: 15 December 2016

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

Title of Report: Treasury Management Performance report for the six months ending 30 September 2016

Summary and Recommendations

Purpose of report: To present recommendation of the Finance Panel on the Treasury Management Performance report for the six months ending 30 September 2016

Scrutiny Lead Member: Councillor Craig Simmons, Chair of Finance Panel

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 recommendation set out in the body of this report.

Introduction

1. The Finance Panel considered treasury management performance at its meeting on 8 December 2016. The Panel would like to thank Nigel Kennedy and Anna Winship for presenting the report and answering questions.

Summary of the discussion

2. The Panel noted that the Council's investment performance at the end of September 2016 was above the starting target despite the Bank of England decision in early August to lower the base rate from 0.5% to 0.25%. An overachievement of £179k from investment income is forecast for year end and property fund investments are the primary driver of this good performance.
3. In response to a question, the Panel heard that a planned additional investment of £10m in homelessness property acquisitions (to be funded by £3m of Right to

Buy receipts and £7m of prudential borrowing) would not count as a non-specified investment because the Council would be going directly to the market. The £5m already committed did count as a non-specified investment because it had been invested in a fund.

4. The Treasury Management Strategy allows for non-specified investments to total no more than 25% of the previous year's average investment portfolio. In the current year the limit is £18m, of which £15m is already committed, leaving £3m of headroom. The Panel heard that the Council would soon be making decisions about providing loans to the housing company and the OXWED development vehicle and that these cash resources could be used to offset the need for external borrowing (which incurs costs) through internal borrowing.
5. The Panel questioned whether returns from non-specified investments would more than offset the costs of external borrowing and what the risks of doing so would be. The Head of Financial Services advised that 50 year loans are available on 2.5% interest rates and that property funds are currently returning 4-5% per year. The Council could also benefit from unit price increases upon withdrawing from property funds but these should be seen as long-term investments. The risks are from reduced liquidity, reduced returns due to lower occupancy rates and decreases in asset values. The Panel suggest that consideration should be given to how the £3m available for unspecified investments should be utilised and whether there is a case for increasing investments in property funds, for example, given the relatively low cost of borrowing from the market as a substitute for internal borrowing.

Recommendation - That consideration is given to how the remaining £3m of cash resources available for non-specified investments in 2016/17 can best be utilised and whether there is a case for maximising unspecified investments given the relatively low interest rates available on external borrowing as an alternative to internal borrowing.

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List of background papers: None

Version number: 0.2

Suggested City Executive Board response to the recommendation of the Finance Panel on the Treasury Management Performance report for the six months ending 30 September 2016

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

<i>Recommendation</i>	<i>Agreed?</i>	<i>Comment</i>
<p>That consideration is given to how the remaining £3m of cash resources available for non-specified investments in 2016/17 can best be utilised and whether there is a case for maximising unspecified investments given the relatively low interest rates available on external borrowing as an alternative to internal borrowing.</p>	<p>Y</p>	<p>The £3million referred to is the amount of non-specified investments 'headroom' that is remaining based on a self imposed ceiling of 25% of the previous year's average investments, in accordance with the Treasury Management Strategy. The Council will shortly be reviewing its Treasury Management Strategy and in doing so the funding of the significant increase in borrowing included in the MTFP, from internal or external resources. At this point in time we will consider the placement of further funds with non- specified funds as is suggested, taking cash flow into consideration.</p>

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To: City Executive Board

Date: 15 December 2016

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

Title of Report: Quarterly Integrated Performance 2016/17 – Q2

Summary and Recommendations

Purpose of report: To present recommendations of the Finance Panel on the Quarterly Integrated Performance 2016/17 – Q2

Scrutiny Lead Member: Councillor Craig Simmons, Chair of Finance Panel

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 two recommendations set out in the body of this report.

Introduction

1. The Finance Panel considered integrated performance report for 2016/17 quarter 2 as part of its budget monitoring role at a meeting on 8 December 2016. The Panel would like to thank Nigel Kennedy and Anna Winship for presenting the report and answering questions.

Summary of the discussion

2. The Panel noted that the services budgets are in balance overall but expressed concern about the projected adverse variance in Planning and Regulatory Services due to staffing pressures and underachievement against income targets. The Panel agreed to return to this in the scrutiny budget review.
3. The Panel noted the forecast surplus of £125k on the Housing Revenue Account (HRA) and questioned why there had been fewer Right to Buy sales than anticipated, which had contributed to a projected favourable variance of £382k in dwelling rents. The Panel heard that there were likely to be a range of factors but

the proactive work of the Council's Investigations Team was likely to be having some impact. The Panel suggested that fewer Right to Buy sales should perhaps be projected in future years.

4. The Panel noted a forecast capital spend of £42.9m against an original budget of £42.8m and welcomed the impressive progress that has been made over recent years in delivering what is an ambitious programme of capital spending (which is set to be larger still in the coming 2 years). This shows that where projects have slipped there has been the flexibility in place to bring alternative schemes forward, as previously encouraged by Scrutiny. The Panel heard that this progress was down to the embedding of the new capital gateway process together with improvements to project management and better internal challenge. The favourable variance of £1.2m against the latest budget was comprised of underspends as well as slippage.
5. The Panel considered the recommendation to transfer a projected underspend of £1.5m on corporate contingencies to the Capital Financing Reserve, where it would be used to finance capital projects. The Panel felt that there may be a case for spending part of this money on different uses, such as one-off revenue projects, as an alternative to putting it all towards capital.

Recommendation 1 - That consideration is given to spending some of the £1.5m released from unused corporate contingencies on one-off revenue projects.

6. The Panel is monitoring the impacts of Brexit on the Council's finances and has previously considered a report on this which was circulated to all members. This set out risks to the Council's investment income, property fund appreciation values (which are now in recovery) and an income target measured in Euros. The Panel also highlighted the risks to the wider national and regional economies and the impacts an economic downturn could have on trading and Business Rates income, for example. The Panel noted that this was not highlighted as a red risk in the report and suggest that it should be included in the Council's Corporate Risk Register.

Recommendation 2 - That the expected and potential financial impacts of Brexit on the City Council and the wider economy should be included as a risk in the Corporate Risk Register.

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List of background papers: None

Version number: 0.1

Suggested City Executive Board response to the recommendation of the Finance Panel on the Quarterly Integrated Performance 2016/17 – Q2

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

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<i>Recommendation</i>	<i>Agreed?</i>	<i>Comment</i>
1. That consideration is given to spending some of the £1.5m released from unused corporate contingencies on one-off revenue projects.	Y	The recommended spend on the Councils General Fund capital programme is around £123 million over the next four years. Much of the spend will produce ongoing revenue savings to assist in supporting the Medium Term Financial Plan as Government grant is reduced. All capital expenditure needs to be funded either by capital receipts, (through sale of assets), external grants, borrowing or revenue. However provided the capital programme is fully funded we can look at one- off revenue schemes closer to the year end.
2. That the expected and potential financial impacts of Brexit on the City Council and the wider economy should be included as a risk in the Corporate Risk Register.	Y	We agree to refer to the Brexit risk within the main risks included in the corporate risk register specifically around ‘implications on the delivery of the financial plan’ and ‘adverse impact on Oxford’s local economy’. We will monitor this risk and ensure that the impact where possible is mitigated.

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