

FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE)

Wednesday 1 February 2017

COUNCILLORS PRESENT: Councillors Fooks, Simmons (Chair) and Taylor.

OFFICERS PRESENT: Andrew Brown (Scrutiny Officer), Nigel Kennedy (Head of Financial Services), Anna Winship (Management Accountancy Manager) and Bill Lewis (Financial Accounting Manager)

36. APOLOGIES

Apologies were received from Cllr Fry. Cllr Taylor had indicated that she would be running late.

37. DECLARATIONS OF INTEREST

No declarations.

38. TREASURY MANAGEMENT STRATEGY 2017/18

The Financial Accounting Manager introduced the report. He said the main changes were around borrowing to lend to the housing company, the enabling of borrowing in advance of need and the protection of the levels of non-specified investments.

In response to a question, the Panel heard that auditors had advised that the Strategy should enable borrowing in advance, with some caveats. Whether this would be desirable in practice was another matter and would be based on assessments about what was going to happen in future with interest rates and whether any expected savings from borrowing early would outweigh the 'cost of carry'. The Panel supported this change as a precautionary measure.

Councillor Taylor arrived at the end of this item.

39. SCRUTINY BUDGET REVIEW 2017/18

The Head of Financial Services talked through his updated budget report. He highlighted the main adjustments to the consultation budget including:

- Changes to Business Rates tariffs and thresholds.
- Changes to New Homes Bonus income.
- Additional savings resulting from fundamental service reviews of Organisational Development & Human Resources and Procurement.
- New or additional allocations for small cycling schemes, Go Ultra Low Taxis, grants to fund 'stay and play' activities, etc.

- Spending £1.3m of the contingency for higher value council housing on building new bungalows in two locations.

The Panel welcomed the additional spending allocations in principle without having sight of the detail of how these allocations would be spent.

In response to a question, the Panel heard that some new build projects including the bungalows would not be done by the housing company. This was due to the volume of activity going through the company and the viability of its draft business plan. The Council was making three separate loans to the company that would be compliant with state-aid regulations. The establishment of the company meant that the council could borrow to develop sites while avoiding the debt cap. Any profits made by the company could be released as dividends (to the council) or reinvested in the company.

The Panel noted some concern that the fourth year of the budget is balanced using an £800k transfer from the General Fund working balance (which was being built up in years one and two), and questioned whether this meant that a budget gap would be built in to year 5 (outside of the plan period). The Head of Financial Services said that the budget was balanced over 4 years and that the working balance would not drop below the prudent level of £3.5m.

The Panel noted disappointment in the low response rate to the budget consultation (both generally and specific to council tenants) and the fact that the council had not advertised in the Oxford Mail as had previously been indicated.

The Panel agreed that the above points should be reflected in their budget report.

The Panel also asked to have sight of the consultation comments and a breakdown of capital receipts factored into the funding of the capital programme.

40. WORK PLAN

Noted.

41. FUTURE MEETING DATES

Noted.

The meeting started at 5.30 pm and ended at 7.00 pm