

FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE)

Wednesday 29 March 2017

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

OFFICERS PRESENT: Andrew Brown (Scrutiny Officer), Nigel Kennedy (Head of Financial Services), Anna Winship (Management Accountancy Manager) and Jan Heath (Business Improvement & Performance Manager)

42. APOLOGIES

The Panel was advised that Nigel Kennedy (Head of Financial Services) would be late and agreed a proposal to switch the order of items 3 and 4.

43. DECLARATIONS OF INTEREST

No declarations.

44. THE IMPLICATIONS OF BREXIT

The Head of Financial Services introduced the report. He highlighted the low interest rates and said that property fund values were recovering after a dip that followed the referendum vote but that values remained significantly above purchase values. However, these were long term investments and capital appreciation values would only be realised when the Council sold up. The Head of Financial Services said that Brexit had significant risks to the local economy. For example, if BMW decided to move production from Cowley to continental Europe there would be serious impacts on jobs (including in the supply chain) and on the Council's Business Rates income.

The Panel noted that there were 3,999 business premises in Oxford with a total rateable value of £255m. 24% of this value was attributable to only 22 properties, the second highest rateable value being for the BMW plant.

The Panel questioned whether there was a mechanism for business to raise specific warnings at an early stage during the Brexit process, given that the Council could potentially offer certain Business Rate Reliefs or make representations to Government on behalf of smaller businesses in particular that don't necessarily have a voice at a national level. The Head of Financial Services said that to date Business Rates collection had remained buoyant but that could change in future. It may also be useful to monitor bankruptcies. The Panel also suggested that it may be useful to monitor the impacts of Brexit on the higher education and language school sectors.

The Panel agreed to continue to monitor the impacts of Brexit at regular intervals and to make the following recommendation to the City Executive Board:

Recommendation - That the Council, perhaps through the LEP, considers whether there is a need for a mechanism for local businesses to express concerns at an early stage about the expected impacts of Brexit on their businesses and jobs in the local economy.

45. FUNDAMENTAL SERVICE REVIEWS

The Business Development and Support Manager said that the Fundamental Service Reviews (FSRs) was a 4 year rolling programme which involved looking at how services were being delivered and what best practice looked like, with the aim of identifying savings. The scheduling of FSRs had been led by Executive Directors and Heads of Service. An internal board had been formed which had met three times during each FSR. Most FSRs included in the first round were now complete although a final meeting for Building Services would be held at the end of the week. £645k of cumulative savings over four years had been identified and built into the Council's medium term financial plan (MTFP).

In response to a question the Panel heard that no savings targets had been set and that the budget balanced without and additional savings being identified and achieved. Further savings would be reported during the budget setting process.

The Panel commented that the savings were impressive and asked why this process had not been done before. The Business Development and Support Manager said that the Council had gone through a similar process a few years ago. The FSRs were about making sure the Council delivered services efficiently in a way that was fit for purpose and provided best value. This involved exploiting the benefits of new technology, looking at other Councils for good practices and striving to be radical and innovative.

The Panel questioned whether the very high cost of housing was having a detrimental impact on recruitment and making it harder for the Council to achieve its objectives. The Panel heard that the difficulties around recruitment were a common theme. The Council was relying on temporary and fixed term staff to an increased extent and was turning to other incentives to attract good employees in to the city.

The Panel noted that the FSRs were taking place within given political and policy constraints and questioned the extent to which officers were challenging politicians. The Business Development and Support Manager explained that this was happening, notably in terms of waste collection and leisure concessions.

The Panel considered the FSR for each service in turn.

OD & HR - The Panel made a general comment that the FSR outcomes did not include much by way of collaboration with other local authorities. The Panel heard that some shared services options had been considered as well as options for selling services, buying services, outsourcing and company models. While there were some positive examples of collaboration, the detail had not always been convincing. For example, it had been considered the best option for OD&HR to continue to be delivered in house. That said the Council was collaborating with Kent County Council on the provision of HR advice to schools. The Panel encouraged further exploration of these sorts of opportunities.

Building Services - The Panel questioned why the HRA workload was reducing and heard that this was partly due to the impacts of rent reductions and the forced sale of higher value Council homes, and partly due to internal agreements about performance and productivity improvements.

The Panel questioned whether more could be done to ensure that tenants would be home when officers visited to carry out repairs. The Business Development and Support Manager said that a new online bookings service for repairs automatically sent reminders and was having a positive impact.

The Panel questioned how a 15% reduction in the cost of responsive repairs was being achieved and heard that this was the result of incremental improvements such as process changes and the roll out of handheld devices, which were improving productivity.

The Panel also questioned whether people were asked if they wanted their kitchens and bathrooms to be replaced at the given intervals and The Business Development and Support Manager said that she would take this suggestion away.

The Panel also sought reassurances that there is an appropriate balance between internal and external work.

Waste Collection – The Panel noted that reducing the frequency of collections was considered to yield little benefit and considered whether there may be a case for officering a different frequency of collections in different parts of the city, noting that this would have significant implications for residents. The Panel also commented that there may be a case for charging houses in multiple occupations (HMOs) for waste collections.

The Panel noted that aggregate demand was increasing despite increases in recycling in the city. The Head of Financial Services highlighted a proposal to expand the Cowley Marsh depot and said that budgetary provision had been made for a feasibility study.

Procurement & Payments - The Business Development and Support Manager said that the FSR had involved looking across the Council for more efficient procurement processes. The negative saving given in year 4 (£23k) was due to a contractual change.

Housing Needs and Community Housing – The Head of Financial Services explained how retained Right to Buy receipts were being used. The Panel suggested that the Housing Panel should also look at this.

Legal Services – The Panel questioned whether the Council had taken out any legal insurance to protect against higher than expected legal costs. The Management Accountancy Manager explained that the Council had public liability insurance which covered some legal costs beyond an excess.

The Panel asked about the Legal Hub and heard that it is an arrangement between the local authorities in Oxfordshire that provides £20-30k of income per year for the Council

The Panel noted that some smaller services are not going through an FSR and suggested that opportunities to raise revenues in these areas should be kept under review.

46. WORK PLAN

The Panel agreed to propose two items for inclusion in the emerging scrutiny work plan for 2017/18:

1. How the Council can monitor social value.
2. The issue of people in the city experiencing financial difficulties.

47. NOTES OF PREVIOUS MEETING

Agreed.

48. FUTURE MEETING DATES

The Panel agreed that, assuming the Finance Panel is reconstituted in 2017/18, a meeting should be held in June to elect a Chair, review outturn at year end and revisit the impacts of Brexit.

The meeting started at 5.30 pm and ended at 6.30 pm