

# Agenda

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## Finance Panel (Panel of the Scrutiny Committee)

Date: **Wednesday 29 March 2017**

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Time: **5.30 pm**

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Place: **Plowman Room - Town Hall**

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For any further information please contact:

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# Finance Panel (Panel of the Scrutiny Committee)

## Membership

<b>Chair</b>	Councillor Craig Simmons
	Councillor James Fry
	Councillor Jean Fooks
	Councillor Sian Taylor

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# AGENDA

## Pages

### 1 APOLOGIES

Substitutes are not allowed.

### 2 DECLARATIONS OF INTEREST

### 3 THE IMPLICATIONS OF BREXIT

Invited:

Nigel Kennedy, Head of Financial Services

The Panel considered the implications of Brexit for the Council's finances in September 2016 and asked to monitor the impacts over time.

This updated report enables the Panel to monitor the impacts of Brexit on the Council as of March 2017 (Article 50 is expected to be triggered on 29 March).

7 - 20

### 4 FUNDAMENTAL SERVICE REVIEWS

Invited:

Nigel Kennedy, Head of Financial Services

Jan Heath, Business Development and Support Manager

The Council is undertaking a 4 year rolling programme of reviewing how all services are delivered in order to identify best practices and financial savings. The Panel asked to consider the outcomes of the first round of reviews.

21 - 44

### 5 WORK PLAN

There are no further Panel meetings scheduled within the 2016/17 Council year.

The Panel is asked to suggest topics for inclusion in the 2017/18 Scrutiny work plan. The Chair has proposed starting a new work stream around integrated financial, social and environmental accounting.

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**6      NOTES OF PREVIOUS MEETING**

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The Panel is asked to note the record of the meeting held on 2 February 2017.

**7      FUTURE MEETING DATES**

Finance Panel dates for 2017/18 are not yet confirmed. Scrutiny Standing Panel meeting dates have been provisionally scheduled for:

7 June 2017

6 July 2017

11 September 2017

12 October 2017

13 November 2017

7 December 2017

## **DECLARING INTERESTS**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your\* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licences for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

\*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those of the member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

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## THE IMPLICATIONS OF BREXIT

**Date :** 20-03-2017  
**From :** Head Of Financial Services  
**To :** Finance Scrutiny Panel

### Background

The Head of Financial Services provided an initial paper to the Finance Scrutiny Panel in August 2016 shortly after the vote for Brexit on 23<sup>rd</sup> June 2016. Recently Theresa May announced that Article 50 would be triggered on 29<sup>th</sup> March 2017 and with it the commencement of Britain's exit from the EU. This paper provides an update on the issues affecting the economy generally and Oxford City Council in-particular, since that original paper.

### Executive Summary

Before the referendum last June, many economists produced gloomy forecasts of what would happen which have since been proved wrong. Consumer confidence does not appear to have suffered and things have gone on as before. Some say the only real change will happen once the UK has left the EU. The UK economy grew more than previously reported in the final three months of 2016 according to the latest official estimates.

The Brexit event in June 2016 caused some initial unrest in the financial markets. Investment interest rates with banks and building societies decreased and have remained low and with no recovery in base rates forecast until Spring 2019 suppressed investment returns are likely to prevail for some time to come.

The Council's property investments were initially devalued downwards, but whilst the Council £7million with Lothbury has recovered to its pre Brexit value that of CCLA is yet to fully recover. Void rates however for both funds are low and the Council still enjoys between 4.5% and 5% returns.

On the plus side borrowing rates are at an all-time low which bodes well for further borrowing which the Council are forecast to do in the future especially in respect of its Housing Company.

The Councils main income streams seem to be holding up and if past history is deemed representative then there should be limited effect in Oxford.

Overall there is a sense that Oxford City can in the short term weather any subsequent adverse Brexit impact.

However, if the Brexit situation results in a national recession then we will not necessarily be able to continue to be immune from such an event and the impact of national chains going insolvent and closing stores. This would in turn potentially affect our property funds, direct property investments, our income streams and business rates. The latest news from BMW is also concerning and should this come to fruition there will inevitably be a significant impact on the city of Oxford across all sectors, the impact of which will be long lasting.

## 1) Investments and Borrowing

### Credit Rating of UK

- The UK's Sovereign credit rating continues to stand at AA with negative outlook with both Standard & Poors and Fitch. This reflects their view of the economic uncertainty following the Brexit vote and the expectation of slower UK economic growth over the medium term.
- Moodys which use a slightly different rating system have placed the UK's rating on stable outlook, but warns of weaker growth than it would otherwise have been without the Brexit vote.
- The UK continues to be deemed less credit worthy than the US.
- Yields on 10-year Government bonds have recovered from their historic low levels in June as markets have stabilised since the Brexit vote.
- The shareholders of the European Investment Bank (EIB) are the 28 Member States of the European Union and the UK has a 16.11% shareholding in the EIB. At present the UK shareholding in the EIB remains and the EIB's engagement in the UK is unchanged, however it is likely that the EIB's engagement in the UK will form part of the broader discussions to define the future relationship of the UK with Europe and European bodies.

## 2) Interest rates

The Bank of England's Monetary Policy Committee cut bank base rates by 0.25% to 0.25% in August 2016. Base rate looks set to remain low for the foreseeable future.

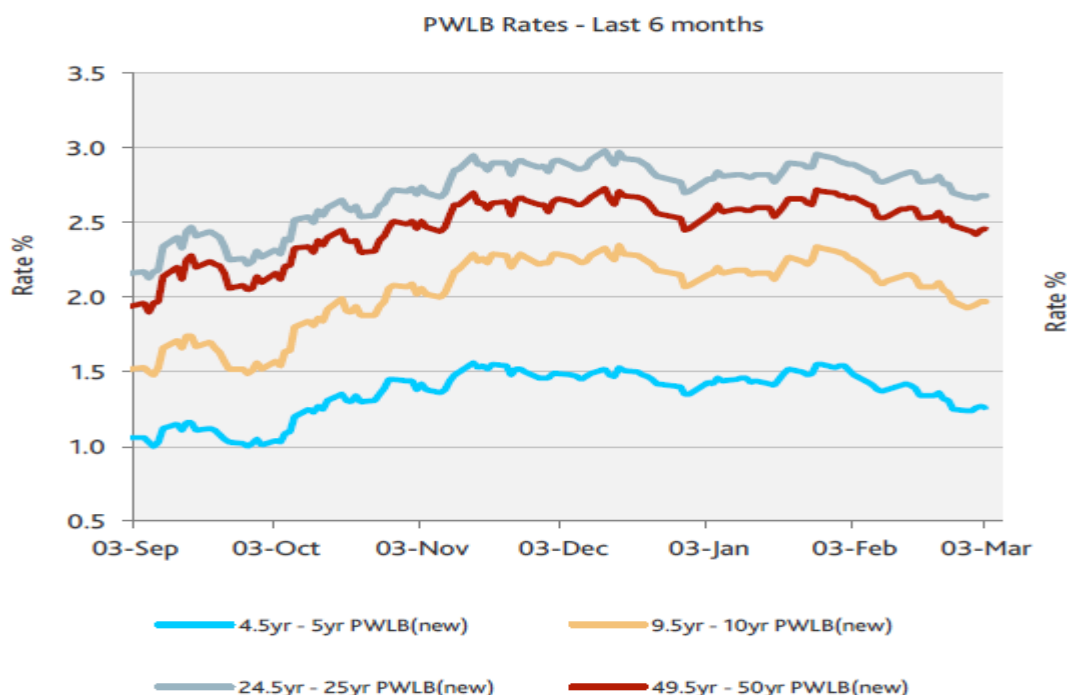
The Bank of England continued with their Quantitative Easing programme buying corporate bonds, in order to support the British economy. In addition the Term Funding Scheme which gives cheap funds to banks has continued. Both of these measures mean that banks are not short of cheap funds, which means they don't need to offer very competitive investment rates.

Capita; the Council's Treasury advisors have revised their interest rate forecasts and expect base rate to remain at 0.25% throughout 2017 and 2018 before rising 0.50% in spring 2019. This is shown in the table below.

Economic Forecasts – Capita Asset Services 28th February 2017

	End Q1 2017	End Q2 2017	End Q3 2017	End Q4 2017	End Q1 2018	End Q2 2018	End Q3 2018	End Q4 2018	End Q1 2019	End Q2 2019	End Q3 2019	End Q4 2019	End Q1 2020
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

PWLB borrowing rates increased slightly during the autumn/winter as some the concerns over Brexit have decreased but rates are still down to historically low levels. See chart below.



### 3) City Council Investments

As at the 28<sup>th</sup> February 2017 the Council held £84.7 million of Investments in the following institutions:

	Maturity Period			
	0-3 months	3-6 months	6-12months	>12 months
	£millions	£millions	£millions	£millions
Banks	8.5	12.5	7.0	
Building Societies	13.0	5.5		
MMF's	17.7			
Enhanced Cash Plus		8.0		
Local Authorities		2.5		
Property Funds				10.0
<b>Total</b>	<b>39.2</b>	<b>28.5</b>	<b>7.0</b>	<b>10.0</b>

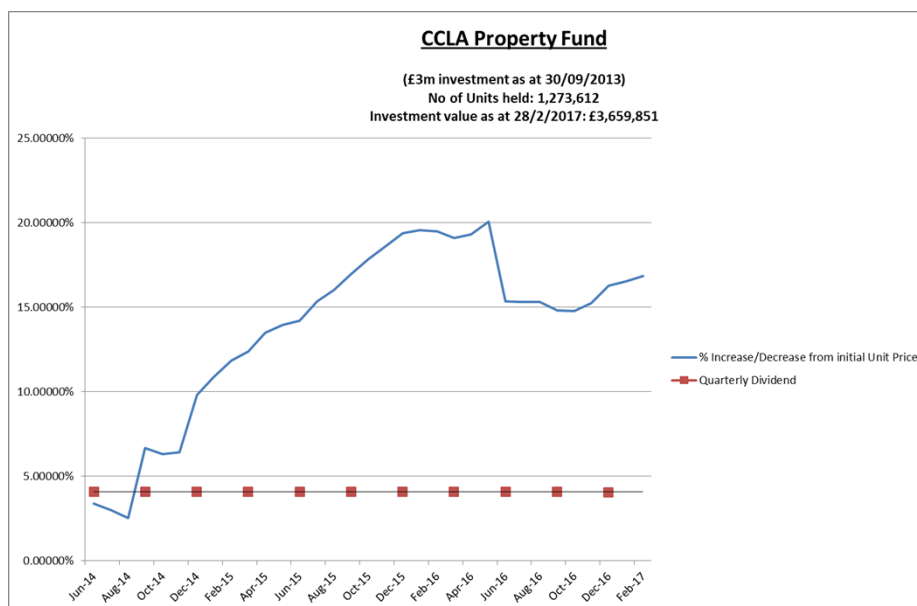
- Average investment returns in January 2017 was 0.55% for banks and building societies excluding property funds and 0.93% including property funds. This has slipped from August's report when the equivalent rates were 0.68% and 1.11% respectively. This highlights the difficulty in achieving competitive investment rates at this time. We are currently getting quotes in the range of 0.16% to 0.65% for new 6 months deals as opposed to the 0.62% to 0.80% achieved prior to August.
- Investment duration limits have remained constant at 6 months. As mentioned above banks are not short of cheap available funds and seen as relatively stable institutions.
- Within the medium term financial plan an amount of £746k has been included for investment interest based on an average interest rate of 0.7%

excluding property and 1.3% including property funds. With the base rate decrease and the potential for a further decrease it is likely that this financial pressure will increase.

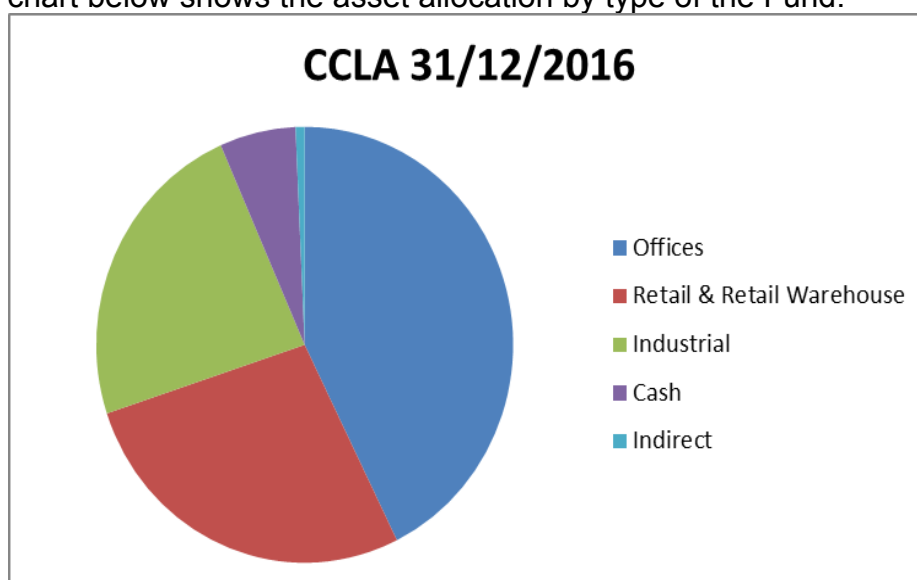
#### 4) Property Funds

The Council has invested in three property funds. The primary reason for the Council investing in the CCLA and Lothbury property funds was to achieve a revenue return. Following the Brexit vote, the capital value of these funds fell, as concerns over slower economic growth and in turn demand for commercial/office property grew. As those concerns eased both funds have recovered their value and in the case of Lothbury nearly back to their pre Brexit levels. Both funds are still significantly above their purchase value. Investments in property funds are long term and it is expected that there will be fluctuations of the capital value over the period that the property fund investments are held. More detail on the property funds the Council holds are as follows:

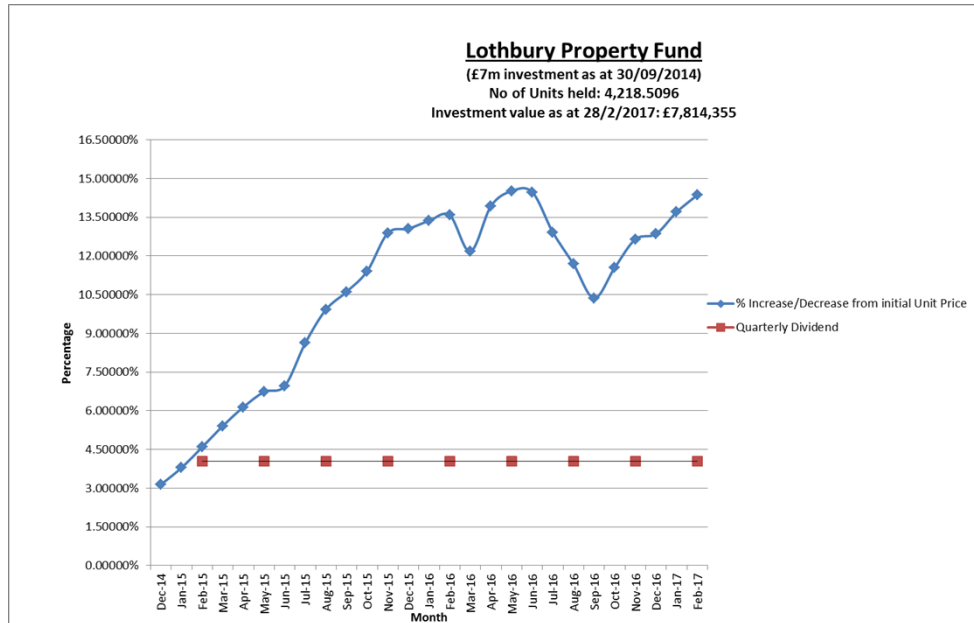
- **CCLA** – £3 million investment in the Local Authorities Property Fund held in two tranches. The total capital value as at the end of February 2017 was £3,659,851.
- The Council has enjoyed growth since joining the Fund, however the Brexit result did have a considerable effect on the Fund as shown on the chart below. The fund effectively fell back to July 2015 net asset values. The fund has since recovered some value and the fund managers are confident the Fund will continue to improve via careful asset selection, tenant management and property improvement. The CCLA fund managers took the decision to down value the fund by 3% from £636 million to £617 million as a result of uncertainty in the market due to the Brexit vote. Other property funds in the market have devalued further. As at the 31 December 2016 fund size has grown to £664 million.
- The Fund managers believe the portfolio of properties remain attractive with strong and robust long-term tenants, low void rates of 4.8%, no gearing and relatively low exposure to City of London and Central London properties.
- The Fund still allows redemptions.



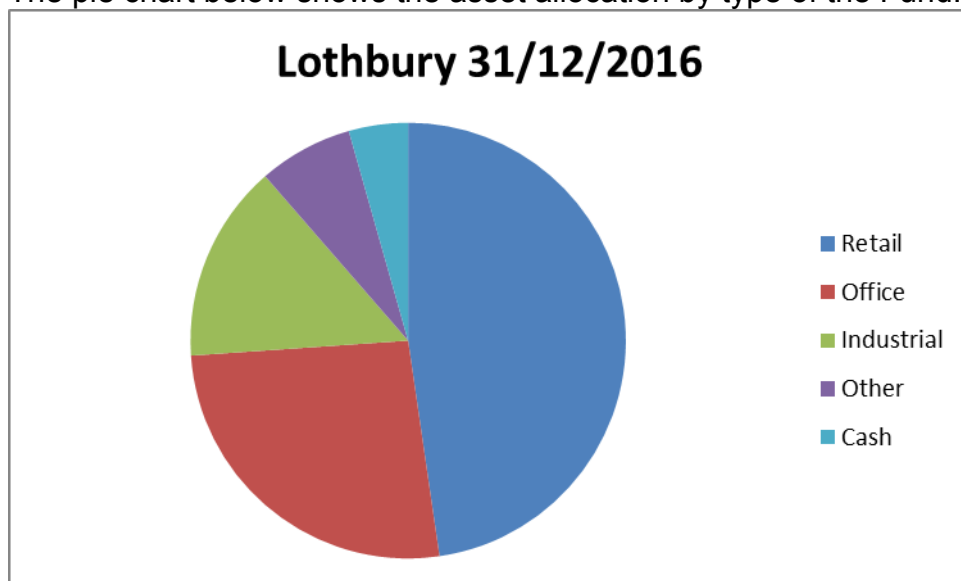
The pie chart below shows the asset allocation by type of the Fund.



- **Lothbury** – £7 million is currently invested in the Lothbury Property Fund held in two tranches. The capital value as at the end of February 2017 was £7,814,355.
- The Council has enjoyed growth since joining the Fund, however the Brexit result did have a considerable effect on the Fund as shown on the chart below. The fund effectively fell back to September 2015 net asset values. However the Fund has recovered strongly and is very close to its pre Brexit levels. The Fund managers believe the Fund comprises investments in prime properties that are high quality, well located and secured with excellent tenants. As at 31 December 2016 fund size was £1.54 billion
- The Fund still allows redemptions.



The pie chart below shows the asset allocation by type of the Fund.



- **Real Assets Lettings** – The Council has recently invested an amount of £5million with match funding from the Big Society to purchase houses for homeless families. Although essentially this is a service requirement the Council does expect to make around 3% rate of return commencing next financial year plus a share in the uplift in the value of the 50 properties purchased

## 5) Borrowing

Within the Council's Medium Term Financial Plan provision has been made for the following prudential borrowing:

	<b>HRA</b>	<b>General Fund</b>	<b>Housing Company</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
2017/18	-	14,420	3,000	17,420
2018/19	-	5,039	29,000	34,039
2019/20	-	708	17,000	17,708
2020/21		705	12,000	12,705
Total	-	21,872	61,000	81,872

The Council currently has around £20 million of internal borrowing and reserves and balances of around £60 million which potentially provide additional headroom dependant on the Council's expenditure profile. However, as highlighted earlier; borrowing rates are at historically low levels so officers are monitoring the situation carefully.

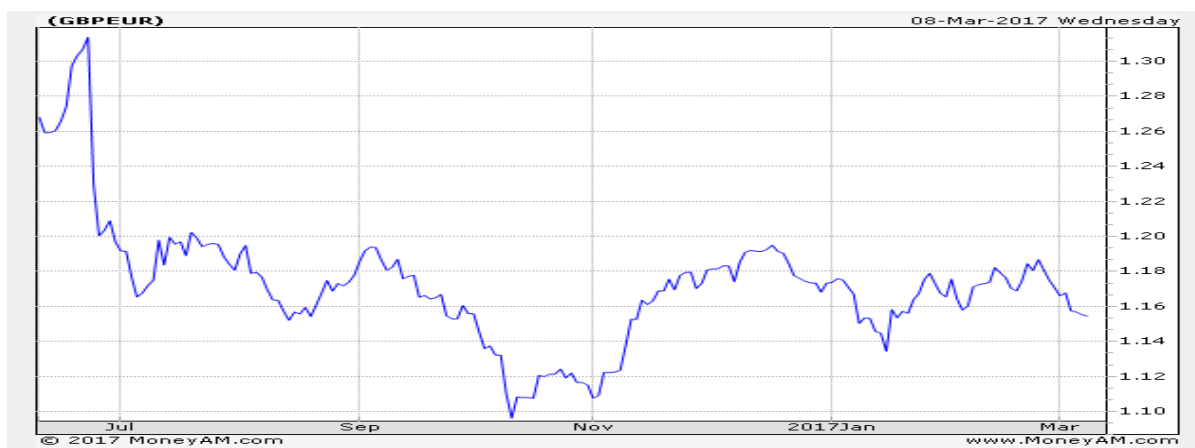
## 6) Britain's Contribution to the EU

From 2010 to 2015, the UK's average annual gross contribution to the EU amounted to around £16.8 billion. However the UK also receives a rebate and funding from various EU initiatives. This means that the UK's average annual net contribution to the EU budget over these same years is estimated to be around £8.8 billion, or around 0.5% of GDP.

Although in the near term budgetary contributions to the EU must still be made, and funding flows into the UK will continue, the longer term position is uncertain and is dependent on the exit negotiations between the UK and the EU. In addition it remains to be seen whether the new UK Government will redirect the money it may save from leaving the EU to similar areas as those benefiting from European funding, including local government. Should savings not materialise, indeed recent reports would seem to indicate a payment to exit the EU, then this could impact on the amount of funding available which no doubt the Government would seek to claw back from local government perhaps by changes to the New Homes Bonus allocations or Business Rates income.

## 7) Pound versus Euro

The pound has fallen consistently against the euro since the Brexit vote to a low of 1.10 euros in October 2016 to 1.15 euros on the 9 March 2017. This compares to a 52 week high of 1.44 euros and a level of 1.3 euros before the Brexit vote. Whilst the fall in the pound has helped exporters it has made foreign holidays more expensive for British tourists.



## 8) EU Funding

- The City Council has actively pursued European Funding for relevant projects in recent years. Additionally, the Local Enterprise Partnership (LEP) has secured funding from the European Structural Investment Funds (ESIF) (c£20million). The proposals can be most easily understood as being organised around two headline programmes:

£14.77m (+ match) Business Support Programme

£4.73million Labour Market and Community Development Programme

- In December 2016 the city council were awarded a contract by the Big Lottery Fund to manage a programme of employment support and training for unemployed young people in Oxfordshire. "Unlocking Potential for Oxfordshire" is a new project that will receive up to £734,000 over the next three years as part of the Building Better Opportunities (BBO) programme, jointly funded by the Big Lottery Fund and the European Social Fund (ESF).

- OxLEP's Community Grants Programme**

In May 2016, the Council were awarded a contract by the Skills Funding Agency to deliver the Oxfordshire LEP's Community Grants Programme. The aim of the project is to make small grants to charities and other organisations that help disadvantaged and unemployed people into work or training. The ESF Community Grants programme is running from October 2016 until June 2018. Individual charities and support organisations can apply for grants of between £5,000 and £50,000 at a time. Grant funding of £390,000 is available over the lifetime of the project, with £37,000 available for the administration of the project.

- Oxfutures Programme** run by the Low Carbon Hub on behalf of the City Council and County Council - The partnership received £1.2 million of EU grant on the basis that it leveraged 15 times this amount in schemes with local businesses. The target, is 23 million euros or £19.658 million, an increase £1.8 million since the BREXIT decision on 23<sup>rd</sup> June and the fall in the exchange rate. In the event that the target is not achieved a proportion of grant is repayable to the EU, this may be around £170k in a worst case scenario and a decision from the EU is awaited.

Going forward access to EU funds may not be possible.

## 9) EU Obligations

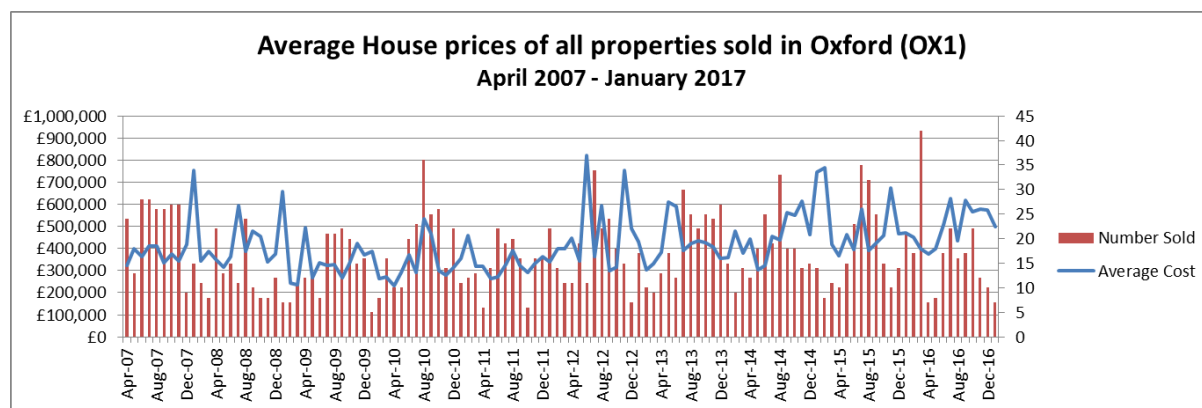
There are a range of EU obligations affecting local authorities. Procurement, local economic development, waste and employment are all determined by EU regulations. It is probable that some of these regulations will remain enshrined within UK law, others may be repealed or overturned in the fullness of time.

## 10) State Aid Rules

Potentially some EU state aid rules would be relaxed, which could mean it is easier in some circumstances to support companies with public funding when warranted, although we would still have to comply with restrictions that may be imposed as part of a negotiated European Free Trade Agreement. The Council has applied state aid rules in the calculation of interest charged on loans made to the recently established Housing Company and similar calculations will be applied to loans to the Councils Local Authority Trading Company

## 11) House Prices

Many economists believe that house prices could go down because of a potential fall in inward investment. It is fair to say however that even with the recent financial markets fluctuations the average cost of dwellings in Oxford has been upwards.



UK house prices accelerated in February 2017 rising by 4.5% in a year according to Nationwide. The outlook for the market however is uncertain with the Nationwide predicting a 2% rise in UK house prices over the course of 2017.

## 12) Petrol prices

Since June 2016 the cost of a litre of diesel has risen 9.4% from 111.8 p to 122.3p. The Council uses around £800k of fuel per annum, so this represents a £75k increase.

## 13) Employment

The unemployment rate has been falling steadily over the last five years, as the UK recovered from the global financial crisis, which saw up to two million jobs lost, according to one report. Wages have been growing faster than inflation in recent months, though the gap is narrowing, leading to warnings of squeezed incomes. In the three months to January 2017, regular pay increased by 2.3%,

compared with the same period a year earlier. That was sharply lower than the 2.6% seen in the three months to December.

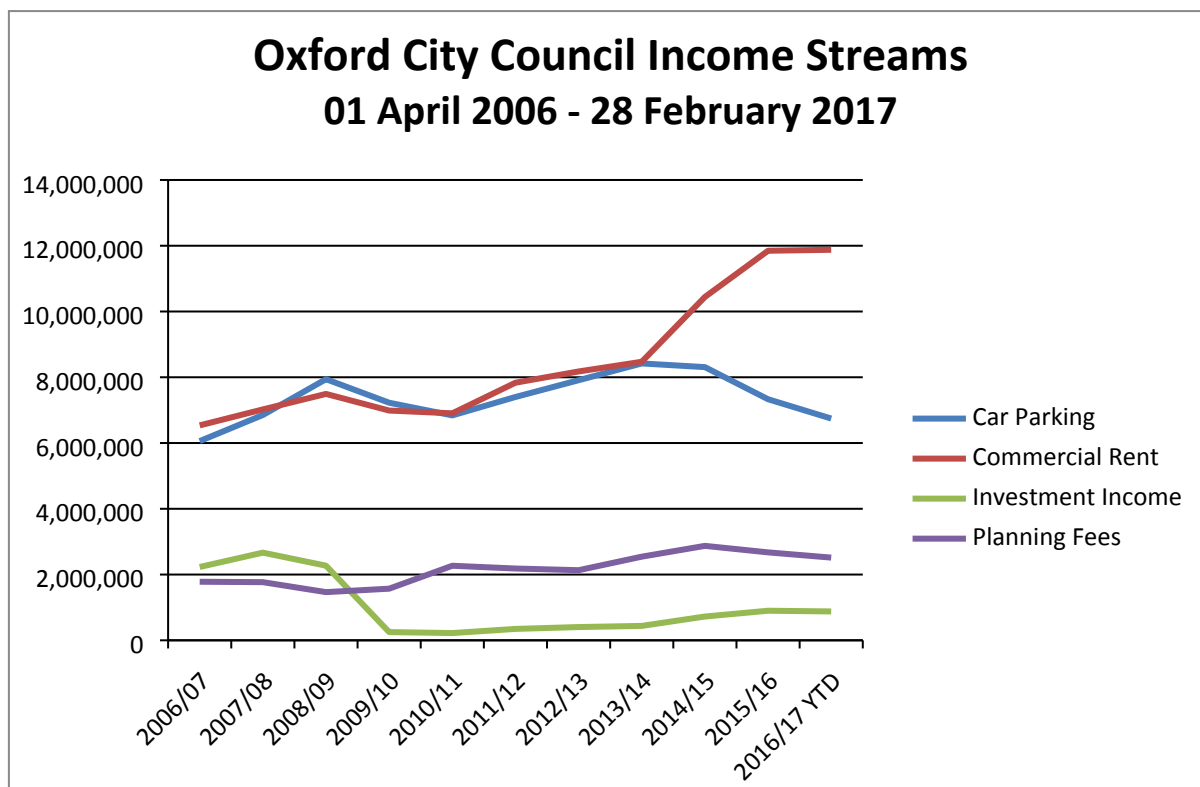
Meanwhile, inflation currently stands at 2.3%, up from 0.5% a month ago. If the incomes squeeze translates into falling consumer confidence, then the main driver of the better-than-expected economic news since the referendum could turn more negative.

In recent announcements, the TUC advised that nearly 150,000 adult social care and NHS jobs may be at risk if EU workers are no longer to stay in the UK after Brexit. In Oxford City Council we currently have a maximum of 146 employees who may be EU nationals (89 undeclared and 57 specified on ITRENT). The cost of applying for a UK Registration Certificate or Permanent Residence Card is £65 and in order to mitigate additional recruitment costs the Council has agreed to fund this cost at a total potential cost of £9,490.

#### **14) The Council's Key Income Streams**

For an indication of what the effect of BREXIT may have on the Council's own income streams it is worth looking at what happened in the last recession and the effect on some of the Council's main income streams, i.e. car parking, planning fees, investment income, commercial property income and Business Rates. It will be appreciated that past history may not be reflective of the future.

Following 6 successive quarters of negative growth the UK finally moved out of recession in the final quarter of 2009. The graph below shows the Council's main income streams between 2006/07 and 2016/17 which shows the trend before, during and after the recession.



The main observations include:

- The figures for 2016-17 are for 11 months ending 28<sup>th</sup> February 2017
- Investment income dropped significantly as base rates were cut to 0.5% and will drop further following the cut to 0.25%
- Some dip in car parking income in 2010/11 but equally this could be explained by the transfer of 2 park and ride sites to the County Council. Car parking income in 2016-17 at year end will be in line with 2015-16 levels.
- Planning fees show some plateauing in 2008/2009 but with steady growth thereafter
- Commercial rents have continued to climb over the period, more significantly in 2014/15 which arises due to the switch of car parking income from the Westgate in favour of a fixed rental from the Westgate Development Partnership.

#### 15) Focus on Investment Property

The Council has a commercial portfolio that currently is estimated to deliver a rental stream of around £10m in 2016/17.

#### Analysis of Commercial Property Rental Income By Type of Holding

<b>Property Category</b>	<b>Annual Rent</b>	<b>% Income</b>
Agricultural	£ 14,350	0.1%
Café/ Snack bar	£ 232,550	2.0%
Easement	£ 10,276	0.1%
Hotel/Guest House	£ 168,500	1.5%
Licence	£ 333,178	2.9%
Mooring	£ 47,643	0.4%
Residential	£ 1,148,843	10.0%
Restaurant	£ 1,496,079	13.0%
Retail	£ 5,636,660	48.8%
Offices	£ 1,806,336	15.6%
Light Industrial	£ 226,296	2.0%
Community Facility	£ 101,390	0.9%
Museum/Theatre	£ 320,000	2.8%
<b>Total Budget</b>	<b>£ 11,542,100</b>	

Retail Category includes Covered Market and all income expected from Westgate Development

There has been no marked change in income since the Brexit decision.

## 16) Business Rates

The business rates net collectable debit in Oxford City is shown as follows

<b>Business Rates Net Collectable Debit</b>	
	<b>£000s</b>
2013/14	85,581
2014/15	86,669
2015/16	88,488
2016/17	89,497

The table above shows our Business Rates income has remained resilient despite all the development going on in the City Centre. From October 2017 we can expect to see growth through the new Westgate development. In the latest 2017 draft valuation list (that becomes live on April 1<sup>st</sup>) we have 22 properties with rateable values of over £1 million totalling £61 million (24% of total rateable value) out of a total of 3,999 properties with a total rateable value of £255 million.

Our second highest assessment is the BMW Motor Vehicle Works in Garsington Road (RV £8.6m). In recent announcements BMW have are said to be looking at plants in Germany as alternatives to Oxford for the production of the new electric Mini amid concerns relating to the possible impact of a hard Brexit. Production of this vehicle is due to commence in 2019 and a decision will be made in the second half

of this year. If production is moved away from Oxford the rating assessment could be drastically reduced with the authority dropping to safety net in respect of Business Rates Retention, a loss of around £450k per annum. The knock on effect to the Oxford economy could be significantly worse than this.

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

**Date: 29<sup>th</sup> March 2017**

**Report of: Head of Financial Services**

**Title of Report: Fundamental Service Review Programme 2016/17**

## **Summary**

**Purpose of report:** To update the Finance Panel on the Fundamental Service Review (FSR) Programme 2016/17.

**Key decision No**

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

**Report author:** Nigel Kennedy, Head of Financial Services

## **Introduction**

1. The Finance Panel requested a briefing from the Head of Financial Services on the outcomes from the first year of the four-year Fundamental Service Review (FSR) programme that commenced in 2016/17 (Appendix A).
2. The first year programme of Fundamental Service Reviews included reviews of:
  3. Policy & Partnerships
  4. HR & OD
  5. Leisure Management
  6. Building Services
  7. Waste & Recycling
  8. Procurement & Payments
  9. Community Housing & Housing Needs
  10. Legal Services

## **FSR Approach**

11. An FSR Board was established to provide scrutiny and challenge at each stage of the review process and encourage innovative thinking.
12. Each review commenced with an analysis of base data including budget, performance, customer satisfaction and benchmarking data captured within a standard template as well as the application of standard analysis tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats).
13. The data captured within the templates was presented to the FSR Board by the lead Service Head and used to inform initial discussions of the FSR Board and drive innovative thinking on areas of greatest opportunity for improvement, efficiencies and potential service development over the next four year period including options for alternative service delivery models.
14. Once the areas of focus had been agreed by the FSR Board, multi-disciplinary project teams convened to undertake further research and progress the identified opportunities and make recommendations back to the FSR Board on those ideas that were likely to bring about the greatest benefits to future service delivery.
15. For those recommendations that were approved by the FSR Board, progress was monitored and a final stage meeting held to assess progress against the expected outcomes.
16. The outcomes of the FSR programme form part of the Councils annual budget setting process.

## **FSR Outcomes**

17. As expected given the varying nature of the services within year one of the FSR programme, the opportunities identified are equally varied in nature and at varying stages of benefits realisation.
18. A summary of the key outcomes approved by the FSR Board for each review together with the expected impact on budget is shown at Appendix B. As seen at Appendix B, the cumulative positive budget impact arising from the year one FSRs over a four-year period is forecast at £645k.
19. Further detail of individual reviews is shown at Appendices C – H as indicated in the summary table.

## **Next Steps**

20. The FSR Board continues to monitor implementation of recommendations and benefits realisation from the completed service reviews.
21. The second round of the FSR Programme will be initiated during April for initial sessions with the FSR Board to commence in May (Appendix A).

**Name and contact details of author:-**

Name: Jan Heath

Job title: Business Development & Support Manager

Service Area / Department: Business Improvement

Tel: 01865 252324 e-mail: [jheath@oxford.gov.uk](mailto:jheath@oxford.gov.uk)

**List of background papers: None**

**Version number: 6.1**

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## APPENDIX A

### FSR PROGRAMME 2016/17 – 2019/20

Row Labels	Expenditure	Income	Net Budget	No Review	1	2	3	4
	£	£	£					
<b>Assistant Chief Executive</b>	<b>684,602</b>	<b>- 56,000</b>	<b>628,602</b>					
Assistant Chief Exec	118,702		118,702					
Communications	225,930	- 12,000	213,930					
<b>Policy &amp; Partnerships</b>	<b>339,970</b>	<b>- 44,000</b>	<b>295,970</b>					
<b>Business Improvement</b>	<b>8,622,801</b>	<b>- 95,000</b>	<b>8,527,801</b>					
Business Improvement & Performa	1,671,956		1,671,956					
Customer Services	2,308,115		2,308,115					
<b>Human Resources</b>	<b>655,859</b>	<b>- 23,000</b>	<b>632,859</b>					
Executive Support	847,980	- 72,000	775,980					
Technology	3,138,891	-	3,138,891					
<b>Community Services</b>	<b>8,558,647</b>	<b>- 3,603,358</b>	<b>4,955,289</b>					
Community Centres	439,338	- 227,500	211,838					
Community Safety	1,702,141	- 892,500	809,641					
Culture	705,586	- 335,740	369,846					
<b>Leisure Management</b>	<b>878,440</b>	<b>- 328,500</b>	<b>549,940</b>					
Localities Team	1,938,298	-	1,938,298					
Oxford Sport & Physical Activity	866,528	- 866,528	-					
Parks Development	289,454	- 20,000	269,454					
Sports Development	195,635	- 37,090	158,545					
Town Hall & Facilities	1,062,293	- 799,000	263,293					
Youth Ambition	480,934	- 96,500	384,434					
<b>Direct Services</b>	<b>41,738,766</b>	<b>- 14,971,052</b>	<b>26,767,714</b>					
<b>Building - Responsive Operations</b>	<b>7,017,667</b>	<b>- 773,187</b>	<b>6,244,480</b>					
<b>Building Planned Operations</b>	<b>8,122,269</b>	<b>- 280,000</b>	<b>7,842,269</b>					
Caretaking & Miscellaneous	704,523	-	704,523					
Direct Building Services Stores	616,242	-	616,242					
Engineering	3,921,280	- 933,637	2,987,643					
Local Overheads	3,575,549	- 98,340	3,477,209					
Motor Transport	2,439,433	- 868,700	1,570,733					
Off Street Parking	3,120,522	- 6,549,738	3,429,216					
Parks - DS	2,335,919	- 786,450	1,549,469					
Pest Control & Dog Wardens	185,694	- 64,000	121,694					
Street Scenes	4,167,941	- 110,720	4,057,221					
<b>Waste &amp; Recycling Commercial</b>	<b>1,760,095</b>	<b>- 3,093,493</b>	<b>1,333,398</b>					
<b>Waste &amp; Recycling Domestic</b>	<b>3,771,632</b>	<b>- 1,412,787</b>	<b>2,358,845</b>					
<b>Environmental Sustainability</b>	<b>677,142</b>	<b>- 18,000</b>	<b>659,142</b>					
Energy & Natural Resources	248,512		248,512					
Environmental Quality	274,399	- 18,000	256,399					
Smart, Sustainable Cities	154,231	-	154,231					
<b>Financial Services</b>	<b>4,229,420</b>	<b>- 1,469,617</b>	<b>2,759,803</b>					
Accountancy	1,169,569	-	1,169,569					
Corporate Finance	296,300	33,000	329,300					
Incomes	60,343		60,343					
Investigations	163,370	- 18,300	145,070					
<b>Procurement &amp; Payments</b>	<b>466,528</b>	<b>- 133,327</b>	<b>333,201</b>					
Revenues & Benefits	2,073,310	- 1,350,990	722,320					
<b>Housing and Property</b>	<b>9,349,373</b>	<b>- 14,499,341</b>	<b>5,149,968</b>					
Commercial Property	816,636	- 11,665,700	10,849,064					
<b>Community Housing &amp; Strategy</b>	<b>610,983</b>	<b>- 150</b>	<b>610,833</b>					
<b>Housing Needs</b>	<b>4,338,013</b>	<b>- 832,410</b>	<b>3,505,603</b>					
Office Accommodation	556,980		556,980					
Property Services	1,914,361	- 1,971,081	56,720					
Property Support Services	1,112,400	- 30,000	1,082,400					
<b>Law and Governance</b>	<b>1,993,412</b>	<b>- 271,640</b>	<b>1,721,772</b>					
Committees	217,155		217,155					
Election Services	349,836	- 100,440	249,396					
<b>Legal Services</b>	<b>1,048,298</b>	<b>- 171,200</b>	<b>877,098</b>					
Member Services	378,123		378,123					
<b>Organisational Development</b>	<b>987,298</b>	<b>-</b>	<b>987,298</b>					
Organisational Development	987,298		987,298					
<b>Partnerships Team</b>	<b>600,337</b>	<b>- 115,000</b>	<b>485,337</b>					
Partnerships Team	600,337	- 115,000	485,337					
<b>Planning &amp; Regulatory</b>	<b>3,921,519</b>	<b>- 2,513,650</b>	<b>1,407,869</b>					
Development	1,125,600	- 1,457,000	331,400					
Environmental Health	1,057,194	- 730,000	327,194					
Information Services	21,265	- 213,650	192,385					
Spatial Development	1,563,082	- 103,000	1,460,082					
Support Services	154,378	- 10,000	144,378					
<b>Transformation</b>	<b>376,940</b>	<b>-</b>	<b>376,940</b>					
Transformation Projects	376,940		376,940					
<b>Welfare Reform Team</b>	<b>152,098</b>	<b>-</b>	<b>152,098</b>					
Welfare Reform	152,098		152,098					

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## APPENDIX B: SUMMARY OF FSR OUTCOMES 2016/17

Service Area	Summary Outcomes	Budget 2016/17 (£000's)			Budget Impact of FSR £000's			
		Expend- iture	Income	Net	2017/18	2018/19	2019/20	2020/21
Policy & Partnerships	Minor restructure to achieve greater alignment of teams to corporate priorities and increased resilience – no budget implications	340	(44)	296	-	-	-	-
HR & OD	Restructure resulting in loss of three posts but supplemented by additional HR Advisors (SEE APPENDIX C)	655	(23)	632	(80)	-	-	-
Leisure Management	Review focused on Horspath Sport Park and concessions. Improvements to the Sports Park include artificial grass pitches. The review of concessions is still being finalised.	878	(328)	550	-	-	-	-
Building Services	Review set within the wider context of senior management changes, LATCo, new Building Services model and DSO transformation. Initial recommendations identified improvements to void turnaround time, increased turnover, reduction in overheads and introduction of ongoing productivity improvements. (SEE APPENDIX D)	15139	(1053)	14086	(57)	(60)	-	-
Waste & Recycling	Technical consultant WYG engaged to undertake comprehensive VfM review June 2016. Review concluded that the service was high performing and low cost therefore any additional opportunities for operational cost reductions are limited. Potential opportunities include charges for discretionary services. Garden Waste identified for move towards full cost recovery (SEE APPENDIX E)	5531	(4505)	1026	-	-	-	(16)
Procurement & Payments	Procurement: implement restructure to create career-grade posts in place of specialist posts; progress and further support a devolved procurement model to facilitate more focused work programme driving out additional savings over and above original budget submissions linked to specific contracts; redesign	466	(133)	333	(46)	(114)	(95)	23

	processes and improve P2P system as part of Agresso upgrade; revise Contract Management Framework; introduce SLA for internal customers; improved engagement with external suppliers Payments: No changes to staffing structure but process efficiencies to be introduced alongside greater focus on performance improvements (SEE APPENDIX F)								
Community Housing & Strategy	Focus on improving the Council's Housing Benefits subsidy position including smarter commissioning of supported housing accommodation to mitigate loss of subsidy (SEE APPENDIX G)	611	(150)	461		(50)	(50)	100	
Housing Needs	Initiatives identified include: investment in Temporary Accommodation and new joint commissioning strategy for homeless hostels across 7 partner organisations (SEE APPENDIX G)	4338	(832)	3506		(67)	(39)	(86)	(8)
Legal Services	Review concluded that the net cost of legal services is low compared to other authorities (CIPFA) and client satisfaction results are consistently high. Recommendation to retain the current in house service taking opportunities as they arise to rebalance the team and endeavour to keep net cost to a minimum. (SEE APPENDIX H)	1048	(171)	877		-	-	-	-
Cumulative						(300)	(563)	(644)	(645)

## APPENDIX C - FSR SUMMARY: HR&OD 17.11.16

### Introduction

This note outlines the proposed saving of £80k, and briefly describes the options considered as part of the Fundamental Service Review of Human Resources (HR) and Organisational Development (OD). The HR and Organisational Development teams incorporate 21 posts including the Corporate Lead for HR/OD previously occupied by Simon Howick. Alongside the opportunity for financial savings, one of the objectives of this review was to explore how we could better integrate HR and OD to reflect the maturity of the organisation.

### Options considered

#### **1. Outsourcing the HR & Payroll transactional functions**

Soft market testing indicates the likely cost of a contract would be broadly equivalent to the cost of the staff we would lose, and any savings that we would make would come from re-structuring the residual team. In part this is the result of a recent very positive tender exercise for a new HR & Payroll system. The new contract will commence on 1<sup>st</sup> April 2018. The savings arising are already factored into the MTFP as follows:

	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
<b>Saving</b>	0	66	66	52	52

Additionally, the outsourcing costs were only indicative, and any variations would be chargeable and the possibility of financial penalties from early termination of the recent contract entered into for the HR & Payroll system rendered this option non-viable.

#### **2. Service headed by Corporate Lead**

We examined the potential of creating a single corporate lead combining HR & OD. As this would make the structure managerially heavy, to make this feasible we would need to reduce some resources at a lower level and so this option was discounted.

#### **3. HR & OD Services reporting directly to Service Head – proposed option**

As the leadership and management development programme is now largely complete, the vision is to embed development of managers as part of business as usual, using the HR Business Partners and Advisors. The Organisational Development Team would be responsible for shaping and overseeing the development of the organisation creating the online tools and resources for our managers to use in developing their staff. Instead of increasing the management overhead, the Managers for HR and Organisational Development will report directly to the Head of Business Improvement. Although this increases the number of direct reports to the Head of Business Improvement by one, the Executive Director ODCS could have managerial oversight of defined projects.

The proposal loses 3 posts, although is supplemented by additional HR Advisors to enhance the delivery of our OD offering in service areas and a resource to support recruitment in specialist areas to ensure we are attracting and appointing the best possible candidates. The net savings are circa £80k.

The Corporate Health and Safety Advisor will remain in the HR & OD service with a “dotted line” to the two other Health & Safety roles: Construction and Property; Depot Facilities Manager in Direct Services.

The tender of FMS and HR& Payroll systems has generated some capital budget savings. These savings could be used to get the iTrent system developed to maximum potential. There is £60k capital earmarked for this purpose.

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## **APPENDIX D - FSR SUMMARY: BUILDING SERVICES 21.03.17**

### **Productivity**

#### **Background**

1. This paper follows the final FSR meeting with CMT on 14/11/2016. Further work was commissioned at that meeting as follows:
  - Clarity about the pace of improvements and the destination – how we get from ‘base camp to summit’
  - Identify 5 or 6 larger projects which we think will improve productivity and set targets for these.
  - Include a look at staffing structures & management overheads in the proposals.

#### **Base camp to summit**

2. Building Services believe the ‘summit’ is a highly efficient service delivering high quality work with high levels of productivity, great customer service and one which makes a surplus to reinvest in Council services.
3. With the planned move to a Local Authority Trading Company, Oxford Direct Services performance will be measured across a broader range of higher level targets (e.g. a balanced scorecard).
4. The company will continue the work in house to drive efficiency improvements, further reduce costs and grow the business, so that surpluses can be maximised.
5. This report outlines further details of the service improvement work done, in progress and being planned for 2017 during the arms-length transition.

#### **Wider service context**

6. The wider service context is informing the work and a number of things have happened which connect with this project and are significant in their nature, as follows:

**Senior Management Team Changes** – Shaun Hatton has been appointed as the Chief Operations Manager. His role is to oversee all operational services including Building. In early 2017 we recruited a new Chief Commercial Manager who should be very influential in service growth & efficiency. In May 2017 we will begin the appointment process for a new Head of Service.

**Local Authority Trading Company** – CEB agreed we will move Direct Services functions to an arms-length operation including Building Services with a new arrangement fully in place by 01/11/2017

**Future work programme** – 2017/18 and beyond presents a great income opportunity and a significant challenge too. In line with predictions around the reducing HRA work (both in terms of volume and complexity) and our increasing external trading, a new Building Services model is under development. Bruce Thompson is dedicating his time to look at the strategy, structure, systems, staff and skills to ensure we can best meet the changing future demands. Initial proposals will be considered by the Head of Service in March 2017. This will tune in with our business strategy which features 3 simple strands – winning the work; doing the work; getting paid for the work. The middle piece of ‘doing the work’ needs to ensure we use resources effectively to deliver high quality services back to the Council for the known work (e.g. responsive repairs and decent homes activity) but have flexibility around major projects from external programmes.

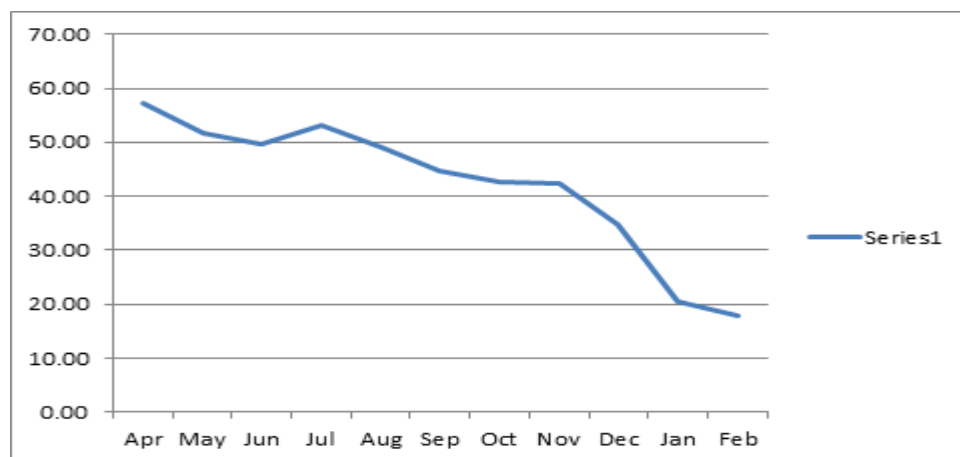
**Current work programme** – there is continuing pressure to deliver this year’s work programme with high turnover targets in the final quarter of the financial year. This is largely due to the work programme being back-ended. Geoff Corps is temporarily leading the daily operations across Building Services to ensure delivery of the required outturn and to allow Bruce Thompson the time to spend on the medium term strategy for the service.

**DSO transformation** – we have joined Housemark’s project to help inform further areas for improvement in the DSO operations. This programme runs across the next few months and includes site visits to best practice operations, benchmarking data, on-line collaboration, etc.

### Productivity Improvements:

7. The outcomes are:

- A 10% increase in turnover compared with 2013/14.
- An 8% reduction in direct and local overheads (£288k saving)
- An on-going net benefit to the HRA of £117k per annum phased over 2 years and delivered in full from 2020/21, to be achieved through reduced voids rent loss, moving responsive work to a planned programme and reduction in failure demand call volumes (as shown in Appendix A).
- An analysis of costs of responsive repairs and voids resulting in changes to the calculation (to match the benchmark data) which shows significant reductions over previously stated figures. Average cost of responsive repairs is £90, down from £140. Average cost of voids is now £3,500 (previously reported as £4,200).
- Voids are being turned around quicker as a result of improved ownership of the process, a more tailored approach to each void and early inspection to scope works. Below is a chart showing the reduction in the key to key re-let period (the y axis showing the number of days):



- On the assumption an improvement is sustained for a year (at an average of 30 days termination to re-let) including major works voids, based on the average number of voids per annum this could decrease the void rent loss by £145k.
- Previously agreed savings of over £2m being delivered as shown in the chart below which in summary shows:
  - A 15% reduction in the cost of responsive repairs
  - A further 3.5% responsive repairs reduction (Housing Act changes)
  - Significant Decent Homes unit price reductions

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Responsive repairs FSR reductions	-5.0%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5	-1.0%	-15%
Responsive repairs 'Housing Act' reductions				-3.5%					
'Decent Homes' unit price reductions e.g. kitchens (including electrics) from £7,500 per unit to £4,300 per unit by 01/04/2017									
<b>Total annual reductions</b>	<b>£533,963</b>	<b>£411,720</b>	<b>£346,770</b>	<b>£379,287</b>	<b>£253,597</b>	<b>£44,667</b>	<b>£43,997</b>	<b>£28,891</b>	<b>£2,042,892</b>

### Value for money:

8. Benchmarking has recently been undertaken for the larger aspects of planned work e.g. kitchen and bathroom replacements, heating installations and rewires. The comparators were based on sub-contract quotes (generally 3 contractors in each category) and also a procurement portal basket of prices using the south east option as a comparator (arguably we should use London).

Works	Oxford Fixed Price	Sub-contractor quote average	Portal comparator
Cost - Kitchen installation*	£4,620	£6,150 - £6,500	N/A
Cost – Bathroom installation**	£3,284	N/A	£3,700
Cost – boiler replacement***	£2,208	£2,800 - £3,440	£3,000
Cost – rewire 3 bedroom house	£3,091	£3,499 - £6,400	£4,000

\*excludes electrics for comparison purposes

\*\*excludes shower for comparison purposes

\*\*\*British Gas typical £2,979

### Productivity Improvements – on-going:

9. A number of future activities are being progressed, all tied into service improvement. Some of these are productivity-related:
- Complete a structural review of Building Services with an aspiration to align functions to better suit the evolving work programme.
  - Implementation of the Responsive Repairs Road Map that will result in the following improvements:
    - *Specification of jobs before attendance (fencing, plastering, and decorating) will increase productivity as correct materials will be taken to the job.*
    - *Development of contact centre script will increase jobs completed right first time*
    - *Managing expectations of the customer leading to increase in customer satisfaction*
    - *Increase in appointments made at first contact to reduce the tenant unnecessarily chasing up when the work will be carried out*

- *Reduced number of calls into contact centre chasing works*
  - *Reduced team leader time spent addressing chases from customers*
  - *Improved reputation for repairs service both internally and externally*
  - *Increased capacity in back office to deal with 'unusual' issues*
- Making better use of the Dynamic Resourcing System i.e. allocating jobs in responsive repairs using the automated functionality of the system and reducing manual intervention. This will give team leaders and planners live information about operative activity which will help drive additional productivity. A pilot is scheduled for April 2017.
  - Aiming to 'appoint' all repairs not on a planned programme which will help with delivery better customer service and planning resources more effectively. Further work is underway to determine how this would operate without adversely impacting costs.
  - Increasing our active asset management e.g. taking a strategic view of our top and bottom 10% of repairs which may point to alternative approaches to responsive repairs.
  - Reviewing the contact centre interface with customers regarding building repairs (road map).
  - Reviewing the exemptions and tenant recharges policies (which forms part of this review in a separate paper).
  - Reviewing customer feedback and feeding this into service design by commissioning an external company to capture tenants views independently and reporting on themes (in procurement in early 2017 for go live in April 2017).

## **APPENDIX E - FSR SUMMARY: WASTE COLLECTION**

### **Performance and Value for Money**

#### **1.0 Introduction**

1.1 In support of the current round of FSR's the technical consultancy WYG were engaged in June 2016 to carry out a comprehensive performance and value for money review of our waste and recycling services.

1.2. This focused predominantly on our domestic service but also considered the impact and effectiveness of our Commercial Waste Services and the support provided from our Motor Transport Service.

1.3 Other considerations were a comparison of the extent of our service provision and charging regimes compared to other councils

1.4 The final report was delivered on September 2016 an abridged version of their report is given below

#### **2.0 Findings**

##### **2.1 Performance and Cost**

2.11 The Council's waste & recycling performance is very high. For collection of dry recyclate we are 2<sup>nd</sup> in benchmark group and 4<sup>th</sup> best in group for minimisation of waste

2.12 Our collection costs of £41.25 per household (2015/16) were the best in the WYG database

The Council is a *"low cost, high performer"*

2.13 We are in the top 10% of **all** English authorities for recycling and reuse and WYG commented that this was

*"....quite remarkable performance for an urban authority"*

##### **2.2 Options for Reducing Costs**

2.21 Given that the Council is already a low cost operation, options for reducing costs are limited as might be expected. Expanding the charging regime for bulky items and a review of garden waste charges were considered as part of the annual budget round and as a result some small increases were introduced on the latter.

2.22 As we know establishing our own Waste Transfer Station (WTS) inside the ring road would potentially allow a significant improvement in the contamination rate of recyclate, potentially from 8% down to 2%. This would reduce charges for our recyclate disposal and reduce vulnerability to third party price increases.

2.25 Reducing the frequency of collections would yield little financial benefit with total tonnages collected remaining similar, with residual collection reductions being offset by collection increases in food. Currently few councils have gone down this route and where it has been done there has been adverse public reaction.

## **2.3 Other Benchmarks**

2.31 The motor transport service is a high performer and offers value for money in support of the waste service, other key costs such as container provision benchmark in line with expectations.

2.32 Absenteeism is well managed, the target of less than 8 days is higher than the “best practice” 6 days but reflects the reality of some ailments effecting frontline workers more than office workers.

2.33 Currently there is no opportunity to reduce costs from spitting out paper and or glass from the current DMR service provision.

2.34 The commercial waste service provides excellent support to the domestic service, turnover is exceptional for a council of our size (bigger than many London boroughs) and has “excellent productivity”

## **2.4 Other Comments**

2.41 OCC is fully compliant with TEEP (Technically, Environmentally and Economically Practicable’)

## **3.0 Summary**

3.1 OCC’s has an exceptionally low cost and high performing domestic waste and recycling service. Because of this opportunities for operational cost reductions are very limited and financial improvement opportunities come from varying the way we charge for discretionary services.

3.2 Additionally variation in collection regimes, reduced frequency or changed recylate mixes are unlikely to offer any meaningful cost savings and could meet resident resistance.

3.3 Proceeding with the WTS inside the ring road will give savings but will also reduce the risk from cost increases currently outside of OCC control.

3.4 Because of the delivery of a great service by a committed and motivated workforce, we have recommended a contract extension by a further 7 years for the in-house team

## **APPENDIX F - FSR SUMMARY: Procurement & Payments**

Update as of 5<sup>th</sup> January 2017

### **Work Programme**

The work programme and contracts register is about 90% complete. The remaining 10% is about fine tuning or clarifying particular lines with Service Areas.

To maintain both documents going forward quarterly review meetings will be held with Procurement, Management Accountancy and the relevant Service Area. Working together all three parties should be in a better position to identify and achieve savings going forward.

### **Client Survey**

Client satisfaction/feedback was invited on the P2P system and on the Procurement & Payments Team itself.

Delegates from the Leadership & Development programme were invited to attend a P2P workshop on 24/10.

Main area of frustration relates to the setting up of suppliers and the time involved and infrequent users being able to use the system effectively. Feedback will be used in the design process for the new experience pack and upgrade to Milestone 6 for the Agresso system to be implemented in 2017-18.

With regards to the perception of the team and processes in general 24 individuals from across the organisation were invited to attend an interview over a two-week period. The interview was facilitated by Tim Martin, Business Partner from Business Improvement.

Main points taken from the survey:

- Level of knowledge and satisfaction is largely attributed to level of engagement and opportunity to work with Procurement team. Comments from participants is contradictory in parts i.e. positive and negative comments neutralise one another.
- Procurement champion training should continue.
- Some frustration exists for lower level contracts.
- Some simplification of process requested.
- Frustration with time delays or aspects of the process, particularly for infrequent users.
- Revision of procurement toolkit needed.

### **Service Delivery Payments**

The function of the team has been compared to other organisations and it is broadly in line with duties undertaken by other teams. The team of 5 fte staff cost around £263k per annum and process around 30,000 invoices per annum on 3 different systems. In addition the team process payments into the authority using the Paris Income Management system. 95% of invoices are processed within 30 days of receipt. Whilst benchmarking with other organisations indicates relatively high cost at £9 compared to £3 there does seem little scope to make further savings unless major system changes are made which in the short term is unlikely..

Over the past 12 months the performance and cohesion of the Payments Team has improved significantly. Work will continue to improve performance indicators and streamline processes. No changes to the staffing structure are proposed

## **Procurement**

The procurement team consists of 3 fte specialists, a contract and procurement officer and a Strategic Procurement and Payments Team Manager. The cost of the team is around £266k per annum. Of late workloads have necessitated the introduction of an additional post and 2 members of the team are temporary partly reflecting the difficulty in recruiting to these posts on a permanent basis. Experience from other authorities suggests the same set up as exists at Oxford with strategic and specialist procurements being led by a central team and lower level procurement led by trained staff within services. Given the current workloads of the team reductions in staffing at this time do not seem achievable but equally the temporary nature of staff does allow changes to be made at a future stage should this position change

Part of the focus of the review was the development of a comprehensive contracts register to identify the incidence of tenders and quotations for services previously contracted. Whilst there are no guarantees planning for contract renewals will give the best opportunity to drive savings. By working with the service heads a further £230k on going revenue savings have been included in the Medium Term Financial Plan from 2020/21 onwards. Ongoing savings by 2020/21 of around £1.6 million have been factored into the Councils MTFP. Further savings are also being achieved through the Councils capital programme.

The team will progress the actions highlighted in this report to further support a devolved procurement model.

## **Actions to take forward**

- Finalise work programme by January 17 (complete)
- Finalise details for the new procurement champions programme and launch for new intake in April 17.
- Contract Management Framework being presented to the One Council Board on 9/1/17.
- SLA's to be introduced with internal customers.
- Payments to continue to work on improving resilience and interaction with other parts of Financial Services to ensure that the reputation of the service is seen as good.
- Subject to the endorsement of the revised Contract Management Framework organise a Host Meet the Buyer event in March 17 with key suppliers. The focus of this event will be to introduce the new the Council's approach to managing supplier performance, provide an insight to suppliers as to the Council's priorities and challenges, and to plant the seed about trying to secure savings through existing contracts (to be followed up by Contract Managers).
- A review of the Procurement Toolkit with a cross selection of Procurement Champions and delegates from the Leadership & Development programme to commence February 17.
- Introduce new mentoring programme with Procurement Champions by April 17. The aim of this will be to provide another way for officers to engage with the team, share learning and best practice, as well as facilitate continuous improvement and provide a feedback mechanism. These will be branded as "Chat with..." and it is proposed that such meetings will provide an opportunity for either Procurement or Officers from other teams to lead on conversations that are relevant to commercial activity or internal processes.
- Replace D-Cal with new Barclaycard system for recording transactions by March 17. This will generate a £10k saving in itself!
- Implement P2P experience pack as part of the Agresso upgrade and use the opportunity to try to introduce process improvements which should improve user experience when raising orders.
- Finalise analysis of p-card spend and propose new strategy for their use in the organisation by January 17.

- Re-establish links with local partners (local authorities, universities, police etc) in an attempt to encourage collaboration and share best practice. A database of procurement colleagues has been established; a date for hosting a meeting in early February is to be agreed shortly.
- Simplification of processes to include a revision to Contract Rules regarding the quotation process and exemptions. An example would be to allow for particular exemptions to be approved by Procurement and the Service e.g. non-use of the procurement portal, where the required number of quotes not received and where there is evidence that competition was encouraged. Consultation on Contract Rules to commence January 17. Implementation is subject to achieving Council approval. Below is a list of some of the proposed amendments to Contract Rules:
  - Clarity on roles – this may help to avoid some of the confusion that appears to exist.
  - Exemptions – exemptions from using the portal to be delegated to myself. Exemptions to be approved by the relevant HoS and the Councils Head of Financial Services below £100k, above £150k Monitoring Officer to also be involved.
  - Evaluation – be clear that 60:40 model can be modified...there is a perception we might be paying more because of placing a higher weighting on quality.
  - Exceptions – reclassify types of purchases which do not lend themselves to a procurement process which would remove some bureaucracy e.g. land type transactions (rental of car park), booking performing artists such as a dancer.
  - Sealing threshold – suggest this is increased and sealing based on risk/value instead of all contracts valued < £100k.
  - Not getting sufficient competition – if the service can demonstrate that they attempted to seek multiple quotes, can we do away with the need for seeking an exemption.

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## **APPENDIX G - FSR SUMMARY: HOUSING NEEDS & COMMUNITY HOUSING**

This FSR had its first meeting on 11<sup>th</sup> August, and four initiatives were identified for officers to focus on during the review. These were reduced to three at the review meeting of 4<sup>th</sup> October 2016. The on-line application module was paused, so that it would be considered within the larger project of re-procuring a housing system, which has now commenced. The three remaining actions were:

1. Develop options for the procurement of further temporary accommodation, either directly or through investment, to produce savings and/ or investment return to the Council
2. Develop a hostel strategy to help mitigate some impacts of the County Council cuts to the adult homeless pathway; address risks and opportunities around the Lucy Faithfull House lease; and to improve the resilience of future service provision to further public funding pressures
3. Investigate whether the Council's HB subsidy position could be improved through various approaches, including the smarter commissioning of supported housing accommodation going forward, including working with partners to achieve this

These have been taken forward as follows:

### Temporary Accommodation Procurement

A CEB report has been prepared for December CEB, asking CEB to consider a £10m investment in the direct purchase of temporary accommodation to replace PSL properties. The financial modelling shows that this investment is viable and provides a revenue saving.

The report proposes that Retained Right to Buy receipts are used to fund 30% of this 'qualifying' expenditure to try to ensure that these funds are spent to time, and do not have to be returned to the DCLG.

Officers are working on a contingency investment also (Heylo or others), that could mitigate the risk if the acquisition of property is not fast enough for the RRTB spend profile. It may also provide an option for spending RRTB funds after Dec 2018, when further RRTB spend would be required. If this is recommended, then it is proposed that another CEB report will be prepared during 2017 or early 2018 in relation to this project.

### Homeless Hostel Strategy and Commissioning

A report was agreed by CEB on 15<sup>th</sup> September 2016 detailed the joint commissioning proposals and the City Council's contribution into this. The seven partner organisations (County, City, Districts and OCCG) have now all agreed this, with the new commissioning strategy and transition plans agreed at a closed meeting of the Health Improvement Board on 14<sup>th</sup> November 2016. The governance agreement is due to be signed shortly and the County is progressing with the transition planning, including giving six months notice to end the Julian Housing contract by 1<sup>st</sup> December 2016 (to end 1<sup>st</sup> June 2017). Press and comms being actively managed.

A paper on the City Council's approach has been considered at Leaders meetings, and with the Chief Executive on 20<sup>th</sup> September. Labour Group has considered and endorsed the approach, following this steer. A meeting with one provider/ developer to explore options was held on 3<sup>rd</sup> November. A further paper with more detailed recommendations is now to be drafted. This will consider the implications (financial and otherwise) of allowing another hostel to close and re-procuring a smaller number of units in a more dispersed model. This will need to be considered prior to Christmas, and will feed into a formal CEB report on the

proposed 17/18 spend on preventing homelessness through commissioning in Feb/ March 2017. Officers will need to progress discussions with providers, in particular Julian Housing alongside this process.

The Council has now received re-valuations of Lucy Faithful Housing and is about to commence negotiations with the Riverside Group to acquire the remaining years on the lease (approx. 67 years). The budget notes a capital financial envelope of £1m for this, although the expectation would be for the Housing Company to buy this from the Council, to develop, so that the eventual financial position of the General Fund would be neutral.

#### Supported Housing HB Subsidy

A number of meetings of relevant officers (inc HoS for H&P and for Finance) have been held to fully understand this complex area. A number of work streams have been taken forward that could positively impact by increasing subsidy income.

- Rent Officer rent valuations for Oxford on which the rent cap is set (Only 60% subsidy being received for rent over £127 pw):
  - A meeting with the Rent Officer has taken place and other rent caps were shared by the Rent Officer which indicates that Oxford has a far more generous cap than many other areas of higher cost. The risk of challenging this is considered greater than any benefit likely as a result
- Considering the cost/ benefits of working with supported housing providers (who are not RPs) to see if arrangements could be costed to enable full HB subsidy to be paid on rents, such as using an RP in relation to the property elements of the work
  - Properties have been identified to show those where this has the greatest impact. These identify one provider above the rest to focus on, as most the loss relates to their properties
  - Officers consider that this arrangement would be acceptable for properties leased by that provider (but is likely to be seen as contrived for ones in their actual ownership).
  - The provider has agreed to consider undertaking this and already has a model agreement with an RP that could be used. The provider are meeting with a second RP on 23<sup>rd</sup> November and expect to come back with a costed proposal for us to agree and move forward with shortly after that
- Propose to reflect this issue, to best protect the Council's position, in the future commissioning of supported housing projects (from the City Council) and to work with partners to do likewise (inc County Council and OCCG), taking into consideration the Governments proposed changed to Supported Housing HB from April 2019 on, for which a consultation paper is expected this month.

Based on this, the following savings have been identified in the budget papers:

- 17/18 - £50k saving/ income improvement
- 18/19 - £100k saving/ income improvement

Both are identified at medium risk as they require the action of third parties, but officers remain confident that all necessary steps are being undertaken to ensure delivery of these.

## APPENDIX H - FSR SUMMARY: LEGAL SERVICES

### Introduction

Base data and benchmarking information indicates that the Council compares favourably with other Local Authority legal services.

- The net cost of legal services compared with other authorities (through the CIPFA benchmarking club) is lower than average.
- The cost of some of our more routine transactional work is low compared to the authorities visited and a local private sector legal practice
- Our client satisfaction results have consistently exceeded performance targets and the results have been consistently high for a number of years. We have changed the process this year to give a voice to a greater number of clients.

The review team made site visits to a range of other authorities to understand the various service delivery models being adopted to deliver legal services.

It is clear from site visits and the base data that the Council has the benefit of an efficient, experienced and highly qualified legal team compared with some of the authorities visited.

We compare favourably with other authorities in terms of initiatives they are implementing to reduce cost and improve efficiency in as much as we have already implemented, or are in the process of implementing:

- (1) reducing expenditure on external legal expertise. We have encouraged the legal team to take responsibility for bearing down on these costs, increasing our expectation that matters will be dealt with internally. The centralised contingency budget is currently significantly within budget (assuming no unexpected demands for high level external legal services arise, which can be difficult to predict)
- (2) encouraging service areas to deal with matters not requiring the expertise of a lawyer. We have taken this approach for some years and areas of work have been rehomed with the service areas responsible for them, including secure rent arrears possession; parking order penalties recovery; council tax liability order hearings & charging order applications; routine non – secure possessions; some sundry debt work. We do however need to remain vigilant as there is an increasing tendency, given the open plan nature of the office accommodation, for technical officers to place greater dependency on the team for matters they should be able to deal with themselves
- (3) sharing legal resources with other authorities to increase resilience by taking advantage of peaks and troughs of work and generate income. - We were instrumental in setting up the Oxfordshire Legal Hub which has been operational for 6 years. While the Hub has not been as successful as we had hoped it is used on an ad hoc basis and generates some income and there are some signs of work from new sources.
- (4) jointly procuring legal research facilities with the Hub authorities achieving savings of approximately 25%
  - jointly procuring a panel of external solicitors to build resilience and reduce costs
  - jointly implementing a training programme with the Hub authorities which has reduced the legal team's call on the training budget

- Implementing a case and document management system for legal casework improving access to documents, reducing the need for storage facilities and office accommodation
- Implementing a virtual deeds room to improve access to documents relating to the council's land holding by officers in other services and the legal team
- Publishing a legal newsletter circulated to the organisation to update it on appropriate legal developments

## **Alternative Options**

A number of alternative models of service delivery were also considered including: commercial law firm owned by the Council (Kent County Council model); Shared service; assimilation to another authority's legal team (Harrow model); co location of two or more; authorities' legal teams; centres of excellence (Oxfordshire Legal Hub model); outsource the service.

## **Recommendations**

Recommendations for Improvement include:

- Incrementally reshape the team to ensure a better balance of experience and expertise to respond proactively to the Council's need for legal services and keep to a minimum the cost of the more routine transactional legal work.
- Seek to reduce the net cost of legal services to the authority by:-

Continuing to place some work externally on a case by case basis when it is in the best interests of the authority to do so while continuing to bear down on the cost of external legal services by encouraging the organisation and the team to be significantly less dependant on external resources

Seeking to reduce awards of costs against the authority by encouraging services to seek early advice from the legal team and where appropriate encouraging a less "gung –ho" approach to litigation where the authority is at risk on costs

Exploring new opportunities to make savings for the authority by bringing work currently dealt with externally into the legal team eg Suffolk has recently in - sourced the insurance claims handling and litigation for the authority and generated savings.

Taking every opportunity to recover the cost of legal services to the Council in transactional legal work.

Continuing with our best endeavours to achieve a significant level of external income through the provision of legal services to external clients seeking to move from exclusive dependence on the Legal Hub to more sustainable income streams.

Facilitating the reshaping of the team by making the best use of our existing case management system to implement improved management reporting, and processes that will enable certain aspects of legal work to be dealt with by less qualified staff and more client self-help. Essential to these improvements is the completion of the Law and Governance ICT systems review to identify and resolve significant and long outstanding performance issues that have hampered our development.

## SCRUTINY WORK PLAN

### March 2017 - April 2017

Published on: 17/03/17

The Scrutiny Committee agrees a work plan every year detailing selected issues that affect Oxford or its inhabitants. Time is allowed within this plan to consider topical issues as they arise throughout the year as well as decisions to be taken by the City Executive Board. This document represents the work of scrutiny for the remainder of the 2016-17 council year and will be reviewed monthly by the Scrutiny Committee.

The work plan is based on suggestions received from all elected members and senior council officers. Members of the public can also contribute topics for inclusion in the scrutiny work plan by completing and submitting our [suggestion form](#). See our [get involved webpage](#) for further details of how you can participate in the work of scrutiny.

The following criteria will be used by the Scrutiny Committee to evaluate and prioritise suggested topics:

- *Is the issue controversial / of significant public interest?*
- *Is it an area of high expenditure?*
- *Is it an essential service / corporate priority?*
- *Can Scrutiny influence and add value?*

Some topics will be considered at Scrutiny Committee meetings and others will be delegated to two standing panels. Items for more detailed review will be considered by time-limited review groups.

The Committee will review the Council's [Forward Plan](#) at each meeting and decide which executive decisions it wishes to comment on before the decision is made. The Council also has a "call in" process which allows decisions made by the City Executive Board to be reviewed by the Scrutiny Committee before they are implemented.

### Scrutiny Committee and Standing Panel responsibility and membership

Committee / Panel	Remit	Nominated councillors
Scrutiny Committee	Overall management of the Council's scrutiny function.	Cllrs Azad, Chapman, Coulter, Fry, Gant (Chair), Hayes, Henwood, Pegg, Simmons, Taylor, Tidball & Wilkinson
Finance Panel	Finance and budgetary issues and decisions	Cllrs Fooks, Fry, Simmons (Chair) & Taylor
Housing Panel	Strategic housing and landlord issues and decisions	Cllrs Goff, Henwood (Chair), Pegg, Sanders, Thomas & Wade, Geno Humphrey (tenant co-optee)
Scrutiny Shareholder Panel	To scrutinise shareholder decisions relating to wholly Council-owned companies.	Cllrs Fry, Gant, Henwood & Simmons

### Current and planned review groups and one-off panels

Topic	Scope	Nominated councillors
Budget review 2017/18	To review the Council's 2017/18 draft budget and medium term financial strategy	Cllrs Fooks, Fry, Simmons (Chair) & Taylor
Devolution plans for Oxfordshire review	To scrutinise devolution proposals for Oxfordshire	Cllrs Coulter, Gant, Hayes, Simmons & Tidball (Chair)
Health inequalities (one- off panel)	To consider the council's response to the recommendations of the Independent Commission on Health inequalities	Cllrs Coulter (Chair), Taylor, Thomas, Wade

### Indicative timings of 2016/17 review panels

Scrutiny Review	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May
Devolution plans for Oxfordshire										
Budget review 2017/18										

	Scoping
	Evidence gathering
	Reporting

## SCRUTINY COMMITTEE

### 27 MARCH 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Waterways Public Space Protection Order	Yes	To update the Board on the outcome of phase one of the consultation process and proposals for the way forward.	Community Safety	Richard Adams, Community Safety Service Manager
Public Spaces Protection Orders	No	To monitor the impacts of PSPOs the city, including the numbers and types of early interventions and enforcement actions.	Community Safety	Richard Adams, Community Safety Service Manager
Graffiti prevention	No	To consider the appreciative inquiry and focus group around graffiti and other initiatives to solve the issues long term.	Climate Change and Cleaner Greener Oxford	Liz Jones, Interim ASBIT Team Leader
Recommendation Monitoring - Guest Houses	No	To monitor progress and implementation following the recommendations of the Guest Houses Review Group to the City Executive Board in December 2015.	Corporate Strategy and Economic Development	Richard Adams, Community Safety Service Manager
Oxford Flood Alleviation Scheme	Yes	<ul style="list-style-type: none"> <li>To update Members on the Oxford Flood Alleviation Scheme;</li> <li>To request approval to revise Oxford City Councils' project contribution;</li> <li>To request delegated authority to enter a funding agreement with Environment Agency.</li> </ul>	Corporate Strategy and Economic Development	Helen Vaughan-Evans, Northway & Marston Flood Scheme Project Manager

### 2 MAY 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Oxford Railway Station Supplementary Planning Document (SPD)	Yes	To seek approval to consult on the draft Oxford Railway Station Supplementary Planning Document (SPD).	Planning and Regulatory Services	Fiona Piercy, Regeneration Programme Director

Fusion Lifestyle's Annual Service Plan 2017/18	Yes	The report will recommend that the City Executive Board endorse Fusion Lifestyle's Annual Service Plan for the management of the Council's leisure facilities for 2017/18.	Leisure, Parks and Sport	Lucy Cherry, Leisure and Performance Manager
City Centre Strategy	Yes	To approve the strategy which aims to <ul style="list-style-type: none"> <li>• create and promote a strong investment proposition</li> <li>• facilitate ongoing dialogue with those involved in the management and future of the city centre</li> <li>• provide a framework for collaboration and action</li> <li>• assist in the allocation of resources</li> </ul>	Planning and Regulatory Services, Corporate Strategy and Economic Development	Fiona Piercy, Regeneration Programme Director
Community leases	Yes	This report requests CEB to agree an approach to community leases	Culture and Communities	Ian Brooke, Head of Community Services
Safeguarding Report 2017/18	Yes	An annual report to monitor the progress made on Oxford City Council's Section 11 Self-assessment Action Plan 2016-2017 and to approve the Action Plan for 2017-2018.	Finance, Asset Management and Public Health	Val Johnson, Policy and Partnerships Team Leader

## 6 JUNE 2017 - PROVISIONAL REPORT

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Local Plan Preferred Options	Yes	Progress of the review of the Local Plan	Planning and Regulatory Services	Sarah Harrison, Senior Planner

## 8 JUNE 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Assessing disabled impacts in planning	No	To consider how the Council fulfils its duty to assess the impacts on disabled people of new developments and changes of use, including for businesses and private and social sector housing.	Planning and Regulatory Services	Patsy Dell, Head of Planning & Regulatory Services
Design Review Panel	No	To consider the work and effectiveness of the Oxford Design Review Panel.	Planning and Regulatory Services	Patsy Dell, Head of Planning & Regulatory Services
Planning and Regulatory Services improvement plan	No	To update the committee on the progress of implementing the improvement plan for Planning and Regulatory Services.	Planning and Regulatory Services	Patsy Dell, Head of Planning & Regulatory Services
Grant Allocations to Community & Voluntary Orgs 2016/17	Yes	A monitoring report on the reported achievements resulting from grants allocations will be submitted to the City Executive Board in June 2017.	Customer and Corporate Services, Culture and Communities	Julia Tomkins, Grants and External Funding Officer

## 7 SEPTEMBER 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
East Oxford Community Centre improvement scheme	Yes	To present an improvement scheme for the East Oxford Community Centre following public consultation.	Culture and Communities	Vicky Trietline, Development Project Management Surveyor
Commissioned Advice Strategy 2018-2021	Yes	To update the Board on the progress made in developing a new commissioned advice strategy during 2017/18	Customer and Corporate Services	Paul Wilding, Programme Manager Revenue & Benefits
Sustainability Strategy 2017	Yes	The report will recommend approval of the draft strategy for public consultation.	A Clean and Green Oxford	Mai Jarvis, Environmental Quality Team Manager
Governance implications of Council-owned companies	No	To receive an update following the Audit and Governance Committee's consideration of the long term risks and governance implications associated with Council-owned companies.	Corporate Strategy and Economic Development	Nigel Kennedy, Head of Financial Services.

## SCRUTINY COMMITTEE - TO BE SCHEDULED

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Disabled Students' Allowance	No	To consider the impacts of cuts to Disabled Students' Allowance on disabled students in the City.	Corporate Strategy and Economic Development	Andrew Brown, Scrutiny Officer
NHS Sustainability and Transformation Plan	No	To receive a briefing on the emerging STP for Buckinghamshire, Oxfordshire and Berkshire West.	Finance, Asset Management and Public Health	Andrew Brown, Scrutiny Officer

## FINANCE PANEL

### 29 MARCH 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
The implications of Brexit	No	To consider an updated report on the impacts of Brexit on the City Council.	Finance, Asset Management and Public Health	Nigel Kennedy, Head of Financial Services
Fundamental service reviews	No	To consider the outcomes of comprehensive reviews of a number of service area budgets undertaken as part of this year's budget setting process.	Finance, Asset Management and Public Health	Jan Heath, Business Development and Support Manager

## HOUSING PANEL

### 26 APRIL 2017 - PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Great Estates update	No	To receive an update on progress made in developing masterplans for estates and working up and delivering an improvement programme.	Housing	Martin Shaw, Property Services Manager
Empty garages and former garage sites	No	To receive an update on how the Council deals with empty garages and former garage sites.	Housing	Martin Shaw, Property Services Manager
Empty Property Strategy	No	To receive a briefing on approaches to dealing with empty properties ahead of a refresh of the Council's Empty Property Strategy 2013-18.	Housing	Frances Evans, Strategy and Service Development Manager
Tower block refurbishment	No	To receive a progress update on the Tenant Scrutiny Panel's review of the tower block refurbishment project.	Housing	Stephen Clarke, Head of Housing and Property

### HOUSING PANEL - TO BE SCHEDULED

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Leaseholder relationships	No	To consider relationships with leaseholders including the views of individual leaseholders.	Housing	Bill Graves, Landlord Services Manager
Private sector licensing	Yes	To pre-scrutinise any decisions on proposals to extend licensing to the non-HMO private rented sector.	Planning and Regulatory	Ian Wright, Environmental Health Service Manager
Flexible tenancies	Yes	To pre-scrutinise any decisions on the local implementation of plans to prevent councils in England from offering secure tenancies for life to new council tenants in most circumstances.	Housing	Bill Graves, Landlord Services Manager
Management of void properties	No	To consider how the Council manages properties that become void.	Housing	Bill Graves, Landlord Services Manager

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## **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**