

# **FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE)**

**Monday 1 July 2019**

**COUNCILLORS PRESENT:** Councillors Fry (Chair), Simmons and Roz Smith.

**OFFICERS PRESENT:** Andrew Brown (Committee and Member Services Manager), Nigel Kennedy (Head of Financial Services), Anita Bradley (Monitoring Officer) and Stephen Clarke (Head of Housing Services)

## **18. APOLOGIES**

Apologies for absence were received from Cllr Munkonge.

## **19. DECLARATIONS OF INTEREST**

Cllr Simmons declared for transparency that the company he works for under contract and in which he has a small shareholding (<5%) was doing a small amount of work supporting the Council with its climate change strategy, as listed on his Register of Interests. Cllr Simmons had taken no part in the bid process or in any of the commissioned work. This company may or may not stand to win further work from the Council as a result of the recommendation under item 5 that Council makes a budget provision of £200k in respect of costs to establish a citizens' assembly.

The Panel sought advice from the Monitoring Officer who ruled that this was not a disclosable pecuniary interest (DPI) because the matter was not before the Panel for decision and because the recommendation had no direct financial or contractual benefit to the company or Councillor Simmons.

## **20. NOTES OF PREVIOUS MEETING**

The Panel noted the record of the meeting held on 30 January 2019.

In response to questions, the Panel noted that:

- A number of capital schemes were progressing through the various stages of the new project management process, including Floyds Row.
- Reports on large projects were presented to officers monthly and to members quarterly.
- The County Council had not been willing to fund an investigative review of Council Tax discounts offered to students and single persons, despite standing to be a material beneficiary of any financial benefits arising from such a review.

## **21. WORK PLAN**

The Panel noted the work plan and agreed to consider homelessness reserves and contingencies within the annual budget review process.

In response to a question the Panel heard that the Strategic Procurement and Payments Manager role had been filled, subject to references.

## **22. QUARTER 4 INTEGRATED PERFORMANCE REPORT**

The Head of Financial Services and the Head of Housing Services tabled revisions to the report, which included two further recommendations, an additional supporting paragraph and exempt Appendix G. The Panel was able to subject these new elements to Scrutiny and supported the use of urgency provisions in respect of the key decision contained in the additional recommendations.

The Head of Financial Services introduced the report and drew attention to the proposed carry forwards, additional resources for a Citizens' Assembly, slippage in the capital programme and the 13 corporate performance measures, three of which had not been achieved.

The Panel considered the recommendation that a £200k budget is allocated in 2019/20 in respect of costs to establish a Citizens' Assembly. The Panel questioned why this was approximately double the amount that other local authorities had spent on establishing Citizens' Assemblies and heard that this sum included other associated costs including an officer post. The Panel commented that this was not clear from the explanation in paragraph 7 of the report.

The Panel also suggested that within this proposed additional budget, officer resource should be made available to support a scrutiny review focused on considering the outcomes of the Citizens Assembly and informing the Council's response to the Climate Emergency motion, given that staffing changes had meant that fewer scrutiny reviews could be supported within the current year than would otherwise have been the case.

The Panel questioned whether capital slippage should be framed in positive terms as "favourable variance" and suggested that it would be helpful if reasons for capital slippage could be included in future reports. As a more general point, the Panel suggested that accounting terms, such as favourable variance which may be misleading for lay people, should be covered by a standard brief note as part of relevant papers, including for the Audit and Governance Committee and in the Budget. The Panel also suggested that future integrated performance reports include a summary of financing as well as spend, including summary details of any external funding streams. This would help in identifying where external funding, such as government grants for particular purposes, might be at risk.

The Panel asked about the oversight of major capital schemes and the frequency of reporting. The Panel heard that progress is reported monthly at an officer level and while this information could be made available to elected members it might be overly cumbersome to provide this information in a useful format on a monthly basis. The Panel suggested that monthly reporting on large projects is made available to elected members upon request.

The Panel noted the £612k slippage in the compulsory purchase of property and questioned whether the Council was pursuing a Compulsory Purchase Order (CPO) in respect of a long term empty residential property where the Council was engaged in a protracted dispute with the owner. Officers clarified that this particular property was unrelated to the budget provision. The Panel heard that the CPO option had previously been explored and it had not been possible to proceed at the time but this could be looked at again.

In discussion on the Council's financial position the Panel also noted that:

- The ceiling works within the Town Hall building had been unexpected and a comprehensive condition survey would soon be undertaken.
- Recruitment remained an issue in Building Control. The delivery of that service would be reviewed with a view to improving resilience. The market appeared to be changing and private sector Approved Inspectors were facing difficulties in obtaining insurance.
- Slippage in housing company loans was due to a strategic review which had recently been to Cabinet and would be reported to Council on 22 July.
- The Direct Services Client variance of £621k was an adverse variance that had arisen because the scale of decrease in revenue from Oxpens and Worcester Street car parks had not been anticipated.
- The favourable variance of £2.423m in total appropriations was a result of slippage in the Capital Programme.
- The slippage of £510k on the purchase of homeless properties was unrelated to the £2.5m adverse variance described as purchase of homes for homeless families, which was due to the timing of that spend.
- The East Oxford Community Centre slippage had resulted from extended deliberations about the community provision rather than the residential element.
- The capital budget for ICT End-Point Devices had almost doubled due to additional equipment. This was about to be spent, and devices rolled out.
- Similarly, spend on the housing system replacement had significantly increased, and this had been reported to Cabinet in June 2017. In future the new project management process would ensure that initial budget estimates were more robust.

In discussion on the corporate performance measures the Panel welcomed the decrease in the use of temporary accommodation. The Panel noted that the measures were aligned to the Corporate Plan and reviewed annually. A new four-year Corporate Plan would be developed and adopted in time for the next Council year.

The Panel agreed that the following issues should be considered by Scrutiny:

- Plans for new online services referred to in paragraph 19c of the report.
- Separate accounts for the Covered Market including revenue income and expenditure and capital spend.
- The corporate performance measures for 2020/21.

The Panel agreed to make the following recommendations to Cabinet:

1. That paragraph 7 of the report on the need to progress the work on establishing a Citizens' Assembly is expanded to reflect the breadth of work that will be enabled by the additional budget provision and to include

additional resources specifically to support a scrutiny review, before the report is presented to Council on 22 July 2019. The Panel would suggest the inclusion of three additional bullet points:

- Resource, within the overall £200k budget, for a scrutiny review group focused on considering the Council's response to the Climate Emergency motion and the outcomes of the Citizens' Assembly.
  - Work together with existing Environmental Sustainability Team officers to identify possible work streams and additional funded officer time to focus on recommendations from the Citizens' Assembly that focus on emissions reduction.
  - Other minor interventions and quick wins emerging from the Assembly.
2. That future integrated performance reports provide:
    - a) Reasons for capital slippage on specific projects where this occurs;
    - b) An explanation of accounting terms such as favourable variance;
    - c) A summary of financing, including external funding streams.
  3. That monthly reporting on the progress of major capital schemes is made available to elected members, if they request it.
  4. That the Council revisits the case for pursuing the compulsory purchase of domestic properties that have been vacant for several years where this option has not recently been explored.

The Panel resolved that under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting on the grounds that their presence would involve the likely disclosure of exempt information as described in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act.

### **23. FUTURE MEETING DATES**

The Panel noted that the dates listed in the agenda were incorrect and that Finance Panel meetings would be held on the following dates:

5 September 2019  
5 December 2019  
29 January 2020

**The meeting started at 6.00 pm and ended at 7.45 pm**