

# Agenda

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## Finance and Performance Panel (Panel of the Scrutiny Committee)

**Meeting moved from 30/06/20**

**Open parts of this meeting will be held by  
Zoom and streamed to the Council's  
YouTube channel when the meeting starts,  
<https://www.youtube.com/oxfordcitycouncil>**

This meeting will be held on:

Date: **Tuesday 16 June 2020**

Time: **6.00 pm**

Place: **Remote: Zoom meeting**

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## **Membership**

### **City Councillors**

Councillor James Fry (Chair)

Councillor Chewe Munkonge

Councillor Craig Simmons

Councillor Roz Smith

# Agenda

	<b>Pages</b>
<b>1 Apologies</b> Substitutes are not allowed.	
<b>2 Declarations of interest</b>	
<b>3 Work plan</b> For the Panel to note and agree its work plan, which can be adjusted to reflect the wishes of the Panel. Panel members are, however, reminded that at the present time Scrutiny has agreed to limit its consideration of reports to those going to Cabinet.	7 - 8
<b>4 Notes of previous meeting</b> For the Panel to approve the record of the meeting held on 25 February 2020.	9 - 14
<b>5 April Budget Monitoring Report</b> Nigel Kennedy, Head of Financial Services, will be available to present the April Financial monitoring report, which will be going to Cabinet on 24 <sup>th</sup> June, showing the financial impact on the council of coronavirus together with mitigations taken to date. The Panel is asked to consider the report and agree any recommendations to Cabinet accordingly.  NB This report will be issued as a late paper in a supplement.	
<b>6 Future Meeting Dates</b> Meetings are scheduled as follows:  07 July 2020 2020 29 September 2020  All meetings start at 6.00pm and will be held remotely unless notified otherwise.	



## Finance and Performance Panel Work Plan June – August 2020

### Finance and Performance Panel

#### 16 June 2020 - reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
April Budget Monitoring Report	Yes	April Financial monitoring report showing the financial impact on the council of coronavirus together with mitigations taken to date.	Deputy Leader (Statutory) - Finance and Asset Management	Nigel Kennedy, Head of Financial Services

#### 07 July 2020 - provisional reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
Integrated Performance Report for Q4	Yes	A report to update Members on Finance, Risk and Performance as at the end of the financial year.	Deputy Leader (Statutory) - Finance and Asset Management	Anna Winship, Management Accountancy Manager
Performance Monitoring for Q4	No	A series of Scrutiny-chosen corporate performance measures	Deputy Leader (Statutory) - Finance and Asset Management	Helen Bishop, Head of Business Improvement

NB – A full work plan for the remainder of the civic year is yet to be agreed by the Scrutiny Committee; it will be published when available.

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## Minutes of a meeting of the Finance Panel (Panel of the Scrutiny Committee) on Tuesday 25 February 2020

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### Committee members present:

Councillor Fry (Chair)

Councillor Munkonge

Councillor Roz Smith

### Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

Annette Osborne, Procurement Manager

Kay Allsop, Contracts and Procurement Specialist

Tom Hudson, Scrutiny Officer

### 9. Apologies

Councillor Simmons sent apologies.

### 10. Declarations of interest

None

### 11. Work plan

The Panel noted that no further meetings of the Finance Panel are scheduled for the 2019/20 civic year. It was **AGREED** that at its first meeting of the new civic year, 30 June 2020, a report would be taken on assessing the Council's options for borrowing, including the strengths and weaknesses of the PWLB, social impact bonds, municipal bonds and establishing the Council's own bond.

### 12. Notes of previous meeting

The Panel approved the record of the meeting held on 29 January 2020.

### 13. Monitoring Social Value

Nigel Kennedy, Head of Financial Services, Annette Osborne, Procurement Manager and Kay Allsop, Contracts and Procurement Specialist addressed the Panel in regards to the report on Monitoring Social Value.

The Council agreed to implement a 5% weighting on social value within contracts above £25,000 in May 2019. The requirements of the Social Value Act for local authorities is simply that service contracts above c. £590k are required to include consideration of social value; the Council was shown therefore to be committed to embedding the principle more deeply.

Having implemented the concept less than a year previously the Council was still having to learn and manage a number of issues. In particular, one of the aims of considering Social Value was to provide support for Small and Medium Enterprises (SMEs). However, it was proving to be challenging to find a balance between a meaningful monitoring of social value and one which did not overburden SMEs with bureaucracy, thereby precluding them from contracts through the very things which were brought in to support them. The Council was working hard to bring SMEs alongside and ensure a level playing field, but work with SMEs is often best at a personal level, which is very resource intensive.

Owing to the need not to be overly-bureaucratic the Council also faced challenges relating to issues reliant on a level of bureaucracy: measuring the impact of various social value interventions, being able to evaluate the relative value of different interventions, and tracking that promised undertakings were indeed acted upon. Whilst the Council had some measure of the first, it was subjective and certainly would not allow for a comparison between the benefit of two different types of intervention. Monitoring of the latter required embedding through training and systems in contract management relationships. The Council was currently looking to the leaders on implementing social value – Manchester, Croydon, Bristol and Portsmouth - for ways to manage these challenges.

Despite the challenges recognised, it was also recognised that the Council is a long way ahead of many, many Councils both nationally and locally in terms of its grappling with the challenges and implementation of the requirement.

A number of issues were raised in relation to the report presented. In particular:

- The suggestion that the social value weighting was only applied to non-OJEU contracts rather than bigger contracts. It was confirmed that this had taken place at the very commencement of implementation, but the social value weighting had been extended shortly after.
- The recognition that not all responses to questions on social value are recorded in a central location. Whilst desirable for data purposes, it was not possible to record all offers of social value due to an alternative process, purchase orders, being available for contracts of less than £25k, which would not have records made centrally.
- How to be more exacting in ensuring social value benefits are realised when assessing tender documents. In light of the challenges faced by SMEs and the need to maintain a level playing field it was suggested that a diversity of approaches would be required to suit the diversity of contract-types and potential



contract-fulfillers. A single policy would either not draw out the maximum benefit it could from monitoring social value, or else it would overburden and exclude smaller businesses.

- Whether it was possible to require minimum standards for certain criteria, such as paying the Oxford Living Wage. Though desirable, the idea had been explored and the Council's legal team had issued advice that to require payment of the Oxford Living Wage would not be legal. This was an issue of frustration because it meant that companies paying less to their staff could offer better prices, but the social value weighting was not able to offset this.
- Whether the Green Procurement Policy could be included within the Council's redrafting of its Procurement Strategy. It was confirmed that the Green Procurement Policy was already included within the draft Procurement Strategy.
- The desirability of increasing weighting for social value within contracts to 10%. It was noted that it certainly was desirable to improve social value impacts through weightings for contracts, there were issues yet to be identified on how to achieve this. Specifically, whether increasing the percentage weighting for social value would risk diminishing the percentage available for key competencies for a contract to such a point that it was detrimental to the overall contract, and how social value requirements would interact with - and potentially be covered by - other policies being developed by the Council, such as the Procurement Policy and the Sustainability Strategy.

The report was NOTED and it was AGREED to make the following recommendations:

- That the Council underwrites an event for social value similar to that run by Fraud Prevention, which brings neighbouring Councils, support service providers and experts together to improve overall standards.
- That the Council benchmarks its spending with SMEs against other councils nationally.

It was AGREED that a further update would be provided to the Finance Panel in September 2020.

## 14. Integrated Performance Report Q3

Nigel Kennedy, Head of Financial Services, and Anna Winship, Management Accountancy Manager, presented the Integrated Q3 Performance report to the Panel.

Regarding the financial position of the General Fund the outturn position was forecast to be a favourable variance of £0.039 million against the latest net budget of £23.205 million (0.17%). The key variances were identified as

- **Housing Services** - £0.485 million – £335k of this adverse variance is due to unbudgeted expenditure relating to surveys for the Town Hall, Asbestos and Health and Safety and works to the Town hall ceilings, with £150k of the adverse variance relating to a pressure on the reactive maintenance budget

- **Business Improvement** – whilst no overall variance, ICT was identified as having a c£100k favourable variance, in the main due to a refund on telephony charges and establishment savings, partially offset by an adverse variance of a similar level due to additional spend on equalities and additional consultancy work
- **Law & Governance** - £0.064 million - adverse variance due to a pressure in the Directors salary budget and within Electoral registration budget these are offset by unbudgeted SLA income due to be received from work undertaken for the Housing Company.
- **Oxford Direct Services** - £0.060 million – adverse variance due to savings predicated on the development of the Recycling Transfer Station not materialising in year due to the scheme not yet being implemented which is partly offset by additional car parking income. It was clarified that the Recycling Transfer Station would be subsumed into the wider depot rationalisation plans which would not come forward until next year. This action will result in savings from the transfer station project not being realised until next year. The level of additional car parking income was anticipated to be approximately £100k, largely based on penalty income.
- **Transfer to /from Earmarked Reserves** - £0.335 million – use of the General Fund Repairs and Maintenance reserve to cover the expenditure relating to Town Hall surveys and works.
- **Interest Payable/Receivable** - £0.393 million – favourable variance due to increased returns on investments and less interest payable on external borrowing arising from slippage in the Councils capital programme. It was clarified that this meant an interest saving had been made due to delays to projects meaning budgeted external borrowing was not, therefore, required.

The Housing Revenue Account was reported as having a surplus of £1.205 million and the outturn position forecasting a favourable variance of £280k against this. The key variances were identified as follows:

- Dwelling Rent - £340k favourable variance due to lower than expected RTB sales and more properties than expected moving to formulae rents since the budget was set;
- Service Charges - £650k favourable variance due to tenant service charge income continuing to be higher than that budgeted (£270k), and leaseholder service charge income which is due to more leaseholders and recharges for major works, which are a one off increase in income (£380k);
- Garage income - £30k favourable variance due to an increase in the charge which had not been reflected in the budget. The Council was also reported to have been successful in reducing voids in garage usage.
- Miscellaneous income – £90k favourable variance due to higher than anticipated income for telecommunications;
- Management & Services - £176k adverse variance due to increase caretaking costs and some additional temporary staff to cover long term absences within the team;
- Other revenue spend - £512k adverse variance due to a pressure caused by increased legal costs, feasibility costs for phase 2 of the OCHL development programme, decant costs associated with the ongoing developments and consultancy fees relating to the implementation of a new QL Housing system. It was clarified that the cost of feasibility studies, and indeed all the variances references, had been taken into account in the new budget.

- Responsive & cyclical repairs – £203k adverse variance due to security at the Tower blocks that was put in place until the beginning of June;

The Capital budget was summarised as follows. A revised budget was approved at Cabinet on the 19 December 2019, and it stands at £59.962 million. The latest forecast outturn is £47.100 million, this represents a favourable variance of £13.035 million. Clarification was sought and confirmation given that the Council had originally budgeted to spend £101.5m, but had reduced that budgeted spend to £59.96m, on which they were expecting to spend £47.1m – leaving £13.04m of budgeted capital expenditure unspent. This expected spend was confirmed to be less than in the previous financial year, where approximately £60m of capital expenditure was incurred. Notable contributors to this situation were highlighted as the following:

- Seacourt Park and Ride Extension - £2.049 million re-timetabled into next year due to the project being at standstill due to adverse weather. It is reported that contractors were expected to be back on site in March. The Panel sought confirmation over whether the delay means cost increases. To date, none had been incurred but it was likely that there would indeed be cost increases relating to the delays and which would be the subject of a further report to Cabinet.
- Housing Company loans - £5.231 million re-timetabled – Three of the largest development schemes that began this year had experienced delays due to ongoing re-profiling issues following contractor appointment. Seven of the nine extension/new build schemes planned to start at the end of the current financial year had been deferred to 2020/21 (£1.731 million) due to resourcing issues that were now resolved, as has the Elsfield/Cumberlege new build scheme (£1.678 million). There is also slippage in schemes at Rosehill of £0.778 million (groundworks have taken longer than anticipated due to poor local ground conditions), £0.325 million associated with the Harts Close scheme had been deferred due to requiring a revised planning application as a result of costing enquiries and Bracegirdle was reported to be experiencing £0.719 million of re-profiling following the appointment of ODS.

The Panel sought and were given clarification that the retimetabling of Housing Company loans were down to project delays. Frustration was expressed at the nature of the issues causing the delays, including footpath redirection and groundworks, and the failure to pre-identify them as causes.

- Motor Transport – Vehicle/Plant Replacement Programme - £1.854 million re-timetabled due to lead in times for vehicles, particularly Electrical Vehicles, having increased with delivery being in 2020/21;
- Within the HRA, delays to the insulation programme for properties had occurred due to low resident take up. The Panel were informed that this was already known as an issue by Housing Services and remedial action was being taken to increase the take-up rate.

Regarding performance management, 46% (6) of the Council's corporate performance targets were reported as being delivered as planned, 23% (3) showing as below target but within acceptable tolerance limits, and 8% (1) currently at risk. This latter measure was identified as the number of people from the Council's target groups using the Council's leisure facilities, though this was recognised to be an area where the public were not always willing to share the necessary data.

In terms of corporate risk, the only red risk identified was over housing delivery. The Panel asked about the Council’s performance relating to the Oxfordshire Growth Deal. It was confirmed that the Council is presently delivering its share of the Growth Deal housing, and was in a better place than other Districts in this respect. However, it was suggested that the overall delivery of the Growth Deal may be a challenge, but that would not have a significant impact on the Council as it would still be able to draw down its element of the funding for delivery of affordable housing.

**15. Future Meeting Dates**

The Panel noted the absence of meeting dates for the current civic year and noted the dates of meetings in the upcoming civic year.

Particular thanks were extended to the officers presenting reports at the meeting for their work.

**The meeting started at 6:00pm and ended at 7:55pm**

**Chair .....**

**Date: Tuesday 16 June 2020**