

Agenda

Finance and Performance Panel (Panel of the Scrutiny Committee)

This meeting will be held on:

Date: **Monday 2 August 2021**

Time: **6.00 pm**

Place: **Remote (Zoom)**

For further information please contact:

Tom Hudson, Scrutiny Officer, Committee Services Officer

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Members of the public can attend to observe this meeting and.

- may register in advance to speak to the committee in accordance with the [committee's rules](#)
- may record all or part of the meeting in accordance with the Council's [protocol](#)

Information about speaking and recording is set out in the agenda and on the [website](#)

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All public papers are available from the calendar link to this meeting once published

Committee Membership

Councillors: Membership 6: Quorum 3: substitutes are not permitted.

Councillor James Fry (Chair)

Councillor Andrew Gant

Councillor Duncan Hall

Councillor Chris Jarvis

Councillor Tom Landell Mills

Councillor Dr Amar Latif

Apologies and notification of substitutes received before the publication are shown under *Apologies for absence* in the agenda. Those sent after publication will be reported at the meeting. Substitutes for the Chair and Vice-chair do not take on these roles.

Agenda

	Pages
1 Apologies Substitutes are not permitted.	
2 Declarations of Interest	
3 Finance and Performance Work Plan Attached is the recommended work plan for the Panel. The Panel is asked to AGREE the work plan. NB The work plan has a shorter horizon than in previous years as the main Scrutiny Committee is taking a more flexible approach which means it is unable to commit longer in advance to the topics it will consider.	7 - 8
4 Notes of Previous Meeting Attached are the notes of the meeting held on 08 July 2021. The Panel is asked to AGREE the notes as an accurate record having made any necessary amendments.	9 - 12
5 Scrutiny-selected Performance Monitoring The Finance and Performance Panel has agreed to consider its suite of KPIs for performance monitoring purposes at each meeting. The Panel is recommended to NOTE the performance monitoring update having identified any questions it wishes to receive written responses to, or whether it wishes to invite a relevant officer to a future meeting. At its previous meeting the Panel requested a briefing on how KPIs were set; neither of the officers best able to deliver this briefing is expected to be available for this meeting, and it will be deferred until the Panel's next meeting. NB The performance monitoring report is to follow.	

6 Social Value in Procurement

Annette Osborne, Procurement Manager, will be present to provide an update report on the Council's implementation of Social Value in Procurement and to brief on the potential impacts of the 'Transforming Public Procurement' Green Book.

The Panel is recommended to **NOTE** the report, having raised any questions it may have and having agreed any recommendations to make to Cabinet arising therefrom.

NB This report is to follow.

7 Confidential Session

Should the Panel consider it necessary to go into confidential session, it will be necessary to pass a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude the press and members of the public during discussion of this item on the grounds that it might involve disclosure of exempt information as described in the relevant paragraphs of Schedule 12A of the Local Government Act 1972.

8 Aareon QL Implementation Update

As requested by the Panel at its previous meeting, an update report on the implementation of the Aareon QL system will be provided to the Panel. It is recommended that this update be taken in confidential session. Paul Leo, Executive Director of Housing, and Nigel Kennedy, Head of Financial Services, will be available to present the report.

The Panel is recommended to **NOTE** the report, having raised any questions it may have and having agreed any recommendations to make to Cabinet arising therefrom.

NB This report is to follow.

9 Dates of next meeting

Further Finance and Performance Panel meetings are scheduled for:

- 06 Sept 21
- 08 Dec 21
- 24 Jan 22
- 09 Mar 22

Information for those attending

Recording and reporting on meetings held in public

Members of public and press can record, or report in other ways, the parts of the meeting open to the public. You are not required to indicate in advance but it helps if you notify the Committee Services Officer prior to the meeting so that they can inform the Chair and direct you to the best place to record.

The Council asks those recording the meeting:

- To follow the protocol which can be found on the Council's [website](#)
- Not to disturb or disrupt the meeting
- Not to edit the recording in a way that could lead to misinterpretation of the proceedings. This includes not editing an image or views expressed in a way that may ridicule or show a lack of respect towards those being recorded.
- To avoid recording members of the public present, even inadvertently, unless they are addressing the meeting.

Please be aware that you may be recorded during your speech and any follow-up. If you are attending please be aware that recording may take place and that you may be inadvertently included in these.

The Chair of the meeting has absolute discretion to suspend or terminate any activities that in his or her opinion are disruptive.

Councillors 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; licenses 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". 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 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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Finance and Performance Panel Work Plan to October 2021

06 September 2021

Setting of KPIs

Asset Management Plan

Treasury Management Strategy

Integrated Performance Report Q1

** There are no further Finance and Performance Panel meetings until December**

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Remote meeting

Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Thursday 8 July 2021

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Committee members present:

Councillor Fry

Councillor Jarvis

Councillor Landell Mills

Councillor Latif

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

Tom Hudson, Scrutiny Officer

1. Apologies

Councillor Andrew Gant tendered apologies for the meeting

2. Declarations of Interest

None

3. Finance and Performance Work Plan

The Panel were informed that with changes to the Forward Plan the September meeting would coincide with the Treasury Management report and Integrated Performance Report Q1. As such, the recommendation in the agenda – to combine the August and September meetings – was no longer possible and that the meetings should remain as scheduled, with the Treasury Management and Integrated Performance Reports added to the September agenda.

4. Notes of Previous Meeting

The notes of the meeting held on 27 January 2021 were **AGREED** as a correct record.

5. Outturn and Performance Report 2020/21

Anna Winship, Financial Accounting Manager, presented the Financial Outturn Report 2020/21 to the Panel.

Headline figures showed a deficit of a little over £2m for the General Fund owing to the effect of Covid, with the recommendation being that, as previously agreed, the deficit would be covered by the use of reserves. The level of reserves stood at £68.4m, of

which 17% was reserved for Covid-related costs. It was hoped, however, that reserves in later years would be replenished. The HRA showed a favourable variance of £8.4m, with £1.9m to be carried forward and £6.5m being transferred to the HRA reserves for future capital spending. Capital Spending stood at £68.8m, a favourable variance against the latest budget forecast of almost £10m.

Within the General Fund most service areas reliant on income were showing adverse variance owing to having not achieved the expected income targets. Big drops in income were noted particularly with regards to Building Control, Community Services (particularly the Town Hall), car parking and corporate property. Bad debt provision was being made for the income not received in the last year from the Council's corporate tenants. Further, no interim dividend was declared by ODS. In addition, the local cost of benefits showed an adverse variance of £0.85m, arising from loss of subsidy due to local authority error of around £350k (0.5% of total spend and a figure lower than many recent years) and a reduction in overpayment income raised compared to last year, due to increases in benefit entitlement and reduced ability to collect arrears, all in relation to COVID 19. Favourable figures relating to interest payable arose because of not having to borrow as much as anticipated. Another favourable variance, on funding arose because higher losses from car parking meant an increase in government support for lost sales, fees and charges. Although presenting as a favourable variance, overall the recompense of the government did not cover losses which precipitated the government support.

Councillor Amar Latif joined the meeting at this point

In response the Panel raised a number of questions, including the degree to which income losses could certainly be apportioned to Covid and not be masking alternative issues. Officer views were of the view that losses in income were directly attributable, the rapid rise non-payment of rent in commercial properties, the closure of the Town Hall and loss of income, and the precipitous drop in car parking coinciding precisely with Covid. Future expectations of commercial property arrears were discussed, with the existing bad debt provision being expected to be fully used. When setting the budget, a long-term impairment of income of £2m was forecast. Other income streams were anticipated to bounce back more fully and swiftly.

When set against other authorities Oxford's position, though not easy, was better than many. In the last week a further Council, Slough Borough Council, had had to issue a s.114 notice, declaring its inability to deliver a balanced budget. The Audit Committee had also raised similar questions, and the Council's auditors had shared a similar view. That said, the Council's strategy of trading to underpin service levels necessarily involved greater inherent risk than similar-sized councils choosing to make cuts to services instead.

The Council's contractual relationship with Fusion was questioned, with the future of the management fee paid by Fusion being mutually agreed not to be paid in for the remainder of the contract expiring in 2024.

The quantum of government support for sales, fees and charges was raised. It was confirmed that approximately £7m had been received. Contrary to previous expectation the Council was not anticipating any audit in regards to that figure, providing greater certainty that the figure would not alter. The Panel was informed that losses incurred after the first quarter of the current year would cease to be reimbursed by government.

Anna Winship, Management Accountancy Manager introduced the Capital Spending element of the report to the Panel at this point. Budgeted spend was £143m, with actual spend being almost £69m and a slippage of £74m. The majority of the slippage, and in particular where building was concerned, was related to Covid with access to buildings and supply chain issues proving very disruptive. On the HRA capital scheme, a lot of the rolling repairs made to Council homes stopped being delivered by ODS to protect both staff and tenants from infection risks. The programme was being scheduled to be caught up over the coming 24 months.

An update was requested by the Panel concerning the implementation of the Aareon QL system. The system did go live on 18th of May following a significant delay, but there had problems since the go-live date, including difficulties paying suppliers and the Councils wholly owned company ODS for work done, as well as the provision of financial information to both ODS and the Council.. A team of officers from ICT, Housing, Finance, and from ODS and the IT supplier Aareon were working together on a project team to address those problems. The Council was seeking to mitigate these problems by making direct bank payments manually, but it was resource-intensive for all areas involved and unsustainable. Latest forecasts was the 'business as usual' would be achieved from September. The Panel requested an update on progress at its next meeting.

Discussion was held over the challenges of maintaining income from Council tenants whilst at the same time protecting those in arrears from homelessness at a time of vulnerability. Due to changes in processes to provide earlier intervention the Council had actually improved its collection rate despite Covid, all whilst not evicting tenants or taking other enforcement action. The Panel expressed a wish that lessons from this be learnt for the future and expressed praise for the work of the team responsible.

6. Scrutiny-selected Performance Monitoring

The report was introduced by Tom Hudson, Scrutiny Officer. In setting up the Finance and Performance Panel the Scrutiny Committee had included within the Panel's remit responsibility for performance monitoring. Historically, the Panel had considered Cabinet papers of the Integrated Performance Report, but had also identified a suite of its own indicators to consider on a regular basis. The Panel was asked to make a change to previous performance monitoring, which had been undertaken by one officer trying to respond in-depth questions on areas beyond their own service. It was **AGREED** by the Panel that performance monitoring would be a standing item on the agenda, but that it would not be presented by an officer. Instead, the Panel would at that point agree questions to relevant officers for written responses, or invite the relevant officers to talk at the following meeting.

Concerning which measures to track, the Panel **AGREED** that the most time efficient way to agree measures would be for Panel members to send their list of up to 25 measures to the Scrutiny Officer by e mail, and for a composite list to be created from the responses.

A modification was requested to the performance monitoring report template, with previous years' performance included (where available). Further, it was **AGREED** by the Panel that it was important that they understood the basis by which the targets were set, and that this process be explained to them by a relevant officer at the next meeting.

7. Dates of next meeting

The dates of the next meetings were **NOTED**.

The meeting started at 6.00 pm and ended at 7.20 pm

Chair

Date: Monday 2 August 2021