

# Agenda

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

This meeting will be held on:

Date: **Monday 6 September 2021**

Time: **6.00 pm**

Place: **Remote (Zoom)**

**For further information** please contact:

Tom Hudson, Scrutiny Officer, Committee Services Officer

☎ 01865 252191

✉ DemocraticServices@oxford.gov.uk

**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](#)

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## **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

	<b>Pages</b>
<b>1 Apologies</b> Substitutes are not permitted.	
<b>2 Declarations of Interest</b>	
<b>3 Finance and Performance Work Plan</b> Attached is the recommended work plan for the Panel. The Panel is asked to <b>AGREE</b> 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
<b>4 Notes of Previous Meeting</b> Attached are the notes of the meeting held on 02 August 2021. The Panel is asked to agree the notes as an accurate record having made any necessary amendments. NB There are confidential minutes for this item.	9 - 16
<b>5 Scrutiny-selected Performance Monitoring</b> 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 <b>NOTE</b> 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. Responses to the previous questions submitted are included within the report.	17 - 20
<b>6 Integrated Performance Report Q1</b> At its meeting on 15 September Cabinet will consider the Integrated	21 - 44

Performance Report Q1. Nigel Kennedy, Head of Financial Services, and Anna Winship, Management Accountancy Manager, will be available to present the report and answer questions.

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.

## **7 Treasury Management Performance and Activity**

45 - 54

At its meeting on 15 September Cabinet will consider the Treasury Management Performance and Activity Report. Nigel Kennedy, Head of Financial Services, and Bill Lewis, Financial Accounting Manager, will be available to present the report and answer questions.

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.

## **8 Dates of next meeting**

Further Finance and Performance Panel meetings are scheduled for:

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

These meetings of the Finance and Performance Panel will be held in person at the Town Hall.

Following discussion the dates of the Budget Review Group are scheduled for

- 05 January 22
- 06 January 22
- 10 January 22
- 17 January (review)

Budget Review Group meetings will be held virtually.

## **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

NB This work plan is provisional and is subject to change, usually relating to changes on the Cabinet Forward Plan. Changes made outside meetings are agreed between the Scrutiny Officer and the Chair.

Cabinet items beyond three months in advance are not included on the work plan owing to the greater potential they will move or alternative items of higher priority arise in the meantime.

### 08 December 2021 - reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
Integrated Performance Report Q2	Yes	A report to inform the Committee of the Council's current progress with regards to carbon reduction in housing, looking specifically at retrofitting of Council stock, the standards to which the Council is developing its own new homes, and learning from pilots of net-zero developments.	Cabinet Member for Finance and Asset Management	Anna Winship, Management Accountancy Manager
Treasury Management Mid-Year Report	Yes	A report to precis the key feedback arising from the recent Tenant Satisfaction survey	Cabinet Member for Finance and Asset Management	Bill Lewis, Financial Accounting Manager
Commercial Property Strategy Update	No	An update report on the progress of the Council's implementation of its Commercial Property Strategy	Cabinet Member for Finance and Asset Management	Jane Winfield, Head of Corporate Property

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## Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Monday 2 August 2021

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### Committee members present:

Councillor Fry (Chair)

Councillor Gant

Councillor Jarvis

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

Paul Leo, Executive Director of Housing

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

Phil McGaskill, Revenues Manager

Tom Hudson, Scrutiny Officer

## 8. Apologies

Councillor Duncan Hall tendered apologies for the meeting

## 9. Declarations of Interest

None

## 10. Finance and Performance Work Plan

The Panel **NOTED** the forthcoming work plan.

## 11. Notes of Previous Meeting

The notes of the meeting held on 08 July 2021 were **AGREED** as a correct record subject to a number of minor amendments.

## 12. Scrutiny-selected Performance Monitoring

The Panel considered the suite of performance monitoring KPIs. The Scrutiny Officer informed the Panel that contrary to the written recommendation, that suitable officers be invited to the September meeting to explain how individual KPIs were set, that even the officers best placed to answer this would not be in a position to answer with the granularity required by the Panel. Instead, written questions should be submitted and responses requested for all the KPIs. This recommendation was not agreed, but it was instead **AGREED** that Panel members should submit questions to the Scrutiny Officer outside the meeting, that the responses be shared, and subject to those responses the

Panel should agree outside the meeting any officers they wishes to invite to the next meeting.

### **13. Social Value in Procurement**

Annette Osborne, Procurement Manager, presented an update report on the Council's activities relating to social value in procurement, including possible changes from central government.

Scrutiny had previously recommended that an event with neighbouring councils, the private sector and providers of support infrastructure to take place. This meeting had not taken place. Primarily the cause was Covid, but in addition there are a lot of national events which are hosted, making a local event less necessary.

Scrutiny's second previous recommendation was that the Council benchmark itself against other similar councils. This had been undertaken, although owing to differences in record keeping by councils from whom data had been sought, only four of the eleven chosen as suitable comparators were usable as such: Croydon, Stoke, Southampton and Birmingham. Oxford outperformed or equalled those comparators, with 62.5% being spent locally, well above central government's target of 33%.

Although the Procurement Manager had only been technically in post since December 2020, a lot had been achieved to develop social value through the Council's procurement. The constitution had been amended, making it easier for the voluntary sector and cooperatives to deliver goods and services. A 'one quote' mechanism for work up to £10,000 had been implemented, and organisations which had tended not to engage with the procurement portal – SMEs and the voluntary sector – had been given greater opportunity to bid for work outside it. Within the Council's procurement templates the weighting of social value issues had been increased from 5% to 10%. The treatment of the Living Wage had been extended to include the national Living Wage, thereby helping companies who did not employ people within Oxford. Council staff had been appraising the usefulness of the national social value calculator of Themes, Outcomes and Measures (TOMs) and multiple meetings had been held locally with other councils to explore finessing it to create a locally-focused OxTOMs calculator instead. It was suggested to the Panel that rather than putting effort into Scrutiny's previous recommendation of an event, a better suggestion would be to work with other local institutions – the universities and hospital trusts, for example – to standardise social value approaches. This would have the benefit of giving greater clarity to local businesses.

The Panel was updated on the government's proposals about Transforming Public Procurement. The proposals included much which was worthwhile, but making the necessary changes to implement them would be resource-intensive. Simplification of regulations would be of benefit for all, but there were fears that moving focus from identifying the most economically advantageous tender to the most advantageous tender could lead to gold plating. Being able to check whether suppliers of the Council were paying their subcontractors in a timely manner would be very welcome.

The Panel was also presented with a digest of the likely impacts of the government's Procurement Policy Statement. It was unclear for the Council when it would need to implement the new rules in the Statement, the lack of certainty arising from whether spending through OCHL and ODS should be included. The Council was well placed to meet the requirements about considering new businesses and skills, and market health and capability assessments, and would be able to report its pipeline. These would nevertheless slow the speed of procurement. However, the rules could put pressure on the Council to improve its reporting, and greater resource (and training particularly) would have to be devoted across the Council to contract management.

In response the Panel recognised the challenge that the uncertainty emanating from central government caused officers.

Discussion was held over the role of procurement in establishing and maturing new supply chains and skills for products and services which would be needed in the future. There was

indeed a role for procurement, and indeed the team had been doing so in regards to passivhaus and low-carbon housing recently, but it did require notice to communicate with the different stakeholders.

The Panel explored the tension between public accountability for spending and the need for commercial sensitivity. Oversight of the value for money of procurement spending was located on multiple levels. Depending on the value these could include pre-tender review groups, recommendation to award reports containing the details of the tender, performance management of the contracts, Greater value contracts would attract more direct oversight by elected members, whether individually or through Cabinet.

More information was sought about the mechanics by which the Council balanced desirable characteristics and undesirable characteristics in a bidder, for example a large business which paid its staff fairly vs an SME which did not. The balance of outcomes against key criteria were determined through the weightings in the tender document, not all of which resided within the social value section. When purchasing through national frameworks the Council had to follow the weightings of the framework and could not alter them to fit its own priorities.

The definition of 'local' was recognised to be of importance and discussed. Local firms were classified as such if they had an OX postcode, a corollary of which was that larger companies could be considered local if they had a local subsidiary.

The Panel **AGREED** to make the following recommendations to Council on the basis of the report and discussions;

- 1) That the Council works with other local authorities and institutions to develop a shared OxtOMs framework and approach to social value in procurement
- 2) That the Council requests from its internal auditor data to allow it to benchmark the social value generated through its procurement against a wider pool of comparators

## 14. Confidential Session

The Panel **AGREED** 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.

## 15. Aareon QL Implementation Update

Paul Leo, Interim Executive Director of Housing, provided an update on the implementation of the Aareon QL system to the Panel.

The Panel **AGREED** to make the following recommendations to Cabinet:

- 1) That the Council, in a future lessons learnt exercise, should seek to include within its audit of the cost the indirect costs arising from the implementation of the QL system
- 2) That the Council recognises the exemplary commitment of staff across multiple functions in managing and mitigating the challenges posed by the implementation and finds suitable means of recompense.

NB There are confidential minutes relating to this item.

## 16. Dates of next meeting

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

**The meeting started at 6.00 pm and ended at 7.35 pm**

**Chair .....**

**Date: Monday 6 September 2021**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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Measure Service	Description	Owner	Result 2018/19	Result 2019/20	Result 2020/21	2021/22 Target	Q1 21/22 Target	Jun-21	Jul 21 target	Jul 21 actual	Commentary	Questions from Scrutiny	Response
CS003	CS003: Customers calls answered on the council's main telephone service lines without hanging up	Helen Bishop	95%	94.45%	94.69%	95	95	89.75%	95.00%	89.57%	An action plan was drawn up to address the performance levels . The following actions have been taken: Reduce 1-1 times for officers to 30 mins, Team Meetings now cross over the time we are closed on a Thursday to minimize the impact, on-line messages have been added promoting on-line services, recruitment has taken place for 3 new CSOs who start on 16th Aug, training has taken place for 4 CSOs to increase our ability to pick up Repairs and council tax calls, internal and external comms are being drawn up promoting our on-line services and we have reduced the support we are providing to the hubs. Throughout July, August and September we go through peak holiday period and with additional sickness and 3 CSOs leaving this has put additional strain on our available resource, There are also still some issues with QL that need to be resolved which creates additional disruption for CSOs and additional call volume.		
CS002	CS002: Time to process changes in circumstances	Tanya Bandekar	12.08	10.77	6.58	15	15	5.95 days	15	6	Some 3,450 "Change Events" were processed in July in an average 7.2 days. Our year to date result is a commendable 6.2 days, almost 9 days within the 21/22 target of 15 days.	Why is the target here 15, given from 2018 onwards the actual performance has been well below this, and indeed has improved year on year? Surely a more stringent target is appropriate?	<b>NB This is a response to questions for CS002 and CS005:</b> We have taken a view for this year to leave the target as is, but reduce the new claims target from 18 days to 15 days. Whilst performance is good, there were several reasons for leaving this as it was. 1. Test and Trace support- Councils were required to administer these grants with inadequate funding. This meant we had to move staff from processing, checking and recovery within the team to administer these payments. We had a large number of applicants, many that were ineligible, but we still had to process these. So far we have managed to keep largely on top of the work by introducing more automated processes, but we also see a rise in days to process whilst staff take summer holiday leave. We do try to manage this but inevitably there will also be levels of sickness as well as leave. 2. We are implementing a new Revenues and Benefits system which will require a 3-4 week close down period whilst we go through the conversion period in September. During this time we will be unable to process claims and changes, which will inevitably mean delays in processing, and we expect performance to take a hit. Once we are live we have arranged for extra support to clear this as quickly as possible. 3. Covid-19 is still with us. We are awaiting the impact of the cessation of the furlough scheme, Self Employed Income Support Scheme (SEISS) , and the cessation of Business Grants. All these may lead to businesses ceasing to trade and an increase in claims. For these reasons we have left the indicator as is, as whilst we absolutely accept stretching targets should be set, we must balance that with staff morale, and as you will be aware staff have been working flat out to keep services running
												Why is the target 15, exactly the same as for CS005, when this achieved 6.58 the previous year?	

Measure Service	Description	Owner	Result 2018/19	Result 2019/20	Result 2020/21	2021/22 Target	Q1 21/22 Target	Jun-21	Jul 21 target	Jul 21 actual	Commentary	Questions from Scrutiny	Response
CS005	CS005: Time to process new benefits claims	Tanya Bandekar	14.01	13.54	13.26	15		14.92 days		14.36	The July result of 12.2 days was our best monthly result of the year to date. This made our year to date result 14.4 days that is comfortably within the 15 day target set for 21/22.	As with CS002, the target is above results achieved in 2018/19, 2019/20 and 2020/21, and there have been year on year improvements. Should this not also be more stringent?	we are ever hopeful that as we move back to some form of normality we will be able to reduce this target from April next year
HP011	Households in temporary accommodation	Stephen Clarke	NA	NA	New KPI 2021/22	110	110	96			This is updated quarterly		
BI038	BI038: Percentage of staff turnover for the whole organisation	Helen Bishop / Samantha Lees			7.92%			7.32%		7.97%			
CH001	CH001: Days lost to sickness	Helen Bishop / Samantha Lees	6.5	7.68	5.59	6.50		5.34		5.71		I would be keen to hear more on the rationale behind this target, and what measures are sitting underneath it. Obviously there can be positive interventions here – for example stress prevention, mental health support etc., but on the other hand seeking to meet this target through less positive measures would be unhelpful – eg. a culture where staff are discouraged from taking sick leave when needed.	Awaiting response
												Can we split this between long term and short term?	Awaiting response
BI001a	BI001a: The % of Council spend with local business (excluding ODS and OCHL)	Annette Osborne	54%	65.88	71%	45		77%		64%		This target is more than 20 percentage points lower than what has been delivered in 2019/20 and 2020/21 – what's the explanation/rationale behind this?	While actual performance to date shows performance closer to previous years there is a risk that local spend can vary significantly from month to month due to one contract alone - hence the reason for an annual target of 45%. The council could pay the parent company, but local supply could be utilised. Our systems do not currently have the ability to register indirect local spend.
BI001b	BI001b: The % of ODS spend with local business	Nicky Atkin	48%	46.58%	55.15%	60%		89%		56%	The target is in line with an increase of the spend for 20/21 and is expected to increase during the year	Why is this target 0?	Annual target of 0 was error - now corrected to 60%
BI001c	BI001c: The % of OCHL spend with local business	Annette Osborne	5.90%	7.03%	26.5%	25%		8%		6%		Is this target too high given it's only been exceeded once in the past three years?	This should be a yearly target based on the fact that one contract alone can impact this figure. Construction contracts are more likely to use large organisations who indirectly use local supply which we cannot easily track.
BV008	BV008: Percentage of invoices paid on	Anna Winship	89.34%	89.82%	88.86%	95%	95%	93.43%	95.00%	95.59%			
CS025	CS025: Percentage of Business Rates Collected	Tanya Bandekar	98.14%	97.39%	95.71%	95.5	28	27.84	37	28.56	2021/22 is proving a difficult year for rates collection. In 20/21 due to the pandemic retail premises received 100% discount. That relief finished on 30/06/21, with the relief being capped at 66%. This means that the debit to collect this year is some £34m (65%) higher. By 31/07 we had collected almost £25m that equals 28.6% of the £87.5m due for 21/22	Can we be given just the Q1 targets for comparison	Q1 and July targets now provided. Please note that this is a cumulative figure, so collection increases throughout the year. More Ratepayers now choose to pay over 12 months, so we have to monitor this target very closely throughout the year. We have reissued bills showing the 66% Expanded Retail Reduction, so the debit to collect has increased from July. We will look at the August outturn figure as we may need to reprofile the monthly targets. We haven't done that yet as there was always the option for Government to extend the 100% discount further, which didn't happen.

Measure Service	Description	Owner	Result 2018/19	Result 2019/20	Result 2020/21	2021/22 Target	Q1 21/22 Target	Jun-21	Jul 21 target	Jul 21 actual	Commentary	Questions from Scrutiny	Response
FN034	FN034: Trading Income	Scott Warner	£418,397	£360,918	£268,523	175000	43,749	Not available	58,332	£19,983		What's the rationale for this target being significantly below what has been delivered in previous years?	Some of our larger long-term contracts have concluded and with the pandemic, new business development was affected and a large percentage of resource was diverted to the administration of Covid Business grants. BD activity has started to slowly pick up again and it is hoped new contracts will fill the income gap.
FN036	FN036: Fraud Losses Prevented	Scott Warner	£2,524,987	£3,292,143	£8,735,225	£2,000,000	500,000	£261,151	£666,667	£497,151	As business grants investigations and interventions are concluded and collated, this target will likely be exceeded by the end of Q2.		
FN052	FN052a: % of Council spend with SME's (excluding ODS and OCHL)	Annette Osborne	71.57%	63.44%	81.11%	60%	60%	89%	60%	82%		This target is nearly 30 percentage points below the lowest point in the last three years. What's the rationale for this?	This was an error in the report and target has now been corrected to 60% (with the intervention being 33%)
LG006	% of missed Data Subject Action	Liz Godin			New KPI 2021/22	2%	2%	0%	2%	0%			
RS005	RS005: Number of cases in the private rented sector, where	Ian Wright	131	166	171	NA	NA	41	NA	10		Why is this target 0?	As there is no target attached to this indicator it has been revised to show N/A. This is work undertaken reactively through tenants and agencies contacting the TRO.
												This is interesting, but if there is no target, it's not clear why it is here.	This is work undertaken reactively through tenants and agencies contacting the TRO.
FSC019a	Total income collection as % of plan (Council Tax) [NB BV009 removed as a duplicate KPI]	Nigel Kennedy			New KPI 2021/22	96.5	29.5	30.87%	38.50%	39.66%	Collection of the current year's Council Tax continues to be very good. By 31/07 we had collected almost £38.6m that equates to 39.66% of the collectable debit for the year. We had collected over £1.1m in excess of the month end profiled target of 38.5%. We had collected 38.57% at this time last year.	Can we be given just the Q1 targets for comparison	Q1 and July targets now provided. Collection is holding up well, however we still take a cautious approach to recovery, and work with taxpayers to ensure that if they are in need of support we can signpost them. We had expected to see a drop in collection once the new Breathing Space legislation came into force in May, however to date we have only received 18 applications. This means we have to pause recovery action for 60 days or longer if there are mental health issues. We have not seen this impact on the target. Again we expect the ending of furlough and SEISS to impact on collection from October onwards.
FN008	FN008: Investment return above base rate	Bill Lewis			0.72%	0.20%		0.27%		0.49%	[NB month time lag in this result being available] At the end of June, we had a total of £88.065m invested including 5.055m in Money Market Funds and 10m in Equity Funds.		
REC002	Number of Oxford Living Wage employers	Carolyn Ploszynski			New KPI 2021/22	50		36			Updates available quarterly	The description refers to "employers" and "employees" but the target only has one number. Which is the target referring to?	The description should refer to employers only and has been updated accordingly.
												This is difficult to understand. Does it relate to numbers of employees? If so, it would be very low. If it's number of employers, it would be good to have an idea how many employees it covers.	See above
PSC007	Planned council housing with planning permission	Adrian Arnold			New KPI 2021/22	1701		No change			Updates available quarterly		

Measure Service	Description	Owner	Result 2018/19	Result 2019/20	Result 2020/21	2021/22 Target	Q1 21/22 Target	Jun-21	Jul 21 target	Jul 21 actual	Commentary	Questions from Scrutiny	Response
CSC008	% of people who share protected characteristics that have confidence in the Councils equality, diversity and inclusion programme	Ian Brooke, Nadeem Murtuja			New KPI 2021/22	Baseline year		Not available			Updates available quarterly		
CSC012	Physically active adults	Ian Brooke	72%	74%	76.00%	75%	74%	76.4		73	November 2019-2020 Active Lives Survey shows 73.2% of adult population are meeting the CMO's physical activity guidelines in Oxford city.	How are these data collected? What does physical active adults mean, especially during a period of lockdown?	This is the Active Lives data which is collected via a national survey with a minimum sample size per local authority of 500 people and 'physically active' is 'active for at least 150 minutes per week'(this is moderate intensity and includes most types of sport and physical activity except gardening.) More information can be found here: <a href="https://www.sportengland.org/know-your-audience/data/active-lives">https://www.sportengland.org/know-your-audience/data/active-lives</a>
HSC011	The number of people in Oxford estimated to be sleeping rough	Stephen Clarke	94	62	26	17	17	24			Updates available quarterly		
HSC014	Percentage of council owned stock that has an EPC below C	Stephen Clarke			New KPI 2021/22 - Baseline 54%	46		annual measure			Updates available quarterly	[Q1] answer is much too long and detailed for this purpose.	Noted
BIC018	% of BAME staff	Helen Bishop			New KPI 2021/22	13.50%		13.08%		13.08%			
BIC022	% of transactions carried out online relative to total transaction numbers	Helen Bishop			New KPI 2021/22	50%		52.16%		52.72%	The month has seen a 6% increase year on year, from 46.70% to 52.72%. This is due to both a reduction in calls to the contact centre and an increase in online transactions. This increase has been primarily from more web forms submissions including a large number of test and trace payment applications. Other online transactions remained similar to previous months with a reduction in online payments this month. Cumulatively, this trend follows, with 49.48% transactions carried out online last financial year and 52.17% this.		
CPC017	Oxford residents' satisfaction with City Council services	Mish Tullar	Not recorded	Not recorded	Not recorded	Baseline year		Not available			Updates available quarterly		
FSC020	Discretionary funding won by the Council	Anna Winship			New KPI 2021/22			Not available		£2.3m	£1.9m Meanwhile Oxfordshire - to revitalise vacant retail units and transform them into independent shops, cultural venues, creative studios & co-working space. £400k for Rough sleeping initiative	Does this discretionary funding require co-financing from the council? Is this in the budget?	The funding received to date does not require any match funding from the Council.

**To:** Cabinet – 15 September 2021  
Council – 04 October 2021

**Report of:** Head of Financial Services  
Head of Business Improvement

**Title of Report:** Integrated Performance Report for Quarter 1 2021/22

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To update the Cabinet on Finance, Risk and Corporate Performance matters as at 30 <sup>th</sup> June 2021.
<b>Key decision:</b>	No
<b>Cabinet Member:</b>	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	Council Strategy 2020-24
<b>Recommendation(s): That the Cabinet resolves to:</b>	
1.	Note the projected financial outturn as well as the current position on risk and performance as at 30 June 2021.
2.	To recommend to Council the addition of £10.0 million into the Capital programme as per paragraph 12.

<b>Appendices</b>	
Appendix A	General Fund - June 2021 Forecast Outturn
Appendix B	Housing Revenue Account - June 2021 Forecast Outturn
Appendix C	Capital Programme – June 2021
Appendix D	Key Performance Indicators (KPIs) – June 2021

## **Introduction and background**

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 30<sup>th</sup> June 2021. A brief summary is as follows:

## **Financial Position**

- **General Fund** – the outturn position is forecast to be on budget against the net budget agreed by Council in February 2021 of £23.109 million; it should be noted this includes £2.1million of income losses already factored into the budget due to the continuing impacts from Covid. In setting its Budget for 2021-22 and Medium Term Financial Plan at Council in February 2021 the Council was required to draw on £11.3 million of reserves to balance the budget over the medium term as well as reduce expenditure and seek further efficiencies and increased revenue especially from its wholly owned companies to cover reduced income and increased cost arising from the pandemic. Whilst some provision has been made in the MTFP for reduced income streams in future years, the indication is that around some income streams such as car parking this may be insufficient, although this assertion is only based on the first 3 months data.
  - **Housing Revenue Account** – The budgeted surplus agreed by the Council in February 2021 was £0.388 million. The forecast outturn position indicates a surplus of £0.359 million, which is a small adverse variance of £0.029 million;
  - **Capital Programme** – The budget, as approved at Council in February 2021, was set at £186.309 million with carry forward of unspent balances in 2020-21 this was subsequently revised to the latest budget of £203.607 million. The outturn forecast position is currently £190.939 million with a total variance of £12.668 million made up of slippage of £8.668 million and £4.0 million of underspend.
2. **Performance** – There are 24 Corporate Indicators for the current financial year, 13 of which are rated Green (on target); 5 are rated Amber (within a tolerance of target) and 1 is rated Red (outside of target), there are also 5 indicators that are unrated due to either no data being available or no comparable data from previous year to rate against. More details can be found in paragraph 15.
  3. **Corporate Risk Management** – There are two red corporate risks at the end of quarter one. These relate to actions taken to ensure housing delivery and supply for the city of Oxford and to enable sufficient house building and investment; local, national or international factors adversely affecting the economic growth of the city and negative impacts of Climate Change. More details of the risks can be found in paragraphs 13 to 14;

## Financial Position

### General Fund Revenue

4. The overall Net Budget Requirement agreed by the Council in February 2021 was £23.647 million. Since setting the budget, service area expenditure has decreased by a net total of £2.262 million, this is due to a combination of virements within service areas and additions to reserves of grant income received. The Net Budget Requirement remains unchanged.
5. Virements between service areas, were authorised under delegated powers by the Council's Head of Financial Services totalling £0.338 million, the most notable of which relates to the redistribution of funding for Tree Officers from Environmental Sustainability to Planning.

6. The contribution to reserves totals a net movement of £1.992million, with the most significant movement being adding the 2021/22 grant allocation received from MHCLG for both homeless prevention and rough sleeping initiative funding to reserves. This has been paid to us in advance and will be released into Revenue as and when expenditure is incurred.
7. As at 30<sup>th</sup> June 2021 the General Fund Service Area is not projecting any outturn variances against the latest budget of £33.532 million however there are a number of key areas that continue to be impacted by COVID 19 that are being monitored closely. These include :
- **Car Park income** – the budget for the current year 2021-22 agreed in February 2021 was reduced from £6.7 million by approx. £1.500 million to take account of reduced usage. Income for the first quarter of 2021-22 is 40% down on the revised budget. Shoppers have returned to the city however many businesses are still predominantly working from home leading to the reduced usage of some car parks. The position is being monitored but may result in further reduction in income forecast in the next monitoring report.
  - **Community Centre income** – the budget for the current year 2021-22 was reduced by £0.160 million. The overall position to date for the service is consistent with this although it is being achieved by a saving in premises and employee costs rather than meeting the income target.
  - **Licensing** – the budget for the current year 2021-22 was reduced by £0.030 million and currently income is significantly below the budget for the year although there is some mitigation from staff vacancies. The income forecast currently remains at the original level but this will be reviewed during the year.
  - **Property rental** – the budget in the current year 2021-22 was reduced by £3.700 million due to the significant pressures that COVID 19 placed on this income stream. The forecast remains unchanged but arrears are being closely monitored with 37% of Q1 invoices issued in March 2021 still outstanding.
  - **Town Hall income** – the net income target for the current year was reduced by £0.536 million and this area is only slightly down on budget on a year to date basis so no forecast changes are anticipated.
  - **Events income** – the income budget was reduced by 50% and income has picked up considerably in the last month so it is hoped the target will be met and no forecast changes will be necessary.
  - **Oxford Direct Services** have deferred the decision as to whether to pay a dividend for 2020-21 in this financial year, due to the ongoing impact of COVID and the lack of financial management information available arising from the ongoing problems of the QL system implementation. Further adjusted forecasts will be made in future monitoring reports
  - **Oxford City Housing Limited** – The Company will present their revised business plan to shareholders in July. Developments have been delayed due to COVID and increased corporation tax announced in the chancellors' budget make some form of adjustment in returns from the Company a

likelihood as it seeks to make financial adjustments in its business plan. These adjustments will be included in future monitoring reports.

8. To mitigate some of these losses of income the Council will be submitting a claim through the Sales, Fees & Charges compensation scheme which the Government extended to cover lost income up to and including 30<sup>th</sup> June. It is important to note that the scheme, which covers 75% of losses incurred compared to the budget position allowing for a 5% threshold, does not cover commercial losses from tenant rents or returns from companies.

### **Housing Revenue Account (“the HRA”)**

9. The HRA budgeted surplus agreed by the Council in February 2021 was £0.388 million. The forecast outturn indicates a surplus of £0.359 million, a small adverse variance of £0.029 million against the agreed position. The HRA accounts are showing a significant underspend in the year to date position, this is due to issues arising from the implementation of the new Housing Management System, QL. Since the system went live on 18<sup>th</sup> May, no financial information has been available and the project team are working to resolve the issues. The significant forecast changes are explained below:
  - Dwelling Rent - £1.110 million reduction in rental income is due to some development schemes slipping into the next financial year and the use of a higher inflation rate when setting the budget for the rent increase;
  - Management & Services - £0.243 million increase in expenditure while Other Revenue Spend has reduced expenditure of £0.304 million, this is mainly a realignment of budgets across the two expenditure lines;
  - Interest Paid - £1.254 million reduced expenditure to reflect the lower level of loans taken out during 2020/21 due to reduced activity levels during the height of the COVID 19 pandemic.

### **Capital**

10. The budget, as approved by the Council at its meeting in February 2021, was set at £186.309 million. Since that date the budget has been increased by £10.261 million to take account of unspent balances rolled forward from 2020-21, giving a budget of £196.572 million. Further adjustments since then have been made which increase the budget by £7.068 million to show the latest budget as at 30<sup>th</sup> June to be £203.608 million. In the current circumstance capital expenditure may be affected, this will be reviewed over the quarter and an updated position on likely spend for the year will be reported in the next report.
11. Further net slippage of £8.711 million together with underspends of £4.000 million results in a forecast outturn of £190.897 million. The main items which are being re-timetabled are:

### **General Fund**

- East Oxford Community Centre - £3.030 million slippage – key dates have been agreed and the refurbishment will start towards the end of 2021, with stakeholder engagement currently underway;
- Osney Mead Infrastructure - £0.710 million slippage – overall scheme slippage due to delays with the Oxford Flood Alleviation Scheme (OFAS)

and the need to negotiate with the Environment Agency and also with Homes England regarding the funding drawdown;

- City Cycle Schemes - £0.212 million slippage – the scheme is currently in planning but some sites have received objections and this is delaying the delivery of the scheme;
- Motor Transport Vehicle Replacement programme - £0.777 million slippage as the programme of replacement is being reviewed, some vehicles may be delayed while others are brought forward;

### **Housing Revenue Account**

- East Oxford Development – slippage of £0.263 million – this links with the General Fund scheme which is also slipping;
  - Properties purchased from OCHL – the budget for this item has been increased by £10.5 million to take account of additional stage payments to Oxford City Housing Ltd (OCHL) with regard the purchase of social housing together with payment for an additional 17 social dwellings at Elsfield
  - Development sites at Northfield Hostel, Lanham Way, unallocated site 1 and Juniper Way - £14.459 million slippage across the four sites to 2021-22 – all schemes are progressing but are at different stages with some at pre planning and consultation while others are at the feasibility stage.
  - Unallocated Site 2 – underspend of £4 million which is to being used to fund the change of tenure types on the Elsfield development referred to above
12. On 9<sup>th</sup> September 2020 a report was taken to Cabinet in respect of works at Northern Gateway. The report sought approval from Cabinet to enter into an agreement with Thomas White Oxford (TWO) to deliver infrastructure works to Northern Gateway funded by Housing Infrastructure Funds (HIF) from Homes England. Under the Councils Constitution a resolution should have been made by Cabinet to Council to establish a capital budget to enable payment of the monies but unfortunately this was overlooked. Agreement has been made to commence payment of the funds £2.7 million in 2021/22 and £7.3 million in 2022/23 and this report seeks the approval to do so in accordance with the Constitution. For convenience the report referred to may be found at :

<http://mycouncilpages.oxford.gov.uk/ieListDocuments.aspx?CId=527&MId=5575>

### **Corporate Risk**

13. There are two red risks on the current Corporate Risk Register, which are as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the city of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property

purchases to be delivered via real lettings. In addition the Council’s housing companies are in the process of constructing new affordable homes and the Cabinet has approved plans which will result in the Council’s Housing Revenue Account (“HRA”) purchasing the social housing using borrowing headroom, following the removal of the HRA borrowing cap by central government . This has become more challenging in the short term due to the Covid-19 pandemic which has paused any delivery in the housing supply;

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Despite some positive trends, the Risk still remains at Red. Issues relating to inflation, labour market supply, global economy, COVID levels locally, border arrangements, local business support being scaled back and business rates commencing suggest that there are still numerous risks;

14. The table below shows the level of Red, Amber and Green current risks over the last 12 months:

<b>Current Risk</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>	<b>Q4 2020/21</b>	<b>Q1 2021/22</b>
Red	3	3	3	2
Amber	8	9	7	8
Green	1	0	2	2
<b>Total Risks</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

### **Performance Indicators**

15. There is one red corporate performance indicators being reported at the end of quarter 1, these relate to:

- The number of people in Oxford estimated to be sleeping rough – actual of 24 against a target of 17 – an increase has been seen in recent weeks which is not uncommon when the weather improves, but when compared to pre-pandemic this number is much lower for the time of year;

### **Financial implications**

16. All financial implications are covered in the body of this report and the Appendices.

### **Legal issues**

17. There are no legal implications arising directly from this report.

### **Level of risk**

18. All risk implications are covered in the body of this report and the Appendices.

### **Equalities impact**

19. There are no equalities impacts arising directly from this report.

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<b>Background Papers:</b> None

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<b>General Fund Outturn Report 21/22 @ 30 June 2021</b>	<b>Approved Budget (per Budget book)</b>	<b>Previous Months Budget</b>	<b>Current Month Virements &amp; Ear Marked Reserve Transfers</b>	<b>Latest Budget</b>	<b>Projected Outturn against Latest Budget</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
S13 - Housing Services	4,558	2,515	(18)	2,497	2,497
S15 - Regulatory Services & Community Safety	1,359	1,298	24	1,322	1,322
S22 - Community Services	5,821	6,002	60	6,062	6,062
<b>Communities &amp; People</b>	<b>11,738</b>	<b>9,815</b>	<b>66</b>	<b>9,881</b>	<b>9,881</b>
S09 - Corporate Property	(5,609)	(5,734)		(5,734)	(5,734)
S10 - Regeneration & Economy	606	666	11	677	677
S16 - Planning Services	377	405	1	406	406
<b>Development</b>	<b>(4,626)</b>	<b>(4,663)</b>	<b>12</b>	<b>(4,651)</b>	<b>(4,651)</b>
S01 - Corporate Strategy	871	838	(60)	778	778
S20 - Environmental Sustainability	1,047	689	5	694	694
<b>Chief Executive</b>	<b>1,918</b>	<b>1,527</b>	<b>(55)</b>	<b>1,472</b>	<b>1,472</b>
S26 - Oxford Direct Services Client	11,405	11,714		11,714	11,714
<b>ODS Development Director</b>	<b>11,405</b>	<b>11,714</b>		<b>11,714</b>	<b>11,714</b>
S03 - Business Improvement	8,952	8,825		8,825	8,825
S32 - Financial Services	3,020	2,963		2,963	2,963
S34 - Law and Governance	3,387	3,328		3,328	3,328
<b>Corporate Resources</b>	<b>15,359</b>	<b>15,116</b>		<b>15,116</b>	<b>15,116</b>
<b>Directorate Total Excl SLA's &amp; Capital Charges</b>	<b>35,794</b>	<b>33,509</b>	<b>23</b>	<b>33,532</b>	<b>33,532</b>
<b>SLA's &amp; Capital Charges</b>	<b>(9,538)</b>	<b>(9,538)</b>		<b>(9,538)</b>	<b>(9,538)</b>
<b>Corporate Accounts</b>	<b>1,825</b>	<b>1,825</b>		<b>1,825</b>	<b>1,825</b>
<b>Contingencies</b>	<b>633</b>	<b>926</b>	<b>(1)</b>	<b>925</b>	<b>925</b>
<b>Total Corporate Accounts &amp; Contingencies</b>	<b>2,458</b>	<b>2,751</b>	<b>(1)</b>	<b>2,750</b>	<b>2,750</b>
<b>Net Expenditure Budget</b>	<b>28,714</b>	<b>26,722</b>	<b>22</b>	<b>26,744</b>	<b>26,744</b>
S48D - Transfers To/From Earmarked Reserves	(5,067)	(3,075)	(22)	(3,097)	(3,097)
<b>Net Budget Required</b>	<b>23,647</b>	<b>23,647</b>		<b>23,647</b>	<b>23,647</b>
<b>Funding</b>					
S47A - External Funding					
S47B - Council Tax Funding	14,911	14,911		14,911	14,911
S47C - Parish Precept	(278)	(278)		(278)	(278)
S47D - NDR Funding	8,476	8,476		8,476	8,476
S47E - New Homes Bonus	538	538		538	538
<b>Total Funding Available</b>	<b>23,647</b>	<b>23,647</b>		<b>23,647</b>	<b>23,647</b>
<b>(Surplus) / Deficit for the year</b>					



HRA Report 21/22 @ Jun 2021	Approved Budget (per Budget book)	Latest Budget @ 30th June 2021	% Budget Spent to 30th Jun 2021	Projected Outturn against Latest Budget @ 30th Jun 2021	Projected Outturn Variance	Projected Outturn Variance Mvt from Previous Month
	£000's	£'000's	%	£'000's	£000's	£'000's
Dwelling Rent	(43,595)	(43,595)	24%	(42,485)	1,110	1,110
Service Charges	(1,987)	(1,987)	19%	(1,987)		
Garage Income	(221)	(221)	26%	(221)		
Miscellaneous Income	(795)	(795)	24%	(795)		
Right to Buy (RAF)	(52)	(52)	10%	(52)		
<b>Net Income</b>	<b>(46,650)</b>	<b>(46,650)</b>		<b>(45,540)</b>	<b>1,110</b>	<b>1,110</b>
Management & Services (Stock Related)	10,540	10,741	23%	10,741	201	243
Other Revenue Spend (Stock Related)	1,779	1,517	8%	1,517	(262)	(304)
Misc Expenditure (Not Stock Related)	954	1,016	21%	1,016	61	61
Bad Debt Provision	770	770	4%	751	(19)	(19)
Responsive & Cyclical Repairs	14,175	14,175	8%	14,367	192	192
Interest Paid	9,026	9,026	25%	7,772	(1,254)	(1,254)
Depreciation	9,079	9,079	25%	9,079		
<b>Total Expenditure</b>	<b>46,324</b>	<b>46,324</b>		<b>45,243</b>	<b>(1,081)</b>	<b>(1,081)</b>
<b>Net Operating Expenditure/(Income)</b>	<b>(326)</b>	<b>(326)</b>		<b>(297)</b>	<b>29</b>	<b>29</b>
Investment Income	(62)	(62)	25%	(62)		
Other HRA Reserve Adjustment						
Transfer (to)/from MR/OR						
<b>Total Appropriations</b>	<b>(62)</b>	<b>(62)</b>		<b>(62)</b>		
<b>Total HRA (Surplus)/Deficit</b>	<b>(388)</b>	<b>(388)</b>		<b>(359)</b>	<b>29</b>	<b>29</b>

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Capital Budget and Spend as at 30th June 2021										
Cost Centre	Capital Scheme	Progress Update Provider	2021/22 Original Budget	Latest Budget	Spend to 30/06/2021	Budget Remaining	2021/22 Forecast Variance			
							Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
<b>General Fund Capital Programme</b>										
<b>Communities and People Directorate</b>										
<b>Business Improvement Projects</b>										
C3044	ICT Software and Licences	Rocco Labellarte	245,000	245,000	233,159	11,841	-	-	-	245,000
C3058	CRM Replacement	Rocco Labellarte	-	120,275	-	120,275	-	-	-	120,275
C3060	End-Point Devices (Desktops/Laptops)	Rocco Labellarte	60,000	65,775	17,161	48,614	-	-	-	65,775
C3066	Telephony Device Refresh	Rocco Labellarte	-	9,271	6,792	2,479	-	-	-	9,271
C3067	Paris Payment System, Replacement / PCI DSS	Tim Martin	17,924	102,684	-	102,684	-	-	-	102,684
C3068	Windows 2008 Server Replacement	Rocco Labellarte	121,128	168,804	-	168,804	-	-	-	168,804
C3070	Business Process Automation Full Rollout	Rocco Labellarte	-	19,515	-	19,515	-	-	-	19,515
C3072	Council Website Refresh	Rocco Labellarte	-	36,170	-	36,170	-	-	-	36,170
C3078	Revs and Bens System Replacement	Shaun Butler	245,000	463,737	-	463,737	-	-	-	463,737
<b>Community Services Projects</b>										
A4820	Upgrade Existing Tennis Courts	Hagan Lewisman	35,000	35,000	-	35,000	-	-	-	35,000
A4833	Horspath Sports Park	Hagan Lewisman	-	-	296	(296)	-	-	-	0
A4847	Rose Hill Community Centre - Parking Management	Dave Morrell	10,000	10,000	-	10,000	-	-	-	10,000
B0075	Stage 2 Museum of Oxford Development	Steven Clews	35,000	1,051,395	1,031,461	19,934	-	-	-	1,051,395
B0083	East Oxford Community Centre	Doug Kerrigan	4,212,439	4,430,487	-	4,430,487	(3,030,487)	(3,030,487)	-	1,400,000
B0084	Jericho Community Centre	Steven Clews	200,000	200,000	-	200,000	-	-	-	200,000
B0096	Bullingdon Community Centre	Douglas Kerrigan	1,481,151	1,514,578	15,506	1,499,072	-	-	-	1,514,578
T2305	Parks Paths	Laura Harlock	-	33,840	-	33,840	-	-	-	33,840
<b>Housing Services Projects</b>										
B0108	Floyds Row Refurbishment	Douglas Kerrigan	41,400	41,400	(111,512)	152,912	-	-	-	41,400
C3057	Housing System Replacement	Dave Shaw	-	128,595	105,521	23,074	-	-	-	128,595
M5019	Purchase of Homeless Properties		-	-	434	(434)	-	-	-	0
M5025	Barton Park - Purchase by Council	David Watt	5,736,037	8,231,856	-	8,231,856	-	-	-	8,231,856
M5026	Housing Company Loans (excl Barton Park)	David Watt	32,200,000	26,534,169	305,000	26,229,169	-	-	-	26,534,169
M5032	Barton Park - loan to OCHL	David Watt	5,736,037	8,198,856	-	8,198,856	-	-	-	8,198,856
M5033	Blackbird Leys Regeneration (GF Element)	Andrew Humpherson	452,790	454,438	-	454,438	-	-	-	454,438
M5034	Affordable Housing Supply	Dave Scholes	-	3,000,000	-	3,000,000	-	-	-	3,000,000
M5035	Growth Deal Registered Provider Payments	Dave Scholes	6,900,000	7,247,000	-	7,247,000	-	-	-	7,247,000
<b>Regulatory &amp; Community Safety Projects</b>										
A4845	CCTV Suite Upgrade	Richard Adams	68,688	68,688	-	68,688	-	-	-	68,688
A4852	Bodycams for Community Safety Team	Dan Courtenay	60,450	60,450	-	60,450	-	-	-	60,450
E3511	Essential Repairs Grant	Becky Walker	24,948	31,521	4,990	26,531	-	-	-	31,521
E3521	Disabled Facilities Grants	Becky Walker	1,282,378	1,417,378	157,576	1,259,802	-	-	-	1,417,378
E3561	Additional DFG Funding	Becky Walker	-	98,682	33,424	65,258	-	-	-	98,682
<b>Communities and People Directorate Total</b>			<b>59,165,370</b>	<b>64,019,564</b>	<b>1,799,808</b>	<b>62,219,755</b>	<b>(3,030,487)</b>	<b>(3,030,487)</b>	<b>-</b>	<b>60,989,077</b>
<b>Development Directorate</b>										
A4853	City Wide Cycling Infrastructure Contribution	Ted Maxwell	60,000	62,456	-	62,456	-	-	-	62,456
B0081	Car Parking Oxpens	Steven Clews	43,000	235,355	50	235,305	-	-	-	235,355
B0086	Seacourt Park & Ride Extension	Douglas Kerrigan	-	262,499	(280,030)	542,529	-	-	-	262,499
B0092	Cave Street Development (Standingford House)	Andrew Humpherson	1,407,500	1,040,662	29,222	1,011,440	-	-	-	1,040,662
B0098	1-3 George Street	Andrew Humpherson	1,635,200	1,926,769	7,500	1,919,269	-	-	-	1,926,769

Cost Centre	Capital Scheme	Progress Update Provider	2021/22 Original Budget	Latest Budget	Spend to 30/06/2021	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
B0100	Gloucester Green Car Park (H&S)	Keith Reynolds/ Malcolm	74,979	262,123	(22,755)	284,878	-	-	-	262,123
B0101	Capital Works at Covered Market	Katharine Gould/ Malcolm	1,012,790	974,098	39,881	934,217	75,000	75,000	-	1,049,098
B0102	Replace or refurbish Lifts	Malcolm Peek	43,294	119,484	-	119,484	(76,190)	(76,190)	-	43,294
B0106	Covered Market Roof Works (Capitalised Planned	Richard Davison	240,000	362,023	50,585	311,438	-	-	-	362,023
B0110	Covered Market Vacant Unit Works	Julia Castle	-	23,938	448	23,490	-	-	-	23,938
B0111	Town Hall Dry Risers	Keith Reynolds/ Malcolm	37,282	141,473	81,785	59,688	-	-	-	141,473
B0116	Osney Mead Infrastructure	Jenny Barker	900,000	960,000	-	960,000	(710,000)	(710,000)	-	250,000
B0117	Regeneration Property	Jane Winfield	20,000,000	20,000,000	-	20,000,000	-	-	-	20,000,000
B0122	City Cycle Schemes (Growth Deal)	Douglas Kerrigan	450,000	901,662	(98,338)	1,000,000	(211,662)	(211,662)	-	690,000
B0125	City Centre Restart	Ted Maxwell	-	100,000	-	100,000	-	-	-	100,000
B0131	Meanwhile In Oxfordshire	Matt Peachey	1,875,000	1,844,850	64,804	1,780,046	-	-	-	1,844,850
B0136	Covered Market CCTV	Elaine Phillips	-	75,000	-	75,000	25,000	25,000	-	100,000
B0130	CIL Feasibility		200,000	200,000	-	200,000	-	-	-	200,000
B0074	R & D Feasibility Fund	Anna Winship	325,180	254,585	774	253,811	(100,000)	(100,000)	-	154,585
	Allocated Feasibility Funding (various schemes)		1,304,217	1,538,827	218,716	1,320,111	57,141	57,141	-	1,595,968
						-	-	-		
F7007	Woodfarm / Headington Community Centre	Katharine Gould/ Malcolm	8,000	16,397	-	16,397	-	-	-	16,397
F7011	Headington Environmental Improvements	James Axford	29,629	30,781	-	30,781	-	-	-	30,781
F7024	St Clements Environmental Improvements	Lorraine Freeman	20,000	50,000	-	50,000	(30,000)	(30,000)	-	20,000
							-	-		
<b>Development Directorate Total</b>			<b>29,666,071</b>	<b>31,382,982</b>	<b>92,643</b>	<b>31,290,339</b>	<b>(970,711)</b>	<b>(970,711)</b>	<b>-</b>	<b>30,412,271</b>
<b>Chief Executive</b>										
<b>Environmental Sustainability Projects</b>										
E3557	Oxford and Abingdon Flood Alleviation Scheme	Tina Mould	-	-	-	-	-	-	-	0
E3558	Go Ultra Low Oxford - On Street	Sarah Hassenpflug	4,545	561,150	47,695	513,455	-	-	-	561,150
E3560	Go Ultra Low Oxford - Taxis	Sarah Hassenpflug	-	203,220	-	203,220	-	-	-	203,220
E3562	OxPops (Electric Vehicle Charging)	Rose Dickinson	35,806	-	-	-	-	-	-	0
E3563	Clean Bus Technology Grants	Amanda Ford	-	564,350	-	564,350	-	-	-	564,350
E3565	Decarbonisation Fund - OCC element	Onsmus Mazanzi	7,538,547	7,527,297	523,828	7,003,469	-	-	-	7,527,297
E3566	Decarbonisation Fund - Solar Farm Investment	Onsmus Mazanzi	3,385,000	3,385,000	-	3,385,000	-	-	-	3,385,000
E3567	Town Hall Lighting Upgrade (SALIX)	Keith Reynolds	-	90,000	-	90,000	-	-	-	90,000
<b>Oxford Direct Services Projects</b>										
R0005	MT Vehicles/Plant Replacement Programme.	Owain Pearce	2,929,845	4,335,289	397,401	3,937,888	(776,747)	(776,747)	-	3,558,542
R0010	Electric Vehicles	Owain Pearce / Zena Ellis	424,000	-	-	-	-	-	-	0
T2273	Car Parks Resurfacing	Jason Munro/ Zena Ellis	468,231	504,095	-	504,095	(35,864)	(35,864)	-	468,231
T2287	Recycling Transfer Station	Oliver Hearn and Jane	-	18,752	8,971	9,781	-	-	-	18,752
T2299	Controlled Parking Zones	Shaun Hatton	400,000	250,000	-	250,000	-	-	-	250,000
T2301	Depot Rationalisation	Steven Clews, Oliver Hearn	700,000	700,000	-	700,000	-	-	-	700,000
T2306	Mobile Working and Handhelds	Zena Ellis (covering Suzanne	-	140,778	-	140,778	(0)	(0)	-	140,778
T2307	Transformation Funding	Zena Ellis (covering Suzanne	400,000	242,298	-	242,298	-	-	-	242,298
T2308	Additional Technology Requirements	Zena Ellis (Covering Suzanne	1,464,000	2,608,326	-	2,608,326	-	-	-	2,608,326
<b>Chief Executive Total</b>			<b>17,749,974</b>	<b>21,130,555</b>	<b>977,894</b>	<b>20,152,661</b>	<b>(812,611)</b>	<b>(812,611)</b>	<b>-</b>	<b>20,317,944</b>
<b>General Fund Total</b>			<b>106,581,415</b>	<b>116,533,101</b>	<b>2,870,345</b>	<b>113,662,755</b>	<b>(4,813,809)</b>	<b>(4,813,809)</b>	<b>-</b>	<b>111,719,291</b>
<b>Housing Revenue Account Capital Programme</b>										

Cost Centre	Capital Scheme	Progress Update Provider	2021/22 Original Budget	Latest Budget	Spend to 30/06/2021	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
N6384	Tower Blocks	Darowen Jones	200,200	998,849	20,850	977,999	-	-	-	998,849
N6385	Adaptations for disabled	Malcolm Peek	704,000	704,000	(13,774)	717,774	-	-	-	704,000
N6386	Structural	Bill Chamberlain/ Malcolm	846,600	1,233,467	22,092	1,211,375	-	-	-	1,233,467
N6387	Controlled Entry	Bill Chamberlain/ Malcolm	312,500	371,083	48,230	322,853	-	-	-	371,083
N6388	Major Voids	Steve Carter	472,000	472,000	14,847	457,153	-	-	-	472,000
N6389	Damp-proof works (K&B)	Chris Scott	119,000	144,006	17,590	126,416	-	-	-	144,006
N7057	Kitchens	Malcolm Peek	1,228,080	1,571,176	(5,836)	1,577,012	87,358	87,358	-	1,658,534
N7058	Bathrooms	Malcolm Peek	907,266	1,121,666	41,708	1,079,958	62,365	62,365	-	1,184,031
N6392	Roofing	Gary Long	1,040,000	1,303,521	(174,161)	1,477,682	-	-	-	1,303,521
N6395	Electrics	Malcolm Peek	625,000	1,260,391	44,016	1,216,375	70,080	70,080	-	1,330,471
N6434	Doors and Windows	Malcolm Peek	579,200	603,123	97,851	505,272	-	-	-	603,123
N7020	Extensions & Major Adaptions	Malcolm Peek	265,000	424,672	(27,135)	451,807	-	-	-	424,672
N7026	Communal Areas	Malcolm Peek	198,000	548,889	8,274	540,615	-	-	-	548,889
N7031	Homes at Barton	0	-	-	-	-	-	-	-	0
N7032	Great Estates Programme	Sue Briscoe/ Malcolm Peek	1,300,000	1,226,437	78,255	1,148,182	-	-	-	1,226,437
N7033	Energy Efficiency Initiatives	Malcolm Peek	1,252,200	1,552,786	38,119	1,514,667	-	-	-	1,552,786
N7042	Barton Regeneration	Sue Briscoe	600,000	628,277	222	628,055	-	-	-	628,277
N7044	Lift Replacement Programme	Malcolm Peek	306,500	410,186	6,265	403,921	-	-	-	410,186
N7047	Social Rented Housing Acquisitions	Dave Scholes	2,946,872	2,094,246	1,134,260	959,986	(60,000)	(60,000)	-	2,034,246
N7048	Fire doors	Chris Scott	530,000	868,979	(1,701)	870,680	-	-	-	868,979
N7067	Renewal Of Fire Alarm Panels	Paul Worts	102,000	102,000	-	102,000	-	-	-	102,000
N7050	East Oxford development	Dave Scholes	3,533,000	3,240,353	-	3,240,353	(263,353)	(263,353)	-	2,977,000
N7051	Acquisition of Additional Units	Dave Scholes	3,103,606	3,196,081	3,290	3,192,791	60,000	60,000	-	3,256,081
N7052	HRA Stock Condition Survey	Malcolm Peek	169,200	142,729	555	142,174	-	-	-	142,729
N7054	Properties Purchased From OCHL	Dave Scholes	31,418,629	35,066,061	12,515,000	22,551,061	10,518,000	10,518,000	-	45,584,061
N7055	Use Of Recycled Capital Grants	Dave Scholes	-	368,000	-	368,000	-	-	-	368,000
N7059	Boilers Only	Malcolm Peek	1,512,780	1,512,780	62,253	1,450,527	84,111	84,111	-	1,596,891
N7060	Heating Systems	Malcolm Peek	272,100	60,000	19,947	40,053	3,336	3,336	-	63,336
N7061	Northfield Hostel	Dave Scholes	7,900,000	7,900,000	-	7,900,000	(6,127,000)	(6,127,000)	-	1,773,000
N7062	Lanham Way	Dave Scholes	3,050,000	3,050,000	-	3,050,000	(2,065,000)	(2,065,000)	-	985,000
N7064	Unallocated Site 1	Dave Scholes	5,026,000	5,026,000	-	5,026,000	(3,660,000)	(3,660,000)	-	1,366,000
N7065	Unallocated Site 2	Dave Scholes	4,000,000	4,000,000	-	4,000,000	(4,000,000)		(4,000,000)	0
N7068	Juniper	Dave Scholes	2,607,000	2,607,000	-	2,607,000	(2,607,000)	(2,607,000)	-	0
N7066	Next Steps Accommodation Programme	Dave Scholes	2,392,000	2,992,584	413,561	2,579,023	-	-	-	2,992,584
N7040	Blackbird Leys Regeneration	Andrew Humpherson	209,000	273,166	7,283	265,883	-	-	-	273,166
<b>Housing Revenue Account Total</b>			<b>79,727,733</b>	<b>87,074,509</b>	<b>14,371,860</b>	<b>72,702,649</b>	<b>(7,897,103)</b>	<b>(3,897,103)</b>	<b>(4,000,000)</b>	<b>79,177,406</b>
<b>Grand Total</b>			<b>186,309,148</b>	<b>203,607,609</b>	<b>17,242,205</b>	<b>186,365,404</b>	<b>(12,710,912)</b>	<b>(8,710,912)</b>	<b>(4,000,000)</b>	<b>190,896,697</b>

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## Corporate KPIs – update June 21

	Title	Service	Owner	2021/22 target	Q1 Target	Q1 Actual	Comments	RAG
CSC004	% of people from diverse and disadvantaged backgrounds with access to skills that lead to high growth jobs in the city	Communities and Customer	Ian Brooke, Nadeem Murtuja	3 year target set (80%)	NA	NA	No figure for this at the moment	Unrated
FSC002	% of Council spend with local businesses including SMEs	Financial Services	Nigel Kennedy	45	45	75.47	Exceeding target	G
REC001	Jobs in the city created or saved by OCC	Regeneration and Economy	Carolyn Ploszynski	Tracking indicator	NA	153	137 Kickstart, 16 non Kickstart. Recruitment continues.	G
REC002	Number of Oxford Living Wage employers and employees	Regeneration and Economy	Carolyn Ploszynski	50	TBC	36	15 first time sign-ups to OLW; 21 renewals. Promotional push after the school holidays but given the current economic uncertainties, although optimistic, we are unable to be sure at this time whether the KPI will be met.	A
HPC005	Total number of affordable homes in Oxford completed in year	Housing Services	Stephen Clarke	TBC	TBC	49	48 of the 49 units are social rent units and 1 affordable rent unit. 45 units are new build and 4 market acquisitions.	Unrated
PSC007	Planned council housing with planning permission	Planning Services	Adrian Arnold	1701	NA	No change	No change	G
RSC006	% of privately rented homes improved	Housing Services	Ian Wright	60	55	48	In Q1 - 201 properties were visited for compliance and HHSRS assessments of these 96 were compliant / improved.	A
CSC008	% of people who share protected characteristics that have confidence in the Council's equality, diversity and inclusion programme	Communities and Customer	Ian Brooke, Nadeem Murtuja	Baseline year	NA	NA	Equalities Strategy to be launched for consultation in September will include a question on residents' confidence in the Council's EDI programme. Results will be analysed and reported Dec 21.	G
CSC009	Satisfaction with parks and green spaces	Community Services	Ian Brooke	90	90	92	This is slightly out of date as no recent survey has been done due to the pandemic. A more updated survey is planned later in the summer.	G

	Title	Service	Owner	2021/22 target	Q1 Target	Q1 Actual	Comments	RAG
CSC010	Sense of community index	Community Services	Ian Brooke	Baseline year	NA	NA	Thriving Communities Strategy will be launched for consultation in October and will seek results on the SCI which will be analysed and reported on January 22. Research work currently being undertaken to look at practice elsewhere and to assess which model/s to use or develop for this measure	G
CSC012	Physically active adults	Community Services	Ian Brooke	75%	74%	76.4%	<ul style="list-style-type: none"> <li>•76.4% which is an increase on last year and covers Mid-May 2019 to Mid-May 2020</li> <li>•We have best score in the county</li> <li>•We're almost the best vs our nearest neighbours (Cambridge is 0.6% higher than us</li> <li>•We're much higher than the England overall figure, which is 62.1%</li> </ul>	G
HSC011	The number of people in Oxford estimated to be sleeping rough	Housing Services	Stephen Clarke	17	17	24	We have seen an increase in new rough sleepers in recent weeks, which is not uncommon when the weather becomes warmer. With the exit from Canterbury House in July, we expect to see rough sleeping numbers temporarily increase again at this point. However compared to the pre-pandemic period, the number of rough sleepers is much lower for the time of year.	R
BIC018	% of BAME staff	Corporate	Helen Bishop	13.5	NA	13.08	It is evident that there has been some progress towards the Council's target of 13.5% since 31 <sup>st</sup> March 2019, when the percentage of BAME staff was 12.96%. This upward trend has been consistent since 2018 when the percentage of BAME staff at the Council was 11.96%. To continue this, the Council's People Strategy has established a workstream with several long term activities aimed at culture change. Low turnover rates at the Council present a challenge to achieving the target from a recruitment perspective, however an apprenticeship scheme was launched this year to improve the pipeline of	A

	Title	Service	Owner	2021/22 target	Q1 Target	Q1 Actual	Comments	RAG
							BAME talent, targeting the local communities of Oxford City.	
BIC022	% of transactions carried out online relative to total transaction numbers	Business Improvement	Helen Bishop	50	NA	52.16	The month has seen an 8% increase year on year, from 47.33% to 52.16%. This is due to both a reduction in calls to the contact centre and an increase in online transactions. More web forms, job applications, pitch bookings, payments and FixMyStreet submissions have been seen although a reduction in Missed Bin and Planning online enquiries. Cumulatively, this trend follows, with 50.55% transactions carried out online last financial year and 51.99% this. Whilst the pattern in online transactions are the same, there is an increase in calls to the contact centre year on year of 2.56%.	G

	Title	Service	Owner	2021/22 target	Q1 Target	Q1 Actual	Comments	RAG
ESC013	National greenhouse gas indicator of pathway to net zero Council by 2030	Environmental Sustainability	Mish Tullar	526 tonnes of CO2 equivalent	NA	NA	Progress towards the Council's zero operational carbon target by 2030 requires an average of 526tCO2e being reduced from the council's carbon footprint each year. Important work has been undertaken to part-fill the funding gap that exists for stretching beyond business as usual to achieve this goal, and deliver progress towards this zero carbon target covering our buildings and operations where the council is paying the bills. OCC has won up to £10.9m of funds from the government's Public Sector Decarbonisation Scheme (PSDS) programme to decarbonise heat provision at 6 major sites as some of our largest carbon emitting buildings (Barton Leisure Centre, Ferry Leisure Centre, Hinksey Outdoor Pool, Leys Leisure Centre, Oxford Ice Rink, Rosehill Community Centre) and investment in a local solar farm. Investigations are proceeding on detailed technical low carbon solutions at these sites including heat pumps to decarbonise heating in these buildings, as well as battery storage and investment in a local solar farm near Bicester. There are some extremely tight timeframes imposed with the funding we have won and other site factors that are challenging, but good progress is being made.	R
ESC015	Improvement in overall city centre air quality	Environmental Sustainability	Mish Tullar	38	NA	NA	Result for 2020 for this target was 27ug/m3. While current site specific monitoring is demonstrating Oxford is well within target, official results will not be available until January/February 22 when the full air quality dataset for 2021 has been ratified. Continued home working for a significant proportion of people as well as rollout of major projects including ZEZ and Connecting Oxford are expected to have a positive impact on air quality in the city centre.	G

	<b>Title</b>	<b>Service</b>	<b>Owner</b>	<b>2021/22 target</b>	<b>Q1 Target</b>	<b>Q1 Actual</b>	<b>Comments</b>	<b>RAG</b>
ESC016	Total carbon emissions for the city	Environmental Sustainability	Mish Tullar, Rose Dickinson	Tracking indicator	NA	N/A	The data we use to track this come from BEIS on an annual basis and is two years in arrears. Most recent data for 2019 shows that the city had reduced its emissions by 40.1% by 2019 (compared to a 2005 baseline) – ahead of the 40% by 2020 target that was set. The Carbon budgets and targets for the city, as agreed by the Zero Carbon Oxford Partnership, set at target to reduce emissions by 34.8% by 2025, compared to a 2017 baseline. Between 2017 and 2019, we saw a 7% carbon emissions reduction in the city – not enough to be on track for the 2025 target. However, there was a slight increase in the rate of reduction between 2017/18 and 2018/19 (3.0% and 4.1% respectively) – if that trend continued we would expect to meet the 2025 target. Given the continued increase in action on carbon emissions reduction in the city in recent years, that is not an unreasonable assumption.	Unrated

	Title	Service	Owner	2021/22 target	Q1 Target	Q1 Actual	Comments	RAG
HSC014	Percentage of council owned stock that has an EPC below C	Housing Services	Stephen Clarke	46	NA	This is an annual measure - data will be provided at end of financial year	We are on track to meet the annual target. Work being done include: Successful bid through the LAD1b scheme to fund improvements of 240 our properties for households with an income below £30k and EPC rating D or below. We will be installing loft insulation, cavity wall insulation, external wall insulation, and air source heat pumps; as part of LAD1b we are selecting 90 of the properties to complete 'whole house assessments' as part of the PAS2035 guidance. Retrofit coordinators will use new software to recommend 'whole house retrofit' solutions; Oxford Direct Services have got PAS2030 accreditation for seven measures and will be completing implementation for OCC once the accreditation is complete, starting with loft insulation and internal wall insulation programmes. OCC and ODS are planning to complete some whole house retrofits in voids; work is being carried out to update all out of date EPCs by 2022. This will give us accurate data to work from. The majority of EPC ratings improve after an EPC survey. All of the up to date EPC information is added to CROHM.	G
CPC017	Oxford residents' satisfaction with City Council services	Corporate Strategy	Mish Tullar	Tracking indicator	NA	NA	Review to be undertaken to agree the best approach to measure residents' satisfaction taking into account the impact of the pandemic on the way the council's services have been run.	Unrated
FSC003	% of Council spend with local businesses (excluding ODS and OCHL)	Financial Services	Nigel Kennedy	45	45	76.87	Ahead of target	G
FSC019a	Total income collection as % of plan (Council Tax)	Financial Services	Nigel Kennedy	96.5	29.5	30.87	Collection is above target. This may be an indicator where the impact of Covid on employment is starting to recede. The team continue to be proactive in chasing customers at pre summons stage to resolve any issues	G

	<b>Title</b>	<b>Service</b>	<b>Owner</b>	<b>2021/22 target</b>	<b>Q1 Target</b>	<b>Q1 Actual</b>	<b>Comments</b>	<b>RAG</b>
FSC019b	Total income collection as % of plan (Business Rates)	Financial Services	Nigel Kennedy	95.5	28	27.84	Slightly under target by £96k but was the best month so far for payments. We are collecting more money than last year but the collectable debit has increased by 13.6%. The impact of reducing the Expanded Retail and Nursery Discounts from 100% to 66% is likely to impact on collection rates whilst businesses get back to 'normal'	A
FSC020	Discretionary funding won by the Council	Financial Services	Anna Winship	New KPI 2021-22	Not Set	£2.3 million	£1.9m Meanwhile Oxfordshire - to revitalise vacant retail units and transform them into independent shops, cultural venues, creative studios & co-working space. £0.4m for Rough Sleeping Initiative	G
FSC021	Efficiencies delivered against plan	Financial Services	Anna Winship	£1,852,175	£460,000	£460,000	Efficiency savings and invest to save projects are currently on target to meet all savings identified in the budget	G

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**To:** Cabinet  
**Date:** 15 September 2021  
**Report of:** Head of Financial Services  
**Title of Report:** Treasury Management Annual Report 2020/21

<b>Summary and Recommendations</b>	
<b>Purpose of report:</b>	The report sets out the Council's Treasury Management activity and performance for the financial year 2020/21
<b>Key decision:</b>	No
<b>Cabinet Member:</b>	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	Treasury Management Strategy
<b>Recommendation(s): That Cabinet resolves to:</b>	
1. Note the report	

<b>Appendices</b>
None

## Executive Summary

- The Council held investments of £79.44 million as at 31st March 2021. Net interest earned during the year, including from loans to companies and external borrowing, was £2.83 million against a target of £3.73 million, an adverse variance of £0.89 million. This relates to two factors:
  - A reduction of £0.18 million in investment interest primarily due to interest rates on general investments (excluding property funds) reducing from the anticipated 0.90% return to 0.42% by the end of March 2021; and
  - A reduction of £0.71 million in interest received from companies, primarily the Housing Company, due to reduction in loans required because of reduced development activity, partly because of the global pandemic.

The loss of interest from the Housing Company is partly offset by reduction in borrowing from the PWLB in relation to the reductions in capital spend.

2. The average rate of return on the Council's investments in 2020/21 was 0.82% compared to 1.27% in 2019/20. The Bank of England base rate remained at 0.10% for the entire 20/21 period.
3. The Council held £198.5 million of fixed rate Public Works Loan Board (PWLB) debt as at 31st March 2021. The debt was borrowed in March 2012 to fund the self-financing of the Housing Revenue Account (HRA). All of the debt relates to housing and the maturity profile ranges from 5 to 50 years. A previous loan of £20 million matured on 28<sup>th</sup> March 2021 and was replaced by another loan of £20 million on that date for a period of 50 years at a fixed interest rate of 1.88%. Interest paid on the debt in 2020/21 and charged to the HRA was £6.47 million.
4. Due to the pandemic decisions were made to delay on some areas of capital spend to allow budgeting options to be kept open during the period of uncertainty and reduce the need for additional borrowing.

### **Background**

5. The primary principle governing the Council's investment decisions is the security of the investment, with liquidity and yield being secondary considerations.
6. The Council has a statutory duty to set, monitor and report on its prudential indicators in accordance with the Prudential Code, which aims to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable.
7. When considering whether to borrow, the Council's Debt Strategy requires a number of factors to be considered. These include:
  - prevailing interest rates;
  - the profile of the Council's debt portfolio;
  - the type of asset being financed; and
  - the availability of cash balances to finance capital expenditure.
8. The Council fully complied with its Treasury Management Strategy in relation to both debt and investment management in 2020/21.
9. The prudential indicators detailed in the body of this report compare the Council's outturn position against the target set for 2020/21

## Financing the Capital Programme 2020/21

10. Table 1 below shows actual capital expenditure and financing compared to the original budget.

<b>Table 1 Capital Expenditure and Financing 2020-21</b>			
<b>Capital Expenditure</b>	<b>2020/21 Original Budget £'000</b>	<b>2020/21 Actual £'000</b>	<b>Variation £'000</b>
Non-HRA Capital Expenditure	97,564	47,341	-50,223
HRA Capital Expenditure	47,913	21,424	-26,489
<b>Total Capital Expenditure</b>	<b>145,477</b>	<b>68,765</b>	<b>-76,712</b>
<b>Resourced by:</b>			
Developer Contributions	6,806	1,544	-5,262
Capital Receipts	35,401	22,480	-12,921
Capital Grants and contributions	5,987	6,316	329
Major Repairs Reserve	3,674	1,784	-1,890
Prudential Borrowing	86,861	36,092	-50,769
Revenue	6,748	549	-6,199
<b>Total Capital Resources</b>	<b>145,477</b>	<b>68,765</b>	<b>-76,712</b>

11. Much of the variation to the original budget relates to slippage in the programme, the resources for which will be moved into funding the expenditure in future financial years.

### The Council's Overall Borrowing Need

12. The Council's underlying need to borrow, or Capital Financing Requirement (CFR), is the measurement and control of the Council's overall debt position. It represents all prior years' net capital expenditure which has not been financed by other means, i.e. revenue, capital receipts, grants etc.

13. The CFR can be reduced by:

- The application of additional capital resources, such as unapplied capital receipts; or
- Charging a Minimum Revenue Provision (MRP), or a Voluntary Revenue Provision (VRP).

14. Table 2 below shows the Council's CFR as at the 31<sup>st</sup> March 2021, this is a key prudential indicator, and shows that actual borrowing is below the CFR:

<b>Table 2 Capital Financing Requirement (CFR) 2020-21 and 2021-22</b>			
<b>CFR</b>	<b>31st March 2021 Estimate £'000</b>	<b>31st March 2021 Actual £'000</b>	<b>Variation £'000</b>
<b>Opening Balance</b>	<b>246,953</b>	<b>253,733</b>	<b>6,780</b>
Prudential Borrowing	86,861	36,092	-50,769
Minimum Revenue Provision	-291	-38	253
<b>CFR Closing Balance</b>	<b>333,523</b>	<b>289,787</b>	<b>-43,736</b>
<b>External Borrowing</b>	<b>198,528</b>	<b>198,528</b>	<b>0</b>
<b>Internal Borrowing</b>	<b>134,995</b>	<b>91,259</b>	<b>-43,736</b>

15. No new external debt was taken out during 2020/21 and as at 31st March 2021 the Council's total external debt was £198.5 million. This is below the CFR and indicates that the Council continues to internally borrow from its cash balances which is the cheapest form of borrowing

#### **Treasury Position at 31st March 2021**

16. Whilst the Council's gauge of its underlying need to borrow is the CFR, the treasury function manages the Council's actual need to borrow by either:

- Borrowing to the CFR;
- Choosing to utilise temporary cash flow funds, instead of borrowing (known as "under borrowing"); or
- Borrowing for future increases in the CFR (borrowing in advance of need)

17. The Council's treasury position as at the 31<sup>st</sup> March 2021 for both debt and investments, compared with the previous year is set out in Table 3 below:

<b>Table 3 : Borrowing and Investments 2019-20 and 2020-21</b>				
<b>Treasury Position</b>	<b>31st March 2020</b>		<b>31st March 2021</b>	
	<b>Principal £'000</b>	<b>Average Rate %</b>	<b>Principal £'000</b>	<b>Average Rate %</b>
<b>Borrowing</b>				
Fixed Interest Rate Debt	198,528	3.15	198,528	3.15
<b>Total Debt</b>	<b>198,528</b>	<b>3.15</b>	<b>198,528</b>	<b>3.15</b>
<b>Investments</b>				
Fixed Interest Investments	59,000	0.96	48,000	0.48
Call Accounts	7,500	0.90	7,500	0.90
Variable Interest Investments	10,465	0.87	8,940	0.01
Property & Investment Funds	10,000	4.56	15,000	3.54
<b>Total Investments</b>	<b>80,960</b>	<b>1.17</b>	<b>79,440</b>	<b>1.01</b>
<b>Net Position</b>	<b>117,568</b>		<b>119,088</b>	

18. Overall, the Council earned a weighted average return of 0.82% on its investment which is above the target of 0.51% above average base rate, which equated to 0.61% as at 31st March 2021.

### **Prudential Indicators and Compliance Issues**

19. Some of the prudential indicators provide an overview, others a specific limit on treasury activity. These are detailed below:

20. **Net Borrowing and the CFR** – In order to ensure that borrowing levels are prudent, the Council's external borrowing (net of investments) over the medium-term must only be for a capital purpose, and not exceed the CFR except in the short-term. In the short term the Council can borrow for cash flow purposes. Table 4 below highlights the Council's net borrowing position against the CFR, and shows that it is significantly below the limit, due to the level of internal borrowing that has been undertaken.

<b>Table 4 : Net Borrowing CFR 2019-20 and 2020-21</b>		
<b>Net Borrowing &amp; CFR</b>	<b>31st March 2020 Actual £'000</b>	<b>31st March 2021 Actual £'000</b>
Total Debt	198,528	198,528
Total Investment	80,960	79,440
<b>Net Borrowing Position</b>	<b>117,568</b>	<b>119,088</b>
<b>CFR</b>	<b>253,733</b>	<b>289,787</b>
<b>Under Borrowing plus Investments</b>	<b>136,165</b>	<b>170,699</b>

21. In the current climate, internal borrowing is preferable to borrowing externally as the interest rate payable on an external loan is much higher than that which can be earned on investments. Therefore, forfeiting interest receivable on investments is more economical than paying additional interest charges for new external debt. If the net borrowing position, interest rate position and/or CFR changed significantly, the prospect of taking on additional debt would be reviewed.

22. **The Authorised Limit** – The Authorised Limit is the ‘affordable borrowing limit’ required by section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level unless it explicitly agrees to do so. Table 5 below demonstrates that during 2020/21 the Council’s gross borrowing was within its Authorised Limit. The Authorised Limit allows for some headroom above the Council’s projected CFR.

Authorised Limit compared to Actual Borrowing	31st March 2020		31st March 2021	
	Limit £'000	Actual £'000	Limit £'000	Actual £'000
Borrowing	338,199	198,528	532,111	198,528
Other Long Term Liabilities	0	0	0	0
<b>Total Borrowed</b>	<b>338,199</b>	<b>198,528</b>	<b>532,111</b>	<b>198,528</b>
<b>Amount under Limit</b>	<b>139,671</b>		<b>333,583</b>	

23. **The Operational Boundary Limit** – the Operational Boundary Limit is the expected borrowing position of the Council during the year. It is possible to exceed the Operational Boundary Limit, for a short period of time, providing that the Authorised Borrowing Limit is not breached. Table 6 below shows the limits for the last two financial years. Actual borrowing remained unchanged at £198.5m hence the limits were not breached during either period.

Operational Boundaries	31st March 2020 £'000	31st March 2021 £'000
Operational Borrowing Limit	302,865	353,523
Other Long Term Liabilities	0	0
<b>Totals</b>	<b>302,865</b>	<b>353,523</b>

24. **Actual financing costs as a proportion of net revenue stream** – this indicator identifies the trend in the net cost of capital against the net revenue stream and is an indicator of affordability. Table 7 below shows that for the General Fund, the ratio is negative as external loans have been repaid and investment income is positive. The HRA ratio has improved slightly after last year’s reducing income stream, meaning that financing costs as a proportion have also fallen.

<b>Actual Finance Costs</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Revenue Stream</b>		
General Fund	27,762	29,412
Housing Revenue Account	45,458	45,581
<b>Comparison to Actual Revenue Position</b>		
Financing Costs as a proportion of Net Revenue Stream - General Fund	-10.44%	-7.02%
Financing Costs as a proportion of Net Revenue Stream - HRA	16.35%	16.30%

Note that the General Fund Revenue Stream above has been adjusted to remove the additional £23.6 million section 31 grants paid in advance of in 2020/21 by the government.

### **Investment Income**

25. Markets are remaining weak as interest rate rise increases look less likely due to the Covid19 pandemic and economic pressures, no rate rise now predicted by Link Asset Services (the Council’s treasury advisors) until September 2023
26. The Council manages its investments in-house and invests with institutions listed in the Council’s approved counterparty list. The Council invests for a range of periods from overnight to 364 days, dependant on cash flow requirements, its view on interest rates and duration limits set out in the Council’s Investment Strategy.
27. During 2020/21, the Council maintained an average investment balance of £104 million and received an average return of 0.82%. The upper limit of non-specified investments allowed in the strategy is 25% of the average investment balance for the preceding calendar year. The average balance for 2020/21 was £113 million giving a limit on non-specified investments of £28.5 million. Property funds and a new Multi Asset Fund fell into the non-specified investment category; their original investment value was £15 million which is within the non-specified limit at 13.2% of the average investment balance.
28. The property funds and the Multi asset Fund are classified as Non-specified Investments within the approved Investment Strategy. The current rate of return on the investments is circa 4.4% per annum. The capital value of the Communities, Churches and Local Authorities (CCLA) Fund has increased by 25.04% between April 2013 and March 2021. The overall value of the Lothbury property fund investment has increased by 15.33% since inception in August 2014. It is important to understand that fluctuations in value are to be expected with property fund investments over the short term and that they are a long term investment; as such, any gains and losses in fund value should be considered over the long term.

29. Actual investment income for 2020/21 was £1.04 million; £0.18m Lower than the budget estimate of £1.22 million. The difference is primarily due to Investment balances and Interest rates being lower than anticipated during the year which can be attributed to higher retention of cash balances and reductions in investment interest rates
30. Fluctuations in the Council's balances have been managed through a mix of instant access and notice accounts, money market funds and short term deposits (up to 364 days). This approach is in line with the Investment Strategy approved by the Council.

### **Interest Rates since 31<sup>st</sup> March 2021**

31. The Council takes advice from Link Asset Services on the appropriate durations to place investments with counterparties. These durations and also the availability of individual counterparties are subject to change dependant on market conditions and the credit ratings of the individual institutions. This means that the investment portfolio has to be actively managed to ensure both the availability of enough suitable counterparties and that the Council achieves the best interest rates possible within the agreed security and liquidity parameters.
32. The Bank of England base rate was reduced to 0.10% in March 2020 and due to uncertainty caused by the Covid19 pandemic and is currently predicted to remain so until September 2023. The Council continues to use money market funds, call accounts and instant access accounts for liquidity purposes, whilst seeking to maximise its returns by arranging longer term deposits where possible. In order to achieve this position, it is vital to maintain a robust cash-flow model which is continuously reviewed and updated. However, given the volatile nature of the Council's cash-flow requirements, it is not always possible to "lock away" funds for as long as may be desirable and so a strategic approach to investments is fundamental in order to achieve the most practicable yet favourable outcome. The council holds £10m investment in property funds and £5m in Multi asset funds. The overall capital value of the funds had fallen due to the Covid19 pandemic but now have seen a recovery in these values and levels are now around pre pandemic levels. Dividends from the funds were still paid although they reduced slightly during the year and have now fully recovered to previous return levels.

### **Environmental Social and Governance**

33. The Council adopted an ethical investment policy in 2015/16. No changes were made to the policy in setting the 2020/21 Treasury Management Strategy which is set out below:

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values. This would include, inter alia, avoiding direct investment in institutions with material links to:

- a. Human rights abuse (e.g. child labour, political oppression)
  - b. Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
  - c. Socially harmful activities (e.g. tobacco, gambling)
34. The Council had £7.5 million in green deposit notice accounts offered by Barclays Bank who are working in association with Sustainalytics, a leading global provider of environmental, social and corporate governance research and ratings, to achieve a

positive environmental impact. Their green framework covers the following environmental areas:

- Energy efficiency projects and renewable energy
- Sustainable food agriculture and forestry
- Waste management
- Greenhouse gas emission reduction
- Sustainable water

35. The intention is to have a separate Environmental Social and Governance policy within the 2022/23 Treasury Strategy. Environmental, social, and governance (ESG) criteria are a set of standards for a company’s operations that socially conscious investors use to inform potential investments. Members will be updated on progress on this in a future report, considering whether and how it can sharpen the ethical aspects of the Council’s investment decision-making.

**Financial implications**

36. These are set out within the body of the report.

**Legal Issues**

37. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

**Level of risk**

38. The key risk going forward is around uncertainty still caused by the Covid19 pandemic. Interest rates are anticipated to remain low. Risk assessment and management is a key part of Treasury Management activity, especially in the selection of counterparties when investment is being considered. The Council uses external advisors and counterparty credit ratings issued by the rating agencies to assist in this process.

**Equalities impact**

39. The Council follows an ethical investment policy, investment interest helps provide council services, which has a beneficial equalities impact.

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**Background Papers:** None

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