

Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Wednesday 6 December 2023

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Committee members present:

Councillor Fry (Chair)

Councillor Djafari-Marbini

Councillor Jarvis

Councillor Latif

Councillor Snowton

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Anna Winship, Management Accountancy Manager

Jason Jones, Finance Business Partner (HRA)

Paul Jeffery, Treasury Manager

Sonal Khade, Management Accountancy Manager

Alice Courtney, Scrutiny Officer

Apologies:

No apologies were received

19. Declarations of Interest

None.

20. Chair's Announcements

None.

21. Notes of the previous meeting

The Panel agreed the notes of the meeting held on 06 September 2023 as a true and accurate record.

The Panel noted that written responses to its questions submitted after the previous meeting in respect of the Integrated Performance Report Q1 2023/24 and the Treasury Management Annual Report 2022/23 had been published as a supplement to the notes of the meeting held on 06 September 2023.

22. Finance and Performance Panel Work Plan

The Panel considered the Work Plan.

The Chair noted that the Panel had two remaining meetings scheduled before the end of the 2023/24 municipal year, one in January and one in March. He noted that the January meeting agenda was likely to be busy as a result of the Budget Review Group process and that the Panel may wish to defer some of the items listed for January to the March meeting, but this could be kept under review until nearer the time.

The Panel agreed the Work Plan as set out in the agenda pack.

23. Integrated Performance Report Q2 2023/24

The Chair advised the Panel that this was the last Finance and Performance Panel meeting that Anna Winship, Management Accountancy Manager would be attending before she left Oxford City Council for a different role. The Panel thanked the Management Accountancy Manager for all of her help and support and wished her the very best for the future.

Anna Winship, Management Accountancy Manager introduced the report, which provided an update on Finance, Risk and Corporate Performance matters as at 30 September 2023.

In response to questions, the Panel was advised that:

- The variance stated in respect of Town Hall Business Rates was as a result of the delays in letting St Aldate's Chambers, as while St Aldate's Chambers was empty the Council was still responsible for Business Rates.
- The Customer Experience Change Programme was being led by the Executive Director (Corporate Resources) and the Head of Business Improvement; the programme involved work such as streamlined processes for Revenues and Benefits and delivery of savings within the Contact Centre as a result of process automation. A series of online forms were set to be launched in March 2024, for which a communications plan was being developed.
- The Council had an ambitious Capital Programme and the budget was profiled throughout the year; there had been significant slippage in Q2 but the figures included in the report were expected to be achieved in 2023/24 at this stage.
- There was £900k in earmarked reserves that the Council could put towards supporting the overspend in respect of Temporary Accommodation.
- The unfreezing of the Local Housing Allowance would increase the amount of Housing Benefit that the Council received towards Temporary Accommodation from 01 April 2024, but exact figures were not yet known.
- The Budget pressure in relation to income from the letting of St Aldate's Chambers would level out over time across the Medium Term Financial Plan once rent was being paid by the tenant.
- The Council was revisiting business cases for capital programmes in the context of current Budget pressures and was comfortable ceasing programmes where they were no longer viable.
- There was reasonable confidence that the £4m dividend from Oxford Direct Services would be paid in the current financial year.
- A project had been mobilised to try to mitigate the cost of Temporary Accommodation, including looking to bring in more private sector leasing.
- Budget pressures contained in the report relating to Leisure were for the current financial year and current contract with Fusion. It was noted that the tender process for the Leisure Management Contract took into account the Council's experiences with the current provider and accounted for any risks.

- The OxLEP funding in respect of the Standingford House project was not retrievable.
- Delays in both legal agreements with the County Council in respect of Go Ultra-Low Oxford (GULO) and the changes to parking orders to introduce charging on Godstow Road and Florence Park car parks were as a result of a backlog within Law & Governance, which was due to the significant number of vacancies which there had been within the service. There had been a revision of the salary structure within that service in order to support recruitment and retention. The car parking charges were anticipated to be operational from the New Year.
- Errors in relation to the Single Person Discount Council Tax letters were as a result of a system error; the errors were quickly rectified and it was not anticipated that the errors would be repeated.
- More robust challenge of assumptions was required in respect of the slippage of ICT programmes, which would be done for the Integrated Performance Report for Q3 2023/24; there had been staffing issues within ICT which affected the service's ability to deliver on projects.
- The Council would continue to do all it could to support those experiencing homelessness within the constraints of the financial resources available, but difficult decisions may be required in the not too distant future.

The Panel **agreed** to recommend to Cabinet that:

1. The Council produces a summary document which clearly sets out all of the possible options available to the Council for reducing Temporary Accommodation costs, alongside the advantages and disadvantages of those options.
2. The Council challenges the optimism bias assumptions applied to initial assumptions within capital and revenue programmes, with a view to arriving at more realistic assumptions and avoiding the current high degree of slippage going forward.

24. Treasury Management Mid-Year Report

Bill Lewis, Financial Accounting Manager introduced the report, which provided an update on the performance of the Treasury Management function for the six months to 30 September 2023. The Panel was assured that Treasury Management activity had been managed within the confines of the Treasury Management Strategy agreed by Full Council in February 2023.

In response to questions, the Panel was advised that:

- Returns on investment were calculated as a percentage of the original investment.
- There was a statutory override in place to mitigate against the effect of falling capital values until the end of March 2025; this meant that capital changes did not currently impact revenue monitoring or the revenue budget, but from 2025/26 it was highly likely that the statutory override would cease and the Council would have to reflect changes in the capital value of fund assets in the revenue budget. This would mean that changes to capital values would affect the revenue budget from 2025/26.
- The Council had earmarked reserves held against the risk of loss against property fund and multi-asset fund investments.

- Investments were dealt with individually in terms of accounting but were included in aggregate within the revenue account.

The Panel **agreed** to recommend to Cabinet that:

1. The Council reviews the current limit for non-specified investments set out in the Treasury Management Strategy within the context of the current economic climate and considers whether the limit should be amended.

25. Budget 2024/25

Nigel Kennedy, Head of Financial Services introduced the report, which proposed a Medium Term Financial Strategy and the 2024/25 Budget for consultation. He set the context of the forthcoming Budget round against the backdrop of a very difficult financial climate and significant resourcing concerns across the whole Local Government sector. He added that Central Government's Autumn Statement had not revealed any surprises that had not already been factored in as assumptions within the draft Budget.

The Panel asked a series of questions for clarification in relation to the contents of the report. In response to questions, the Scrutiny Officer advised that substitutes were not permitted on the Budget Review Group as per the Scrutiny Operating Principles 2023/24; the Panel requested that the Scrutiny Officer look into this further outside the meeting to see if there were any options to allow substitutes to attend and report back in due course.

The Scrutiny Officer clarified that the dates of Budget Review Group meetings were 03, 04, 09 and 15 January 2024; all meetings started at 6pm and would take place via Zoom. She confirmed that diary invites had been circulated.

The Panel:

1. **Noted** the report.
2. **Agreed** to share written questions for submission to Heads of Service with the Scrutiny Officer via email by Monday 11 December 2023, 10am. The questions would then be shared with officers for response ahead of the first meeting of the Budget Review Group on 03 January 2024.

26. Background and Implications of Local Authority Section 114 Notices

Nigel Kennedy, Head of Financial Services introduced the report, which had been produced at the request of the Panel at its previous meeting. He thanked the Scrutiny Officer for her help in pulling the report together and providing research support. The report aimed to set the Council's current financial position in the context of proximity to issuing a Section 114 notice.

In response to questions, the Panel was advised that:

- There was a professional judgement in relation to what expenditure should be charged to capital or revenue in relation to repairs and renovation; generally, works which added to the value of the asset (e.g. new kitchens and bathrooms) could be charged to capital as they had a long-term benefit to the asset, whereas works such as replacing a cracked basin would be charged to revenue as it was not a planned major repair.

- Internal borrowing was favoured over external borrowing where possible.

The Panel:

1. **Noted** the contents of the report.
2. **Requested** that a report be submitted to the Panel annually which updated on the issues that the Local Government sector faced and how Oxford compared with other authorities.

27. Acquisition vs Leasing of Properties and the HRA

Jason Jones, Finance Business Partner (HRA) introduced the report, which set out the options available to the Council in relation to the acquisition versus leasing of properties following a request by the Panel at its previous meeting.

Cllr Djafari-Marbini left the meeting and did not return.

In response to questions, the Panel was advised that:

- The best option was always for the Council to purchase a property as it then had value at disposal, however barriers such as the time taken to purchase a property, availability of suitable properties and availability of resources to buy a property meant that purchasing a property was not always an available option.
- When leasing properties, length of lease could vary between six months and a number of years.
- Buying or leasing a property was determined on a case-by-case basis.

The Panel **noted** the contents of the report.

Jason Jones, Finance Business Partner (HRA) left the meeting and did not return.

28. Scrutiny Performance Monitoring

The Panel considered the performance monitoring update as at September 2023. In response to questions, the Panel was advised that:

- CS003 – the Council could not quantify the higher call volumes received as a result of the Single Person Discount Council Tax letter errors. However, the Council Tax call rate did increase to 4,878 calls compared to 3,583 in September 2022 (an increase of 1,295 calls).
- CS002 – the backlog in processing change of circumstances was largely related to the system switchover which was now complete; the situation had vastly improved and a lot of the processes had been automated.

The Panel:

1. **Noted** the performance report for KPIs as at September 2023.
2. **Noted** the written responses to questions submitted after the previous Panel meeting on 06 September 2023.

29. Dates of future meetings

The Panel noted the dates and times of future meetings.

30. Matters exempt or part exempt from publication and exclusion of the public

The Panel agreed, in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 to exclude the press and the public from the remaining item of business on the grounds that their presence would involve the likely disclosure of exempt information as described in Paragraph 3 of Part 1 of Schedule 12A of the Act.

31. Exempt Treasury Management Matters [discussion item]

The Panel held a discussion relating to Treasury Management matters in private.

The meeting started at 6.00 pm and ended at 8.45 pm

Chair

Date: Monday 22 January 2024

When decisions take effect:

Cabinet: after the call-in and review period has expired

Planning Committees: after the call-in and review period has expired and the formal decision notice is issued

All other committees: immediately.

Details are in the Council's Constitution.