

Agenda



Finance and Performance Panel (Panel of the Scrutiny Committee)

This meeting will be held on:

Date: **Wednesday 4 December 2024**

Time: **6.00 pm**

Place: **Zoom - Remote meeting**

For further information please contact:

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

- may register in advance to speak to the committee in accordance with the [committee's rules](#)
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Please contact the Committee Services Officer to register to speak; to discuss recording the meeting; or with any other queries.

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Committee Membership

Councillors: Membership 4: Quorum 2: substitutes are permitted.

Councillor James Fry (Chair)

Councillor Chris Jarvis

Councillor Dr Christopher Smowton

Councillor Ian Yeatman

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

Agenda

	Pages
1 Apologies	
2 Declarations of Interest	
3 Chair's Announcements	
4 Notes of the previous meeting	9 - 18
<p>The Panel is asked to agree the notes of the meetings held on 27 August 2024 and 4 September 2024 as true and accurate records.</p>	
5 Finance and Performance Panel Work Plan	19 - 22
<p>The Panel is asked to consider the Work Plan and agree any amendments.</p>	
6 Report back on recommendations	23 - 40
<p>At its meeting on 2 September 2024 (SJVG) and 11 September 2024, Cabinet considered the following reports from the Finance and Performance Panel and made responses to the recommendations:</p> <ul style="list-style-type: none">• ODS Group Performance Report• ODS Executive Pay and Executive Pay Policy• Treasury Management Annual Report 2023-24• Integrated Performance Report Q1 2024-25 <p>The Panel is asked to note Cabinet's responses to its recommendations.</p>	
7 Integrated Performance Report Q2 2024/25	41 - 58
<p>Cabinet, at its meeting on 11 December 2024, will consider a report from the Head of Financial Services on the Integrated Performance Report for Q2 2023/24. Nigel Kennedy, Head of Financial Services has been invited to present the report and answer questions.</p> <p>The Panel is asked to consider the report and agree any recommendations.</p>	

8	Treasury Management Mid-Year Review - April to September 2024	59 - 76
	<p>Cabinet, at its meeting on 11 December 2024, will consider a report from the Head of Financial Services on the Treasury Management Mid-Year Review. Bill Lewis, Financial Accounting Manager has been invited to present the report and answer questions.</p> <p>The Panel is asked to consider the report and agree any recommendations.</p>	
9	Budget 2025/26	
	<p>Cabinet, at its meeting on 11 December 2024, will consider a report on the Medium Term Financial Strategy and 2025/26 Budget for consultation.</p> <p>The Scrutiny Committee has established a Budget Review Group to Scrutinise the 2025/26 Budget. The Panel is asked to note the Budget and agree a list of written questions to Heads of Service which will form part of the discussion for the Budget Review Group meetings.</p> <p>Nigel Kennedy, Head of Financial Services has been invited to attend for this item.</p> <p><i>The Budget 2025/26 report will be published as a supplement following the publication of the agenda.</i></p>	
10	Business Rates Non-Payment and Systems Management	77 - 84
	<p>A report from the Head of Financial Services has been submitted providing details on the administration of Business Rates with the City. Laura Bessell, Benefits Service Delivery Manager has been invited to present the report and answer any questions.</p> <p>The Panel is asked to note the report and agree any recommendations.</p>	
11	Supported Accommodation cost to City Council Finances	85 - 94
	<p>At its meeting in September 2024, the Panel requested a briefing note analysing the housing benefit subsidy issues and potential options. Nigel Kennedy, Head of Financial Services, Laura Bessell, Benefits Service Delivery Manager, and Richard Wood, Housing Strategy and Needs Manager have been invited to present the report and answer questions.</p>	

The Panel is asked to note the report and agree any recommendations.

12 Matters exempt or part exempt from publication and exclusion of the public

If the Panel wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding or following agenda items it will be necessary for the Panel to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(The Access to Information Procedure Rules – Section 15 of the Council’s Constitution – sets out the conditions under which the public can be excluded from meetings of the Council).

12a ODS - ODSTL Business Plan Refresh

95 - 192

The Shareholder and Joint Venture Group, at its meeting on 5 December 2024, will consider a report from Oxford Direct Services (ODS) setting out a refreshed Draft ODSTL Business Plan for the period of 2025/26 and 2028/29.

Simon Howick, Managing Director (ODS) has been invited to present the report and answer questions.

Cllr Nigel Chapman, Cabinet Member for Citizen Focused Services and Council Companies have been invited to answer questions from the perspective of the Council as Shareholder.

The Panel is asked to consider the report and agree any recommendations.

13 Dates of future meetings

The Panel is asked to note the dates and times of future meetings of the Finance and Performance Panel:

- 15 January 2025, 6pm
- 07 April 2025, 6pm

Meetings will take place remotely via Zoom.

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.

Members Code – Other Registrable Interests

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing** of one of your Other Registerable Interests*** then you must declare an

interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Members Code – Non Registrable Interests

Where a matter arises at a meeting which **directly relates** to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under Other Registrable Interests, then you must declare the interest.

You must not take part in any discussion or vote on the matter and must not remain in the room, if you answer in the affirmative to this test:

“Where a matter affects the financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest You may speak on the matter only if members of the public are also allowed to speak at the meeting.”

Otherwise, you may stay in the room, take part in the discussion and vote.

*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.

** Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person’s quality of life, either positively or negatively, is likely to affect their wellbeing.

*** Other Registrable Interests: a) any unpaid directorships b) any Body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority c) any Body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

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Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Tuesday 27 August 2024



Committee members present:

Councillor Fry (Chair)

Councillor Jarvis

Councillor Smowton

Councillor Yeatman

Officers present for all or part of the meeting:

Emma Jackman, Head of Law and Governance

Simon Howick, Managing Director (Oxford Direct Services)

Paul Concannon, Chief Operating Officer (Oxford Direct Services)

Alice Courtney, Scrutiny Officer

Also present:

Councillor Nigel Chapman, Cabinet Member for Citizen Focused Services and Council Companies

Cath Robinson, Non-Executive Director (Oxford Direct Services)

Michael Whitwell, Non-Executive Director (Oxford Direct Services)

Tim Sadler, Non-Executive Director (Oxford Direct Services)

Apologies:

No apologies were received

12. Declarations of Interest

None.

13. Chair's Announcements

None.

14. 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 next two items 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.

a) ODS Group Performance Report

Simon Howick, Managing Director (ODS) introduced the report, which provided an end of year summary for the trading period 2023/24, including the expected timeframes for any declaration of dividend and an outline of progress on growing the commercial business (ODSTL).

In response to questions, the Panel was advised that:

- The reality of running a commercial business required a degree of certainty in order to make budget assumptions, which did not necessarily always align smoothly with the Council's processes to meet the requirement to get best value for its work programmes.
- ODS was experiencing some challenges in relation to gaining certainty from the Council in relation to allocation of full-year budgets and work programmes.
- The Council was in the process of moving towards a more proactive, planned approach to its various work programmes involving ODS, rather than the more reactive approach which was currently employed. However, this would take some time and would impact ODS business modelling during the transition period.
- A meeting was due to take place in September 2024 between Council and ODS representatives to discuss any required changes to the approach to green space management, including grass cutting.
- The Medium Term Financial Plan (MTFP) included savings targets related to the services provided by ODS; these targets were required to be achieved in order for the MTFP to be balanced. A strategic review of services provided by ODS was currently underway and its conclusions would be reported in due course.
- Council work programme slippage was usually as a result of factors outside of the Council's control.
- There was work ongoing through the strategic review of services provided by ODS and the ODS Clienting & Commissioning Review which would seek to address some of the issues set out in the report.
- As a 'Teckal' company, a minimum of 80% of ODS' work was required to be undertaken for the Council; ODS could only undertake a maximum of 20% non-Council work. ODSTL was a commercial company (i.e. not a 'Teckal' company) and so different rules applied.
- The Managing Director (ODS) would provide written responses to the questions which the Chair had sent in advance; these would be shared with the Panel for information.

The Panel agreed to recommend that:

1. The Council improves forecasting of its quarterly financial reports and the evolving Medium Term Financial Plan, to include regular quarterly modelling and risk analysis related to the impact of changed spending profiles of the Council's General Fund and Housing Revenue Account (General Fund and Capital) on the services provided by all wholly-owned Council companies – and their revenues and ability to pay dividends to the Council.
2. The Shareholder and Joint Venture Group requests a fuller update from ODS setting out the key risks relating to ODS' solvency and profitability, including best estimate numbers and timescales to enable the full scale of the problem to be understood relative to the savings targets – and shares this update with the Panel once available.

Simon Howick, Managing Director (ODS) and Paul Concannon, Chief Operating Officer (ODS) left the meeting and did not return.

b) ODS Executive Pay and Executive Pay Policy

Michael Whitwell, Non-Executive Director (ODS) introduced the report, which provided background information relating to the role of the ODS Remuneration Committee (RemCo) and the recent BDO audit into Executive Pay and sought SJVG agreement for an Executive Team pay increase outside of the Executive Pay Policy to reduce the amount awarded from 6% to 3.4%.

In response to questions, the Panel was advised that:

- The recommendations from the BDO report related to broader matters, such as ODS processes and governance, rather than just Executive pay.
- It was anticipated that more detail and supporting rationale for proposed Executive pay increases would be requested by the SJVG going forward, to ensure transparency.
- Decisions taken outside of the approved Executive Pay Policy were reserved to the Shareholder.
- The ODS Executive Pay Policy was under review and would be submitted to SJVG in due course for approval.

The Panel agreed to recommend that:

1. The Council reviews the ODS Shareholder Agreement to ensure it remains fit for purpose, provides indisputable clarity on ODS' obligations to the Council as Shareholder and affords adequate opportunity for Shareholder oversight and engagement, including in relation to Executive Pay.
2. The Shareholder and Joint Venture Group issues direction to ODS in accordance with the advice of the Monitoring Officer, in addition to requesting that the recommendations of the BDO audit report be actioned.

15. Dates of future meetings

The Panel noted the dates and times of future meetings.

The meeting started at 6.00 pm and ended at 7.12 pm

Chair

Date: Wednesday 4 September 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.

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Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Wednesday 4 September 2024

Committee members present:

Councillor Fry (Chair)

Councillor Jarvis

Councillor Smowton

Councillor Yeatman

Officers present for all or part of the meeting:

Mish Tullar, Head of Corporate Strategy

Nigel Kennedy, Head of Financial Services

Alice Courtney, Scrutiny Officer

Also present:

Councillor Susan Brown, Leader of the Council and Cabinet Member for Partnership Working

Councillor Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management

Apologies:

No apologies were received

16. Declarations of Interest

None.

17. Chair's Announcements

The Chair informed the Panel that it was the Scrutiny Officer's final Finance and Performance Panel meeting before she left the organisation; the Panel thanked the Scrutiny Officer for her support and wished her all the best in her new role.

18. Notes of the previous meeting

The Panel agreed the notes of the meeting held on 18 July 2024 as a true and accurate record.

The Chair provided an update on matters arising as follows:

- Minute 4a – the Scrutiny Officer had contacted the Executive Director (Communities and People) and the Head of Financial Services to schedule in Scrutiny consideration of the 'options' report on the Strategic Review Across

Community Services and to seek confirmation of the timetable for the remainder of the review, but had not received any response.

- Minute 4b - the Scrutiny Officer had contacted the Executive Director (Communities and People) and the Head of Financial Services to schedule in Scrutiny consideration of the 'options' report on the Strategic Review of Services Provided by Oxford Direct Services and to seek confirmation of the timetable for the remainder of the review, but had not received any response.
- Minute 6 – the Scrutiny Officer had contacted the Executive Director (Development) and the Head of Financial Services requesting the simulation of what the capital and revenue impacts would have been if the optimism bias assumption applied to the MTFP had been 50%, instead of 40%, to see if a higher optimism bias assumption at the programme level was more realistic and could be assumed within future budgets, but had not received a response.
- Minute 6 – the Scrutiny Officer had contacted the Executive Director (Development), the Head of Financial Services and the Managing Director (OX Place) requesting the briefing note comparing initial expectations of Council and OX Place schemes over the last three years to their actual delivery timescales; attributing any slippage to a specific reason(s); and highlighting what the capital and revenue impact of that slippage was, but this had not yet been shared.
- Minute 7 – the Scrutiny Officer had contacted the Head of Financial Services requesting clarification on what the £350k savings in Elections would have been spent on; and clarification on what the budget B0159 'Redbridge Masterplan' (page 41 of the agenda pack) was due to be spent on; the timescales associated with that project; and the reasons why only £4,562 of a budget of £102,675 in 2023/24 had been spent, but had not received a response.
- Minute 8 – the Scrutiny Officer had contacted the Head of Financial Services to check whether the data for KPI BV008: 'percentage of invoices paid on time for OCC' was now available; and whether the target for KPI CS005: 'time to process new benefits claims' was too low, given the 'new normal' in relation to demand for Temporary Accommodation, but had not received a response.
- Minute 9 – the Scrutiny Officer had contacted the Head of Financial Services seeking to schedule 'Issues faced by the Local Government Sector and how Oxford City Council compares' into the Panel's Work Plan for 2024/25, but had not received a response.

The Chair expressed his disappointment that the above matters had not yet received responses; and reiterated his expectation that they would be responded to without further delay – and before the end of September 2024.

19. Finance and Performance Panel Work Plan

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

20. Council Strategy 2024-28 Key Performance Indicators

Mish Tullar, Head of Corporate Strategy introduced the report, which set out the proposed strategic key performance indicators (KPIs) linked to the Council Strategy 2024-28. The Council Strategy 2024-28 had already been through the relevant approvals process and was adopted by Full Council in July 2024, the KPIs had not been agreed simultaneously as more work was required to ensure the right measures were selected. The purpose of the KPIs was to measure the impact of the various

actions towards achieving the Council Strategy 2024-28; the number of KPIs had been kept purposefully small in order to maintain focus.

Cllr Susan Brown, Leader of the Council added that the recent Local Government Association (LGA) Peer Review feedback and previous feedback from Scrutiny had highlighted that the Council had too many KPIs. She advised that efforts had been made to reduce the number of KPIs and ensure they were more focused on areas of Council control. Cllr Brown also clarified that the proposed KPIs were the Council's headline KPIs, there would be a suite of operational KPIs which sat underneath the corporate KPIs, which were currently being reviewed; the corporate KPIs were not intended to be a reflection of all the work the Council was undertaking.

Cllr Turner joined the meeting.

In response to questions, the Panel was advised that:

- The wider context around the proposed KPIs was set out in the Corporate Strategy 2024-28, which may have been more immediately obvious had the KPIs been agreed alongside the strategy in July 2024.
- The Council had various overall aims, but the levers for achieving these aims were not all necessarily within the Council's control.
- There was confidence that the KPIs reflected action that was deliverable and within the Council's control; and that targets were stretching while still being achievable.
- The Council's operational KPIs were being reviewed separately with a view to reducing the number of them; these would be reported on more frequently than the corporate KPIs. The operational KPIs could be submitted to the Panel for consideration and regular oversight once they had been reviewed.
- The corporate KPIs proposed in relation to Leisure Services had been interrogated for their reliability and had been deemed appropriate measures.
- Air quality in Oxford was measured, but this did not feature as a corporate KPI, it was measured at the operational level; the Council was required to submit a report to DEFRA annually on air quality and the Climate and Environment Panel was due to consider this report at its meeting on 10 September.
- The proposed KPI related to the number of rough sleepers without an offer of accommodation was also viewed as a good proxy measure for Temporary Accommodation; in addition, it was highlighted that the Council was doing a lot of work to address the rise in demand for Temporary Accommodation, despite not being able to control or predict the demand as it was a national issue.

The Panel agreed that having a smaller number of more focused KPIs which demonstrated action in areas where the Council had control was appropriate, however suggested that it would be useful to also include additional KPIs which demonstrated whether the Council was achieving its ultimate goals and having the impact that it set out to have, even in areas where external factors outside of the Council's control influenced those outcomes rather than them being in the direct control of the Council (e.g. length of housing register waiting list or the affordability index for the City under the Good, Affordable Homes priority).

The Panel noted the report; there were no recommendations.

Cllr Susan Brown, Leader of the Council and Mish Tullar, Head of Corporate Strategy left the meeting and did not return.

21. Integrated Performance Report Q1 2024-25

Cllr Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management introduced the report, which provided an update on finance, risk and corporate performance matters as at 30 June 2024. He provided an overview of the Council's overall financial position and outlined some of the key challenges facing the Council.

In response to questions, the Panel was advised that:

- A detailed breakdown of rates of entry to and exit from Temporary Accommodation and where individuals went to on exiting Temporary Accommodation would be provided in future Integrated Performance reports.
- Cllr Turner would request a further update to all Members in relation to the Temporary Accommodation position.
- There was some optimism that the uplift in Local Housing Allowance would help reduce the pressures related to Temporary Accommodation, but it would take a while for the benefits to be realised.
- Officers were engaging with local hotels to negotiate better rates for Temporary Accommodation provided in hotels; officers would engage with Cllr Yeatman outside the meeting, as he had expertise in the hotel industry.
- Officers were being asked for their best assessment of Temporary Accommodation pressures and the impact on the Medium Term Financial Plan (MTFP); it was hoped that the pressure relating to Temporary Accommodation would not remain over the whole period of the MTFP, but it was likely that the pressure would get worse before the situation began to improve.
- Proposals related to OX Place becoming a Registered Provider had not been abandoned, but other work had taken priority in recent months; it was anticipated that work would recommence in relation to Registered Provider status in the not too distant future, once capacity allowed.
- The budget pressure related to non-Registered Provider organisations, commissioned by the County Council, providing supported accommodation to Oxford residents was significant and something which the City Council had no control over.

The Panel agreed to recommend to Cabinet that:

1. The Council produces an analysis related to the Council's inability to claim housing benefit subsidy in respect of Oxford residents living in supported accommodation provided by non-registered provider organisations and the options available to address the related adverse variance within Council finances – and shares this report with the Finance and Performance Panel once available.

22. Treasury Management Annual Report 2023-24

Cllr Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management introduced the report, which set out the Council's Treasury Management activity and performance for the financial year 2023-24. He stated that he felt the Council struck the right balance between return on investment and risk.

Cllr Turner left the meeting and did not return.

Nigel Kennedy, Head of Financial Services provided an overview of the report content and the Council’s Treasury Management position.

In response to questions, the Panel was advised that:

- The Council was part of a Treasury Management benchmarking club, therefore benchmarking information was readily available to the Council.
- The performance of other local authorities in terms of Treasury Management depended on their Treasury Management Strategy, which set out their approach to balancing return on investment and risk.
- The Council accounted for interest accrued from its loans to wholly-owned Council companies and Joint Ventures on what it expected to receive; if it became clear that the interest due would not be received, the Council would need to make provisions for bad debt. There was no suggestion that interest due would not be paid in respect of any current loans.
- Interest rates applied to any loans provided by the Council were required to be subsidy compliant; the Council was not permitted to lend at an anti-competitive rate.
- The level of debt within the Housing Revenue Account (HRA) would increase over the next five years; this had been provided for within the budget.
- There was no additional update to the information contained within the exempt appendix to the report; the appendix contained the latest update.

The Panel agreed to recommend to Cabinet that:

1. The Council produces a benchmarking report which compares the Council’s Treasury Management function with that of other local authorities over time, to include data related to return on investment versus level of risk of investment strategy alongside an explanatory commentary, and shares this with the Finance and Performance Panel once available.

23. Exempt Treasury Management Matters [discussion item]

There was no discussion under this item.

24. Dates of future meetings

The Panel noted the dates and times of future meetings.

The meeting started at 6.00 pm and ended at 7.26 pm

Chair

Date: Wednesday 4 December 2024

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Finance and Performance Panel Work Plan

NB This work plan is provisional and is subject to change. Changes made outside meetings are agreed between the Scrutiny Officer and the Chair.

Cabinet items beyond two 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.

04 December 2024 – confirmed reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
Integrated Performance Report Q2 2024/25	Yes	A report to update Cabinet on finance, risk and corporate performance matters as at 30 September 2024.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services
Treasury Management Mid-Year Review – April to September 2024	Yes	A report to set out the Council's Treasury Management mid-year activity and performance from April to September 2024.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services
Budget 2025/26	Yes	To propose a Medium Term Financial Strategy and the 2025/26 Budget for consultation. To note the report and agree a list of written questions to Heads of Service which will form part of the discussion for the Budget Review Group.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services
Business Rates Non-Payment and Systems Management	No	To consider the Scrutiny-commissioned report and agree any recommendations.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services
Briefing note – Supported	No	To consider the report and agree any recommendations	Deputy Leader (Statutory) –	Nigel Kennedy, Head of Financial Services

Accommodation cost to City Council Finances			Finance and Asset Management; Housing and Communities	
ODSTL Business Plan 2025-2029 [exempt item]	Yes - SJVG	A report to set out a refreshed Draft ODSTL Business Plan for the period 2025/26 to 2028/29.	Citizen Focused Services and Council Companies	Simon Howick, Managing Director (ODS)

15 January 2025 – provisional reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
Report of the Budget Review Group	No	To approve the report of the Budget Review Group for submission to the Scrutiny Committee; and to recommend that the Scrutiny Committee approves the report of the Budget Review Group for submission to Cabinet.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services
Exempt Treasury Management Matters [discussion item]	No	To receive a verbal update on exempt matters relating to Treasury Management.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services

07 April 2025 – provisional reports

Agenda item	Cabinet item	Description	Cabinet portfolio	Lead officer
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Social Value/Impact in Procurement and Update on the Procurement Act 2023/Procurement Regulations 2024	No	To consider the report and agree any recommendations.	Deputy Leader (Statutory) – Finance and Asset Management	Annette Osborne, Procurement Manager Nigel Kennedy, Head of Financial Services
Exempt Treasury Management Matters [discussion item]	No	To receive a verbal update on exempt matters relating to Treasury Management.	Deputy Leader (Statutory) – Finance and Asset Management	Nigel Kennedy, Head of Financial Services

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Agenda Item 6

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

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To: Cabinet
Date: 11 September 2024
Report of: Finance and Performance Panel
Title of Report: Integrated Performance Report Q1 2024-25

Summary and recommendations	
Purpose of report:	To present Panel of the Scrutiny Committee recommendations for Cabinet consideration and decision
Key decision:	No
Scrutiny Lead Member:	Councillor James Fry, Panel Chair
Cabinet Member:	Councillor Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Council Strategy 2024-28
Recommendation(s): That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report	

Appendices	
Appendix A	Draft Cabinet response to Scrutiny recommendations

Introduction and overview

1. The Finance and Performance Panel met on 04 September 2024 to consider the Integrated Performance Report for Quarter 1 2024/25. The report, which is due for Cabinet consideration on 11 September 2024, recommends that Cabinet notes the projected financial outturn as well as the position on risk and performance as at 30 June 2024.
2. The Panel would like to thank Councillor Ed Turner (Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management) and Nigel Kennedy (Head of Financial Services) for attending the meeting to answer questions.

Summary and recommendations

3. Councillor Ed Turner (Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management) introduced the report. The report provided an update on finance, risk and corporate performance matters as at 30 June 2024.

4. The Panel asked a range of questions, including questions relating to temporary accommodation demand and mitigations; the overspend on responsive and cyclical repairs; and the housing benefit subsidy.
5. In particular, the Panel discussed the financial impact on the Council of non-registered provider organisations being commissioned by the County Council to provide supported accommodation. The non-registered provider status meant that the Council could not claim housing benefit subsidy in relation to benefits paid to Oxford residents in supported accommodation provided by those organisations. The Panel

Recommendation 1: That the Council produces an analysis related to the Council's inability to claim housing benefit subsidy in respect of Oxford residents living in supported accommodation provided by non-registered provider organisations and the options available to address the related adverse variance within Council finances – and shares this report with the Finance and Performance Panel once available.

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Appendix A
Draft Cabinet response to recommendations of
the Finance and Performance Panel of the Scrutiny Committee

The document sets out the draft response of the Cabinet Member to recommendations made by the Finance and Performance Panel on 04 September 2024 concerning the Integrated Performance Report Q1 2024-25. The Cabinet is asked to amend and agree a formal response as appropriate.

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<i>Recommendation</i>	<i>Agree?</i>	<i>Comment</i>
1) That the Council produces an analysis related to the Council's inability to claim housing benefit subsidy in respect of Oxford residents living in supported accommodation provided by non-registered provider organisations and the options available to address the related adverse variance within Council finances – and shares this report with the Finance and Performance Panel once available.	Yes	A briefing paper will be prepared for the next Panel meeting in December 2024; we would like to mitigate this and will set out potential routes to doing so, but this is not something which can be achieved by Oxford City Council alone.

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To: Cabinet
Date: 11 September 2024
Report of: Finance and Performance Panel
Title of Report: Treasury Management Annual Report 2023-24

Summary and recommendations	
Purpose of report:	To present Panel of the Scrutiny Committee recommendations for Cabinet consideration and decision
Key decision:	No
Scrutiny Lead Member:	Councillor James Fry, Panel Chair
Cabinet Member:	Councillor Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Treasury Management Strategy
Recommendation(s): That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report	

Appendices	
Appendix A	Draft Cabinet response to Scrutiny recommendations

Introduction and overview

1. The Finance and Performance Panel met on 04 September 2024 to consider the Treasury Management Annual Report 2023-24. The report, which is due for Cabinet consideration on 11 September 2024, recommends that Cabinet notes the report.
2. The Panel would like to thank Councillor Ed Turner (Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management) and Nigel Kennedy (Head of Financial Services) for attending the meeting to answer questions.

Summary and recommendations

3. Councillor Ed Turner (Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management) introduced the report. The report set out the Council's Treasury Management activity and performance for the financial year 2023-24.

4. The Panel asked a range of questions, including questions relating to benchmarking against other local authorities; management accounting of interest in relation to Council loans to Council-owned companies and Joint Ventures; and external debt.
5. In particular, the Panel was interested in understanding how the Council's Treasury Management function compared to other local authorities in terms of return on investment versus level of risk.

Recommendation 1: That the Council produces a benchmarking report which compares the Council's Treasury Management function with that of other local authorities over time, to include data related to return on investment versus level of risk of investment strategy alongside an explanatory commentary, and shares this with the Finance and Performance Panel once available.

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Appendix A
Draft Cabinet response to recommendations of
the Finance and Performance Panel of the Scrutiny Committee

The document sets out the draft response of the Cabinet Member to recommendations made by the Finance and Performance Panel on 04 September 2024 concerning the Treasury Management Annual Report 2023-24. The Cabinet is asked to amend and agree a formal response as appropriate.

<i>Recommendation</i>	<i>Agree?</i>	<i>Comment</i>
1) That the Council produces a benchmarking report which compares the Council's Treasury Management function with that of other local authorities over time, to include data related to return on investment versus level of risk of investment strategy alongside an explanatory commentary, and shares this with the Finance and Performance Panel once available.	Yes	A briefing note will be prepared for the next Panel meeting in December 2024.

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To: Cabinet
Date: 11 December 2024
Report of: Councillor Ed Turner
(Cabinet Member for Finance and Assets)
Title of Report: Integrated Performance Report for Quarter 2 2024/25

Summary and recommendations	
Purpose of report:	To update the Cabinet on Finance, Risk and Corporate Performance matters as at 30 th September 2024
Key decision:	No
Executive Board Member:	Councillor Ed Turner (Cabinet Member for Finance and Assets)
Corporate Priority:	All areas
Policy Framework:	Corporate Plan
Recommendation(s): That the Cabinet resolves to:	
1. Note the projected financial outturn as well as the current position on risk and performance as at 30 th September 2024.	
Appendices	
Appendix A	General Fund – September 2024 Forecast Outturn
Appendix B	Housing Revenue Account – September 2024 Forecast Outturn
Appendix C	Capital Programme – September 2024

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 30th September 2024.

Financial Position Overview

2. **General Fund** – the outturn position is forecasting an adverse variance of £1.279 million against the net budget agreed by the Council in February 2024 of £28.604 million after allowing for a transfer from reserves of £1.4 million.

3. **Housing Revenue Account** – At the end of Quarter 2 the forecast outturn position is estimated at £8.926m deficit, an adverse variance of £2.444 m to the budgeted deficit of £6.482 million mostly due to a forecast overspend against Responsive & Cyclical Repairs offset by increased forecast income and reduced management costs. This deficit will be offset by reductions in revenue contributions to fund the capital programme.
4. **Capital Programme** – The budget, as approved at the Council meeting in February 2024, was set at £235.419 million with carry forward of unspent balances in 2023/24 of £74.372 million, some additional budget changes including new allocations, a further revision of the Housing Company Loans and HRA property purchases programme, leads to a revised latest budget of £239.249 million.
5. **Corporate Risk Management** – There are four red corporate risks at the end of quarter two. These relate to Financial Stability, Climate change emergency, Climate change adaptation, and Increased demand on services. More details on mitigations of the risks can be found in paragraphs 15 to 17.

Financial Position Detailed Analysis

General Fund Revenue

6. The overall Net Budget Requirement agreed by the Council in February 2024 was £28.604 million after a £1.3 million transfer from general reserves.
7. As of 30th September 2024, the General Fund forecast outturn variance would indicate an adverse variance of £1.279 million the reason for which is detailed below. Where these variances are deemed to carry forward into future years of the Medium Term Financial Plan we will adjust budgets as necessary. :

Housing Services – £1.762 million adverse including

- **Strategy and Service Development** - £100k favourable unbudgeted income and underspends in salaries and premises costs
- **Rapid Re-Housing** - £1.897 million adverse - at the end of September there were 244 families in temporary accommodation, 13 of which were in hotel and bed and breakfast accommodation. During September 109 households approached the housing options team and 41 households were placed in TA. Moving families on to council owned and managed temporary accommodation, the private rented sector and social housing continues to be a priority for families in Bed and Breakfast. The result is a reduction of the forecast adverse variation on temporary accommodation from the £3.3 million in the previous quarter.

ODS Client – - £700k favourable variance including

- **Car parking** income shows an increase in car parking income of £500k (8%)
- **Garden waste** income is £200k (19%) up on the base budgeted income

Business Improvement – £317k adverse. As flagged in the last quarter there is a significant upwards movement in software costs as systems are reprocurd. Several systems have seen increases in costs from the suppliers. These include Agresso Financial Management System, Civica Pay, the Council's income management system. Additional costs are also being incurred in relation to data centre and ICT telephony. The Council is currently negotiating with the data centre provider on a better deal for data storage and costs should continue to fall as systems are moved to cloud based technology in live with the Councils ICT strategy.

Financial Services - £306k adverse – including

- **Accountancy** - £131k increase on valuation fees for end of year accounts purposes. The Finance Team have needed to seek external valuers as workloads in the property team have left them unable to pick up this work
- **Corporate Finance** - £75k increase in banking charges arising from increased debit and credit card transactions and increased internal audit charges due to a higher volume of work
- **Procurement and payments** – £120K adverse variance in respect of additional staffing in the payments team to cover sickness absence and additional staffing for backlogs and to cover increased workloads
- **Revenues and Benefits** - £90K favourable – underspends in salaries and additional new burdens funding
- **Incomes** - £70k adverse – employee cost overspends due to increased workloads

Regulatory Services - £150k adverse pressures in building control due to increased employee costs from employing contractors to cover absences and reduced income of £70k

Property Services - £427k adverse variance

- **Repairs** - £200K adverse - increased use of agency staff and shortfall in recharges to HRA capital projects
- **Asset Management** - £250k adverse – use of agency staff and additional business rates costs arising from empty properties

Law and Governance - £110k adverse

- **Elections** – adverse variance £68k arising from forecast overspends in election staff costs and printing
- **Legal Services** – £62k adverse variance arising from additional temporary staffing costs other pay related costs and software costs.

Corporate – With significant slippages in the capital programme of around £74 million last year and base rates at 5% there is a net favourable variance on borrowing cost of around £2.0 million per annum forecast. This however has been partially offset by increases in the net cost of housing benefit payments.

This relates to benefit paid to non-registered provider organisations in respect of supported accommodation and a forecast adverse variance is shown as £800k. The number of such providers in the city is limited and the service is commissioned largely by bodies outside the City Council i.e NHS/ Oxfordshire County Council and other District Councils. Whilst the Council will try to mitigate this issue the extent to which it can do so is limited.

Housing Revenue Account (“the HRA”)

8. HRA budgeted deficit agreed by the Council in February 2024 was £6.482 million. The current forecast outturn is expected to be an adverse variance of £2.444 million which will be mitigated by reductions in revenue contributions to fund capital. Reasons for the variation include:
 - **Income** – additional income forecast of £538k from Major Works £60k, £60k Garages, £120k from Furnished Tenancy scheme, £23k Lease Assignment and £90k Leased Property income and leaseholders £245k. This additional income represents 0.9% of the original budget
 - **Management** – overall savings of £55k from vacant posts £880k held up pending the landlord services review and £70k Court fees and £40k from under occupation initiative, less overspends of £110k Furnished Tenancies, £140k Ctax, £140k Consultants Fees and £10k increased Subscription Fee, £280k increase to insurance premiums following tendering exercise and £190k pension fund adjustment.
 - **Repairs** – net overspend of £2.996 million (19%) largely driven by::
 - **Electrical upgrades** - £480k – electrical inspections are in the process of being moved to a 7 yearly cycle from 5 yearly next year to mitigate this overspend going forward
 - **Void works** - £650k – significant increase in voids due to increases in number of new homes coming into the HRA from the Development programme.
 - **General Minor works** - £968k. This is a demand led budget which council officers are trying to reduce in favour of undertaken more planned work
 - **Asbestos works and fire safety** - £600k

Capital

9. The budget for 2024-25, as approved by the Council at its meeting in February 2024, was set at £235.419 million. Since this point, some of the required carry forwards of underspends from 2023/24 have been included as well as in-year budget slippages with the budgets reprofiled accordingly. This gives a revised budget at end of September 2024 of £239.249 million as shown in Appendix B.

10. Spend against the total budget at the end of September 2024 is £50 million in total which is 21% of the latest budget and a forecast of £169.823 million by year end.

	Original Budget 2024/25	Latest Budget 24/25	Spend to Date	% Spent	Forecast Spend 24/25	Forecast Variance 24/25 this Month	Forecast Variance from 24/25 Q1
General Fund Total	77,182,456	113,104,951	27,429,207	24%	72,335,452	40,769,500	14,074,537
HRA Total	158,254,860	126,144,843	23,401,349	19%	97,487,463	28,657,379	31,872,104
Total Capital Programme	235,437,316	239,249,794	50,830,556	21%	169,822,915	69,426,879	45,946,641

General Fund Capital

11. A summary of the General Fund schemes by project type is shown below and this provides an insight into the value of development projects that the Council is undergoing. It also highlights that a significant percentage of the capital programme relates to Housing Company Loans of which the spend is reliant on the progress of the Housing company development programme.
12. From the start of 2024/25 a revised approach to aligning the OX Place Business Plan with the quarterly Capital Monitoring has been in place and this should realise improved projections in terms of both loans to the company and HRA purchases.

General Fund Schemes by project type 2024/25					
Project Classification	Projects	Latest Budget	% Spent	Q2 Forecast	Variance from Q1
Project - Development	32	32,997,763	29%	26,463,189	6,117,991
Project - ICT	26	3,206,010	26%	3,139,516	1,056,954
Project - Compliance	4	2,527,209	29%	2,984,118	950,867
Project - Other	12	7,881,454	5%	7,567,730	4,980,776
Rolling Programme	9	5,214,110	23%	6,680,665	2,266,251
Housing Company Loans	2	33,130,380	17%	10,890,833	(2,152,167)
Other Capital Spend	14	28,148,026	33%	14,609,401	853,865
General Fund Total	99	113,104,951	24%	72,335,452	14,074,537

13. Overall, 24% of the General Fund Capital budget has been spent by 30-09-24.

Project type key budgets:

- **Development** – Blackbird Leys Regeneration, East Oxford CC, HIF and Growth Deal Osney Bridge works and Oxford Flood Alleviation Scheme (OFAS).
- **Compliance** - Gloucester Green CP(H&S), Old Gas Works Bridges & Waterways.
- **Project Other** – Leisure Invest to Save and Dilaps works and numerous Capital M&E works on City Centre Portfolio.
- **Rolling Programme** – ODS Fleet Replacement Programme and Stock condition surveys.
- **Housing Co. Loans** – both Barton Park and non-Barton Park Loans to OxPlace.

- **Other Capital Spend** - includes Barton Park purchases, OxWED loans, Affordable Housing Supply and Disabled Facilities Grants.

Key Budget Re-profile changes and slippages during Q2 include:

- **Town Hall & Broad St Roof & Façade works** – A further £1.300m slipped due to delays on building design feasibility and building control requirements.
- **Waterways Investment (Longbridges)** - £0.5m slipped into 25/26 after further revision of works programme.
- **Stock Condition Surveys** – A further £0.3m slipped into 25/26. This budget in some ways is linked to project demand from Asset Review Group and Development Board.
- **Asset Surveys** – A further £0.250m slipped into 25/26. This runs in conjunction with the acquisition of a new Asset Management system which is still at the scoping stage.
- **Community Centre Capital works** – £0.150m 24/25 budget now slipped into 26/27 due to decision not to do any works on them this financial year and then design and specs still to be determined.

HRA

14. A summary of the HRA schemes by project type is shown in the table below, and this shows that a significant element of the capital programme is a rolling programme, for example kitchen and bathroom replacements, heating, and electrics etc. The other large element is the Other Capital Spend classification, and these schemes relate to acquisitions and developments.

HRA Schemes by project type 2024/25							
Project Classification	Projects	Latest Budget	Spend to Date	% Spent	Q2 Forecast	Q1 Forecast	Variance from Q1
Project - Development	4	10,837,542	2,792,914	26%	9,537,236	541,691	8,995,545
Project - Compliance	1	207,021	-	0%	207,021	176,802	30,219
Project - Other	2	22,815,597	5,126,350	22%	24,226,047	99,590	24,126,457
Rolling Programme	23	21,386,482	2,423,747	11%	20,726,704	14,770,490	5,956,215
Other Capital Spend	11	70,898,201	13,058,338	18%	42,790,455	50,026,786	(7,236,332)
HRA Total	41	126,144,843	23,401,349	19%	97,487,463	65,615,359	31,872,104

- The majority of the movements on the HRA capital programme between Q1 and Q2 are adjustments to align to the corrected forecasts as recently provided by the project managers. The key variances for Q2 are:
- East Oxford (Princes Street and Collins Street) has been delayed due to works at the community centre preventing start on site for the appointed contractor - slippage of £1.3 million.

- The housing development at Northfield Hostel has been delayed due to the appointed contractor no longer willing to deliver the scheme - £16.3 million slippage.
- The delivery of the units at the Oxford North development has slipped by £9.2 million.
- Lanham Way (Youngs Way) has been revised down by £2.6 million due to slippage.
- Duplicated budgets (as a result of prior years carry forwards) for the HRA Capital Maintenance programme have been adjusted (£2.0 million)

Corporate Risk

15. There are four red risks with Workforce Sustainability moving from Red to Amber in the latest update to the current Corporate Risk Register. The four red risks are as follows:

- **Financial Stability** – this is the risk of the Council being unable to deliver its plans and corporate priorities due to lack of finance. The position on temporary accommodation remains a concern and is a big contributor to the current forecast adverse variance of £2.3 million for 2024-25. This position is currently forecast to continue into 2025-26 and possibly the following year requiring further savings to be delivered over the MTFP to mitigate.
- **Climate Change Emergency** – this is the risk of being unable to meet climate change targets, both local and national due to conflicting policies, pace of delivery and a skills and technology gap leading to an impact on reputation, commercial property letting, increased extreme weather and an adverse impact on the workforce and residents.
- **Climate Change Adaptation** – whereby the Council and its communities are exposed to the future impacts of climate change due to inability to deal with climate change adaptation because of lack of funding or awareness of different options leading to an increased exposure to future weather events, damage to reputation and infrastructure and an adverse financial impact.

The Council does not have control over the global climate position but it can make changes and improvements within its sphere of influence. The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the city.

- **Increased demand on services** – Various external factors such as cost of living crisis is putting an increased demand on services provided by the Council, resulting in reduced staff morale, pressure on staff and services, reductions in customer satisfaction and longer term upward pressure on budgets

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

Current Risk	Q3	Q4	Q1	Q2
	2023/24	2023/24	2024/25	2024/25
Red	5	5	5	4
Amber	6	6	6	7
Green	0	0	0	0
Total risks	11	11	11	
New risks in quarter	0	0	0	0
Closed	0	0	0	0

17. The number of red service area risks has increased to 12 from 10. This is due to 1 amber risk moving to red and 1 green risk moving to red. Details of the Red risks are as follows beginning with the risks where the rating has changed:

Risks moved from amber to red

- **Law and Governance** –relating to the risk of not achieving income targets due to significant increase in workload leading to reduction in capacity and inability to control recovery of legal fees on property transactions from third parties

Risk moving from green to red

- **Law and Governance** – this relates partly to the inability to retain and recruit lawyers to permanent posts, leaving service dependent on locum resources. This is in addition to an increase in workload from growth and increased income targets in other areas without consideration of the impact on legal resource. The ability to effectively deliver services required by the Council to deliver and support statutory and non-statutory functions is significantly affected. This then increases the risks to the Council in terms of compliance and income.

Risks remaining on red

- **Regeneration and Economy** – unforeseen circumstances e.g. planning risks, external factors, competing asks on resources, contractor insolvency or supply chain issues resulting in the significant delays of capital projects and potential impact on the medium term financial plan and / or grant stipulations.
- **Corporate Property and Assets** – this relates to the inability to recruit and / or retain staff on current terms and conditions, particularly in respect of HRA and compliance result in an adverse impact on work programmes.

- **Corporate Property and Assets** – relating to the inability or delay in letting properties or the need to offer increased incentives arising from property being returned in poor condition leading to reduced or delayed rent and consequent budget pressures.
- **Corporate Property and Assets** – relating to the quality of data and the need to improve data management processes arising from the need to implement an asset management system with risks around inability to plan property maintenance and implications on obtaining insurance cover.
- **Housing Services** – this relates to increased homelessness costs providing temporary accommodation and rent top-up payments, which has been additionally impacted due to the pandemic, lockdown and economic recession increasing homelessness demand. Control measures include undertaking a review of the approach to temporary accommodation to ensure faster moveon, informed by the “Housing First” approach, undertaking work to look at options for stock rationalisation of temporary accommodation units and bidding for any further funding available from Department for Levelling Up, Housing and Communities (DLUHC) to help fund provision for rough sleepers.
- **Housing Services** – this relates to concerns over the timely delivery of the Adult Homeless Pathway transformation programme to provide sufficient reprofiled services of good quality across the County resulting in increased rough sleepers and homelessness presentation which in turn leads to increased costs to the City Council.
- **Planning** – this relates to delays to Council projects caused by outside agencies. The probability of this risk occurring can only be influenced to a limited extent through greater collaboration on key projects but the impact can be influenced to a higher degree with a proactive approach to intervention and communications.
- **Planning** - this relates to Government legislation resulting in substantial changes to the planning system. Relaxation of Change of Use, Prior Approval regime extended. Expectations of politicians and the local community impacting on resources and priorities. The probability of this risk occurring is out of the Council’s control, except through response to consultations. However, the impact of the risk can be mitigated by maintaining responsiveness and plan for change.
- **Financial Services** – this relates to risks of a successful challenge to a procurement arising through not following proper procedures due to capacity pressures on staff and because of increased challenges in the procurement area from suppliers who fail to win contracts.
- **Financial Services** – this relates to employee ability to deliver services due to increased workloads and the volume of emails, which together with the many on-line meetings is placing excessive pressure and demands on staff and managers. This risk is entirely within the control of the Council, although it cannot be fully controlled within the service area itself.

Financial implications

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

Legal issues

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

Level of risk

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

Equalities impact

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

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Background Papers: None

APPENDIX A

General Fund Outturn Report 24/25 @ 30 September 2024	Approved Budget (per Budget book)	Latest Budget	Projected Outturn against Latest Budget	PO Variance	PO Variance (Prev quarter)
	£000's	£000's	£000's	£000's	£000's
S13 - Housing Services	4,907	5,630	7,392	1,762	3,300
S15 - Community Safety	814	943	953	10	
S22 - Community Services	3,569	4,445	4,493	48	
Communities & People	9,290	11,018	12,838	1,820	3,300
S09 - Corporate Property	(7,916)	(7,475)	(7,048)	427	178
S10 - Regeneration & Economy	929	1,079	1,148	69	
S16 - Planning Services	308	810	960	150	
Development	(6,679)	(5,586)	(4,940)	646	178
S01 - Corporate Strategy	893	996	962	(34)	
S20 - Environmental Sustainability	857	1,025	982	(43)	
Chief Executive	1,750	2,021	1,944	(77)	
S26 - Oxford Direct Services Client	12,933	14,794	14,094	(700)	
ODS Development Director	12,933	14,794	14,094	(700)	
S03 - Business Improvement	8,819	9,546	9,863	317	300
S32 - Financial Services	3,805	4,331	4,637	306	54
S33 - Chief Executive	1,089	1,261	1,321	60	
S34 - Law and Governance	2,634	2,852	2,959	107	
Corporate Resources	16,347	17,990	18,780	790	354
Directorate Total Excl SLA's & Capital Charges	33,641	40,237	42,716	2,479	3,832
SLA's & Capital Charges	(9,612)	(9,612)	(9,612)		
Corporate Accounts	(2,614)	(1,614)	(2,814)	(1,200)	(1,700)
Contingencies	8,556	1,167	1,167		
Total Corporate Accounts & Contingencies	5,942	(447)	(1,647)	(1,200)	(1,700)
Net Expenditure Budget	29,971	30,178	31,457	1,279	2,132
S48D - Transfers To/From Earmarked Reserves	(1,367)	(1,575)	(1,575)		
Net Budget Required	28,604	28,603	29,882	1,279	2,132
Funding					
S47A - External Funding	1,416	1,416	1,416		
S47B - Council Tax Funding	16,278	16,278	16,278		
S47C - Parish Precept	(264)	(264)	(264)		
S47D - NDR Funding	11,175	11,175	11,175		
Total Funding Available	28,605	28,605	28,605		
(Surplus) / Deficit for the year	(1)	(2)	1,277	1,279	2,132

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Appendix B – Housing Revenue Account HRA

HRA Report 24/25 @ Sept 2024	Approved Budget (per Budget book)	Revised Approved Budget @ 30th Sept 2024	Actual YTD	Budget YTD	Variance YTD	% Budget Spent to 30th Sept 2024	Projected Outturn against Latest Budget @ 30th Sept 2024	Projected Outturn Variance
	£000's	£'000's	£000's	£000's	£'000's	%	£'000's	£000's
Dwelling Rent	(53,249)	(53,309)	(26,155)	(26,153)	(1)	49%	(53,309)	
Service Charges	(2,897)	(2,837)	(1,793)	(1,550)	(242)	63%	(3,082)	(245)
Garage Income	(228)	(228)	(147)	(112)	(35)	64%	(288)	(60)
Miscellaneous Income	(806)	(806)	(608)	(430)	(178)	75%	(1,038)	(233)
Net Income	(57,180)	(57,180)	(28,702)	(28,246)	(457)		(57,718)	(538)
Management & Services (Stock Related)	13,975	14,050	4,283	5,158	(875)	30%	13,995	(55)
Other Revenue Spend (Stock Related)	972	897	236	205	31	26%	938	41
Misc Expenditure (Not Stock Related)	826	826	91	91	()	11%	826	
Bad Debt Provision	931	931	387	388	(1)	42%	931	
Responsive & Cyclical Repairs	12,735	12,735	9,074	6,340	2,734	71%	15,731	2,996
Interest Paid	12,191	12,191				0%	12,191	
Depreciation	9,706	9,706				0%	9,706	
Total Expenditure	51,337	51,337	14,072	12,183	1,889		54,319	2,982
Net Operating Expenditure/(Income)	(5,843)	(5,843)	(14,631)	(16,063)	1,432		(3,399)	2,444
Investment Income	(42)	(42)				0%	(42)	
Revenue Contribution to Capital	12,367	12,367				0%	9,923	(2,444)
Total Appropriations	12,325	12,325					9,881	(2,444)
Total HRA (Surplus)/Deficit	6,482	6,482	(14,631)	(16,063)	1,432		6,482	

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Capital Budget and Spend as at 30th September 2024							2024/25 Forecast Variance			
Cost Centre	Capital Scheme	Service Area	2024/25 Original Budget	Latest 2024/25 Budget	Spend to 30/09/24	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2024/25 Outturn
			£	£	£	£	£	£	£	£
General Fund Capital Programme										
Communities and People Directorate										
Community Services Projects										
							-	-		
A4820	Upgrade Existing Tennis Courts	Community	-	108,191	2,569	105,622	(108,191)	(108,191)	-	0
A4847	Rose Hill Community Centre - Parking	Community	-	10,000	-	10,000	-	-	-	10,000
A4852	Bodycams for Community Safety Team	Community	-	23,000	22,978	23	-	-	-	23,000
A4855	Leys Youth Hub	Community	-	1,071,594	77,320	994,274	(20,000)	(20,000)	-	1,051,594
A4858	Leisure Invest to Save - Leisure Contract	Community	2,400,000	3,040,000	-	3,040,000	-	-	-	3,040,000
B0075	Museum of Oxford Development	Community	-	-	-	-	-	-	-	0
B0083	East Oxford Community Centre	Community	4,223,967	3,500,000	1,379,583	2,120,417	(255,000)	(255,000)	-	3,245,000
B0096	Bullingdon Community Centre	Community	-	63,136	94,012	(30,876)	-	-	-	63,136
B0150	Hinksey Pool Liner Replacement	Community	-	18,385	-	18,385	-	-	-	18,385
B0158	Street Sports Lighting Upgrade	Community	-	70,000	69,000	1,000	(1,000)	(1,000)	-	69,000
B0159	Redbridge Masterplan	Community	-	138,113	18,264	119,849	(88,103)	(88,103)	-	50,010
	Community Services Projects Total		6,623,967	8,042,419	1,663,725	6,378,694	(472,294)	(472,294)	-	7,570,125
	Housing Services Projects									
B0102	Replace or refurbish Lifts	Housing Services	140,000	109,484	3,734	105,750	-	-	-	109,484
B0108	Floyds Row Refurbishment	Housing Services	48,283	48,283	12,239	36,044	(36,044)	(36,044)	-	12,239
C3057	Housing System Replacement	Housing Services	-	-	(9,113)	9,113	-	-	-	0
M5024	National Homelessness Property Fund	Housing Services	-	633,962	157,664	476,298	-	-	-	633,962
M5038	Roken House	Housing Services	-	95,556	3,020	92,536	61,944	61,944	-	157,500
M5039	UK Shared Prosperity Fund Investment	Housing Services	65,000	371,817	-	371,817	-	-	-	371,817
M5040	Brownfield Land Release Fund (BLRF)	Housing Services	-	-	12,877	(12,877)	340,213	340,213	-	340,213
	Housing Services Projects Total		253,283	1,259,102	180,421	1,078,681	366,113	366,113	-	1,625,215
	Oxford Direct Services Projects									
R0005	MT Vehicles/Plant Replacement	Oxford Direct	5,774,279	3,500,000	648,122	2,851,878	(0)	(0)	-	3,500,000
T2273	Car Parks Resurfacing	Oxford Direct	200,000	150,000	42,347	107,653	138,084	138,084	-	288,084
T2309	Cowley Marsh Extension	Oxford Direct	-	34,659	100	34,559	-	-	-	34,659
	Oxford Direct Services Projects Total		5,974,279	3,684,659	690,569	2,994,090	138,084	138,084	-	3,822,743
	Communities and People Directorate Total		12,851,529	12,986,180	2,534,716	10,451,464	31,903	31,903	-	13,018,083
	Development Directorate									
	Corporate Property Projects									
A4856	Conversion of stored water system to	Corporate Property	130,000	130,000	-	130,000	-	-	-	130,000
A4857	Leisure infrastructure life cycle	Corporate Property	-	840,000	168,668	671,332	-	-	-	840,000
A4859	Leisure Centre Capital Works &	Corporate Property	200,000	200,000	8,650	191,350	-	-	-	200,000
A4860	Community Centres Capital Works &	Corporate Property	430,000	-	-	-	-	-	-	0
A4861	Hinksey Splash	Corporate Property	18,385	80,000	-	80,000	145,822	145,822	-	225,822
B0031	Planned Building Improvements	Corporate Property	750,000	501,982	11,720	490,263	-	-	-	501,982
B0033	Community Centres	Corporate Property	-	-	3,042	(3,042)	-	-	-	0
B0100	Gloucester Green Car Park (H&S)	Corporate Property	300,000	370,730	51,261	319,469	-	-	-	370,730
B0101	Capital Works at Covered Market	Corporate Property	200,000	888,453	12,862	875,591	(881,218)	(881,218)	-	7,235
B0104	Old Gas Works Bridges	Corporate Property	1,000,000	1,770,636	543,923	1,226,712	206,909	206,909	-	1,977,544
B0106	Covered Market Roof Works (Capitalised)	Corporate Property	525,000	-	-	-	648,058	648,058	-	648,058
B0111	Town Hall Dry Risers	Corporate Property	-	-	35,803	(35,803)	-	-	-	0
B0117	Regeneration Property	Corporate Property	-	3,402	3,402	-	-	-	-	3,402
B0124	Port Meadow Moorings	Corporate Property	-	-	(5,279)	5,279	-	-	-	0
B0125	City Centre Restart (CIL Funded)	Corporate Property	-	39,324	1,109	38,215	-	-	-	39,324
B0126	Asset Surveys	Corporate Property	-	50,000	103	49,897	-	-	-	50,000
B0129	Town Hall Options	Corporate Property	-	25,072	1,281	23,791	(10,072)	(10,072)	-	15,000
B0133	New Burial Space	Corporate Property	-	354,000	61,706	292,294	(60,000)	(60,000)	-	294,000
B0137	Court Place Farm and Blackbird Leys	Corporate Property	-	-	215	(215)	-	-	-	0
B0138	Enabling works - Decarbonisation Project	Corporate Property	-	0	-	0	-	-	-	0
B0142	Stock condition surveys (including bridge)	Corporate Property	500,000	319,586	23,140	296,446	680,414	680,414	-	1,000,000
B0143	Town Hall Relocation	Corporate Property	-	479,011	39,913	439,098	(289,011)	(289,011)	-	190,000
B0147	Repairs to 2-4 Gloucester Street and 24-	Corporate Property	-	-	2,943	(2,943)	-	-	-	0
B0149	Tumbling Bay Embankment Works	Corporate Property	-	31,186	5,668	25,518	250,000	250,000	-	281,186
B0151	Bus Shelters	Corporate Property	-	15,050	9,811	5,239	-	-	-	15,050
B0153	HSBC Options	Corporate Property	-	55,000	-	55,000	(43,000)	(43,000)	-	12,000
B0154	Covered Market masterplan and enabling	Corporate Property	1,513,991	797,647	373,487	424,160	(124,668)	(124,668)	-	672,979
B0156	Waterways - Condition Survey / Long Brid	Corporate Property	355,000	354,658	121,102	233,556	-	-	-	354,658
B0157	Works Town Hall	Corporate Property	1,500,000	521,915	266,212	255,703	1,000,000	1,000,000	-	1,521,915
B0162	Property Services Works to Town Hall	Corporate Property	-	-	-	-	-	-	-	0
B0165	Stone walls & Railing programme	Corporate Property	100,000	100,000	-	100,000	-	-	-	100,000
B0166	Broad street roofing & Façade project	Corporate Property	2,000,000	200,000	-	200,000	(80,000)	(80,000)	-	120,000
B0167	Fire Risk Assessment programme works	Corporate Property	50,000	50,000	11,800	38,200	-	-	-	50,000
B0168	Bridge investment work	Corporate Property	500,000	400,000	-	400,000	(320,000)	(320,000)	-	80,000
B0169	M&E Capital budget to fund capital replac	Corporate Property	150,000	-	-	-	70,000	70,000	-	70,000
C3089	ICT - Asset Management System	Corporate Property	318,662	281,338	12,500	268,838	(131,338)	(131,338)	-	150,000
E3569	General Fund Capital Reserve (SCS works)	Corporate Property	1,000,000	500,000	-	500,000	-	-	-	500,000
	Corporate Property Projects Total		11,541,038	9,358,991	1,765,041	7,593,949	1,061,895	1,061,895	-	10,420,885
	Regeneration & Economy Projects									
A4853	City Wide Cycling Infrastructure	Regeneration &	60,000	114,517	15,282	99,235	(32,517)	(32,517)	-	82,000
B0074	R & D Feasibility Fund	Regeneration &	500,000	462,815	-	462,815	40,000	40,000	-	502,815
B0081	Car Parking Oxpens	Regeneration &	-	0	-	0	3,081	3,081	-	3,081
B0084	Jericho Community Centre	Regeneration &	-	-	-	-	-	-	-	0
B0086	Seacourt Park & Ride Extension	Regeneration &	-	-	1,263	(1,263)	-	-	-	0
B0092	Cave Street Development (Standingford H	Regeneration &	-	194,134	146,694	47,440	-	-	-	194,134
B0098	1-3 George Street	Regeneration &	-	166,733	109,067	57,666	(161,733)	(161,733)	-	5,000
B0112	Future Options for City Centre Land	Regeneration &	-	130,452	24,687	105,765	(130,452)	(130,452)	-	0
B0114	Diamond Place Redevelopment	Regeneration &	-	10,000	2,365	7,635	-	-	-	10,000
B0116	Osney Mead Path Works (HIF)	Regeneration &	564,914	1,398,635	-	1,398,635	-	-	-	1,398,635
B0118	Oxford Ice Rink Development	Regeneration &	-	36,704	25,554	11,150	-	-	-	36,704
B0119	Oxford Station Feasibility	Regeneration &	-	51,563	-	51,563	(44,302)	(44,302)	-	7,261
B0120	Osney Bridge (Growth Deal)	Regeneration &	7,184,694	7,458,420	406,160	7,052,261	(6,472,459)	(6,472,459)	-	985,961
B0122	City Cycle Schemes (Growth Deal)	Regeneration &	-	431,332	23,096	408,236	(213,332)	(213,332)	-	218,000
B0128	Greenways Cycling Project	Regeneration &	-	92,250	33,007	59,243	-	-	-	92,250
B0130	CIL Feasibility	Regeneration &	-	43,350	-	43,350	-	-	-	43,350
B0131	Meanwhile In Oxfordshire	Regeneration &	-	82,317	2,364	79,953	-	-	-	82,317
B0132	Coach Parking Feasibility	Regeneration &	-	20,000	-	20,000	-	-	-	20,000
B0141	City Centre Public Realm (Kiosks Project)	Regeneration &	179,987	241,034	78,560	162,474	(50,000)	(50,000)	-	191,034
B0145	St Michael's Street Levelling Works	Regeneration &	168,817	408,827	23,683	385,144	(120,807)	(120,807)	-	288,020
B0146	Ice Rink Car Parking	Regeneration &	100,000	16,066	10,415	5,651	-	-	-	16,066
B0148	Oxford Flood Alleviation HIF Contribution	Regeneration &	-	5,350,000	-	4,350,000	-	-	-	4,350,000
B0152	Cowley Branch Line Full Busines Case	Regeneration &	1,689,183	2,599,669	1,428,388	1,171,281	-	-	-	2,599,669
B0160	Templars Square (GF Element)	Regeneration &	-	-	404	(404)	-	-	-	0

Cost Centre	Capital Scheme	Service Area	2024/25 Original Budget	Latest 2024/25 Budget	Spend to 30/09/24	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2024/25 Outturn
			£	£	£	£	£	£	£	£
B0161	Floyds Row (Feasibility2024)	Regeneration &	1,050,000	50,000	-	50,000	(23,000)	(23,000)	-	27,000
B0163	Network infrastructure installations (utilit	Regeneration &	40,000	40,000	-	40,000	-	-	-	40,000
B0164	Waterways investment	Regeneration &	500,000	-	-	-	500,000	500,000	-	500,000
B0170	Salary Costs across the Council to be capit	Regeneration &	323,000	-	-	-	-	-	-	0
B0171	Regeneration Property Purchase/Odeon	Regeneration &	-	212,000	713	211,287	(212,000)	(212,000)	-	0
B0172	Bury Knowle House	Regeneration &	-	41,000	-	41,000	-	-	-	41,000
B0173	Union Street Car Park	Regeneration &	-	65,000	731	64,269	-	-	-	65,000
M5033	Blackbird Leys Regeneration (GF	Regeneration &	5,586,876	8,356,000	6,258,552	2,097,448	785,780	785,780	-	9,141,780
T2301	Depot Rationalisation	Regeneration &	-	266,645	-	266,645	-	-	-	266,645
Regeneration & Economy Projects Total			17,947,471	27,339,464	8,590,984	18,748,479	(6,131,741)	(6,131,741)	-	21,207,722
Housing Delivery Projects										
M5025	Barton Park - Purchase by Council	Housing Delivery	11,051,609	17,769,989	6,646,510	11,123,479	(11,925,406)	(11,925,406)	-	5,844,583
M5026	Housing Company Loans (excl Barton	Housing Delivery	14,051,609	23,916,000	5,599,810	18,316,190	(18,869,750)	(18,869,750)	-	5,046,250
M5032	Barton Park - loan to OCHL	Housing Delivery	-	9,214,380	-	9,214,380	(3,369,797)	(3,369,797)	-	5,844,583
M5034	Affordable Housing Supply	Housing Delivery	1,958,000	2,086,000	-	2,086,000	(1,958,000)	(1,958,000)	-	128,000
M5035	Growth Deal Registered Provider	Housing Delivery	272,000	-	-	-	-	-	-	0
M5037	Northern Gateway (Oxford North)	Housing Delivery	-	1,153,416	2,218	1,151,198	-	-	-	1,153,416
Housing Supply Projects Total			27,333,218	54,139,785	12,248,538	41,891,247	(36,122,953)	(36,122,953)	-	18,016,832
Planning Projects										
C3091	ICT - scanning of all paper planning files	Planning Services	-	150,000	10,092	139,908	(90,000)	(90,000)	-	60,000
E3511	Essential Repairs Grant	Planning Services	15,000	37,108	5,000	32,108	(7,108)	(7,108)	-	30,000
E3521	Disabled Facilities Grants	Planning Services	1,200,000	1,553,749	941,334	612,414	-	-	-	1,553,749
E3561	Additional DFG Funding CLOSED	Planning Services	-	4,968	(2,439)	7,407	(4,968)	(4,968)	-	0
T2299	Controlled Parking Zones	Planning Services	-	443,000	-	443,000	(84,920)	(84,920)	-	358,080
Planning Projects Total			1,215,000	2,188,825	953,988	1,234,837	(186,996)	(186,996)	-	2,001,829
Development Directorate Total			58,036,727	93,027,064	23,558,551	69,468,513	(41,379,796)	(41,379,796)	-	51,647,268
Corporate Resources										
Business Improvement Projects										
C3044	ICT Software and Licences	Business	245,000	245,000	402,357	(157,357)	-	-	-	245,000
C3058	CRM Lagan Replacement	Business	-	48,264	-	48,264	-	-	-	48,264
C3060	End-Point Devices (Desktops/Laptops)	Business	150,000	354,367	42,568	311,799	-	-	-	354,367
C3066	Telephony Device Refresh	Business	60,000	33,690	30,412	3,279	-	-	-	33,690
C3068	Windows 2008 Server Replacement	Business	-	-	(3,495)	3,495	-	-	-	0
C3072	Forms Engine Replacement	Business	-	-	10,800	(10,800)	-	-	-	0
C3081	Capitalised ICT Projects	Business	163,200	615,646	487,626	128,020	-	-	-	615,646
C3082	Website Redesign	Business	-	3,106	627	2,479	-	-	-	3,106
C3085	ICT - I-trent replacement	Business	-	-	-	-	-	-	-	0
C3086	ICT - QL Exploitation Programme	Business	256,000	230,656	212,747	17,909	154,844	154,844	-	385,500
C3087	ICT - replacing Netcall contact centre telep	Business	-	29,469	34,284	(4,815)	-	-	-	29,469
C3088	ICT - replacing Uniform (building control a	Business	100,000	100,000	-	100,000	-	-	-	100,000
C3090	ICT - Extension of existing Alemba case ma	Business	-	4,004	-	4,004	-	-	-	4,004
C3092	ICT - Replacement of IKEN - L&G case man	Business	-	67,500	35,125	32,375	-	-	-	67,500
C3093	ICT - Replacement of ArcGIS geospatial ma	Business	-	25,000	-	25,000	-	-	-	25,000
C3094	ICT - Information @ Work major upgrade	Business	3,000	18,000	-	18,000	-	-	-	18,000
C3095	ICT - Redesign of Council Website	Business	-	51,658	627	51,031	-	-	-	51,658
C3097	ICT - Refresh of content and taxonomy of	Business	25,000	46,150	1,500	44,650	-	-	-	46,150
C3099	Third-party consultancy for Azure Active D	Business	135,000	135,000	-	135,000	-	-	-	135,000
C3100	Itrent system improvement	Business	30,000	30,000	-	30,000	-	-	-	30,000
C3101	I@W renewal or replacement	Business	300,000	300,000	-	300,000	-	-	-	300,000
C3102	Cyber security monitoring and response se	Business	115,000	115,000	-	115,000	-	-	-	115,000
C3103	Upgrade/replace Kirona DRS (this is an OD	Business	75,000	75,000	-	75,000	-	-	-	75,000
C3104	Windows security server upgrades	Business	75,000	75,000	-	75,000	-	-	-	75,000
C3105	Migration of Mod.gov	Business	90,000	90,000	-	90,000	-	-	-	90,000
C3106	Migration of SCC to cloud hosted alternati	Business	107,000	107,000	-	107,000	-	-	-	107,000
C3107	Replacement of Uniform IDOX (additional	Business	25,000	25,000	-	25,000	-	-	-	25,000
C3108	Online forms development (2x resources	Business	160,000	160,000	-	160,000	-	-	-	160,000
C6000	ICT - feasibility	Business	-	180,000	-	180,000	-	-	-	180,000
Business Improvement Projects Total			2,114,200	3,164,510	1,255,177	1,909,333	154,844	154,844	-	3,319,354
Financial Services Projects										
C3080	Telephony Contract Replacement	Financial Services	-	-	22,600	(22,600)	-	-	-	0
C3084	Agresso Update	Financial Services	-	-	6,167	(6,167)	-	-	-	0
C3096	ICT - Open Revenue Cloud Migration	Financial Services	50,000	50,000	-	50,000	-	-	-	50,000
C3098	ICT - Agresso upgrade and migration to Cl	Financial Services	-	193,220	-	193,220	-	-	-	193,220
B0144	Salary Costs across the Council to be	Financial Services	380,000	1,760,591	-	1,760,591	-	-	-	1,760,591
M5023	OxWED Loans	Financial Services	3,750,000	1,025,000	-	1,025,000	(1,025,000)	(1,025,000)	-	0
Financial Services Projects Total			4,180,000	3,028,811	28,767	3,000,044	(1,025,000)	(1,025,000)	-	2,003,811
Law & Governance										
C3083	FOI System	Law & Governance	-	-	7,875	(7,875)	-	-	-	0
L1000	Audio & Visual Equipment	Law & Governance	-	12,782	-	12,782	(12,782)	(12,782)	-	0
Law & Governance Projects Total			-	12,782	7,875	4,907	(12,782)	(12,782)	-	-
Corporate Resources Directorate Total			6,294,200	6,206,102	1,291,819	4,914,284	(982,936)	(982,936)	-	5,323,165
Chief Executive										
Environmental Sustainability Projects										
B0127	ZEZ Phase 1 Feasibility	Environmental	-	141,000	-	141,000	-	-	-	141,000
E3557	Oxford and Abingdon Flood Alleviation	Environmental	-	-	2	(2)	-	-	-	0
E3558	Go Ultra Low Oxford - On Street	Environmental	-	494,706	-	494,706	-	-	-	494,706
E3560	Go Ultra Low Oxford - Taxis	Environmental	-	38,327	19,015	19,312	-	-	-	38,327
E3565	Decarbonisation Fund - OCC element	Environmental	-	105,142	-	105,142	-	-	-	105,142
E3568	Leisure Centre LED Lighting Feasibility	Environmental	-	6,430	3,840	2,590	(2,590)	(2,590)	-	3,840
E3570	Biodiversity Net Gain (Feasibility)	Environmental	-	100,000	21,264	78,736	(47,000)	(47,000)	-	53,000
Environmental Sustainability Projects Total			-	885,605	44,121	841,484	(49,590)	(49,590)	-	836,015
Chief Executive Total			-	885,605	44,121	841,484	(49,590)	(49,590)	-	836,015
General Fund Total			77,182,456	113,104,951	27,429,207	85,675,745	(42,280,421)	(42,280,421)	-	70,824,530
Housing Revenue Account Capital Programme										
HRA - Property Services Schemes										
N6384	Tower Blocks	HRA	1,000,000	260,387	6,630	253,757	-	-	-	260,387
N6385	Adaptations for disabled	HRA	800,000	800,000	812,853	(12,853)	-	-	-	800,000
N6386	Structural	HRA	2,000,000	2,187,754	42,419	2,145,336	-	-	-	2,187,754
N6387	Controlled Entry	HRA	100,000	317,991	3,352	314,639	(217,991)	(217,991)	-	100,000
N6388	Major Voids	HRA	1,000,000	1,000,000	732,142	267,857	0	0	-	1,000,000
N6389	Damp-proof works (K&B)	HRA	-	43,714	-	43,714	-	-	-	43,714
N6390	Kitchens & Bathrooms	HRA	-	-	-	-	250,000	250,000	-	250,000
N7057	Kitchens	HRA	-	(0)	-	(0)	0	0	-	0

Cost Centre	Capital Scheme	Service Area	2024/25 Original Budget	Latest 2024/25 Budget	Spend to 30/09/24	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2024/25 Outturn	
			£	£	£	£	£	£	£	£	
N7049	Compulsory purchase of property	HRA	-	-	798	(798)	-	-	-	0	
N7058	Bathrooms	HRA	-	(0)	-	(0)	0	0	-	0	
N6391	Heating	HRA	-	-	-	-	107,710	107,710	-	107,710	
N7059	Boilers Only	HRA	500,000	1,325,598	854,560	471,038	(1,325,598)	(1,325,598)	-	0	
N7060	Heating Systems	HRA	500,000	547,113	21,564	525,549	107,710	107,710	-	654,823	
N6392	Roofing	HRA	-	190,751	-	190,751	-	-	-	190,751	
N6395	Electrics	HRA	2,000,000	1,947,924	300,478	1,647,445	-	-	-	1,947,924	
N6434	Doors and Windows	HRA	-	0	-	0	-	-	-	0	
N7020	Extensions & Major Adaptions	HRA	1,000,000	1,927,387	189,315	1,738,072	(1,452,121)	(1,452,121)	-	475,266	
N7026	Communal Areas	HRA	-	0	6,533	(6,533)	728,491	728,491	-	728,491	
N7033	Energy Efficiency Initiatives	HRA	7,450,000	6,874,425	120,865	6,753,560	(292,914)	(292,914)	-	6,581,510	
N7044	Lift Replacement Programme	HRA	100,000	103,432	34,345	69,087	46,568	46,568	-	150,000	
N7048	Fire doors	HRA	1,500,000	3,571,177	42,767	3,528,411	(571,177)	(571,177)	-	3,000,000	
N7067	Renewal Of Fire Alarm Panels	HRA	60,000	207,021	-	207,021	-	-	-	207,021	
N7052	HRA Stock Condition Survey	HRA	400,000	728,573	109,947	618,626	-	-	-	728,573	
N7032	Great Estates Programme	HRA	-	(0)	-	(0)	6,180	6,180	-	6,180	
N7071	Fencing	HRA	-	250,856	-	250,856	-	-	-	250,856	
N7072	QL Improvements	HRA	-	245,000	-	245,000	-	-	-	245,000	
N7073	Southfield Park Leases	HRA	-	1,500,000	-	1,500,000	-	-	-	1,500,000	
N7074	Oxford North Development	HRA	13,538,505	14,695,162	1,017,089	13,678,073	(9,231,031)	(9,231,031)	-	5,464,131	
N7075	LAHF Acquisitions	HRA	-	312,704	(4,426)	317,131	-	-	-	312,704	
N7076	Major Voids – Kitchens and Bathrooms	HRA	-	500,000	74,610	425,390	-	-	-	500,000	
N7077	Climate Change	HRA	-	-	-	-	-	-	-	0	
N7078	LAHF 2 Acquisitions	HRA	-	690,679	1,020,101	(329,423)	-	-	-	690,679	
N7080	Retained Right to Buy Receipts (Acquis	HRA	-	3,000,000	1,036,973	1,963,027	1,060,450	1,060,450	-	4,060,450	
N7081	Retained Right to Buy Receipts (Additio	HRA	1,000,000	1,000,000	-	1,000,000	-	-	-	1,000,000	
N7084	Alice Smith (Heating)	HRA	200,000	200,000	-	200,000	-	-	-	200,000	
N7085	Renewal of Solar and Energy infrastruc	HRA	15,000	15,000	-	15,000	(10,000)	(10,000)	-	5,000	
N7086	Extensions (5/6 Beds)	HRA	300,000	-	-	-	-	-	-	0	
N7087	SHWP Urgent Works	HRA	500,000	500,000	-	500,000	-	-	-	500,000	
N7088	Tower Blocks Additional Works	HRA	1,500,000	-	-	-	260,000	260,000	-	260,000	
N7089	Housing for Older People - white good	HRA	50,000	50,000	-	50,000	-	-	-	50,000	
N7090	Digital Noticeboards for towerblocks	HRA	50,000	50,000	-	50,000	-	-	-	50,000	
N7091	Capital R&M Works Investment	HRA	2,500,000	2,500,000	-	2,500,000	-	-	-	2,500,000	
N7092	Communal Capital investment works to	HRA	4,500,000	5,620,539	67,177	5,553,362	-	-	-	5,620,539	
N7093	External Capital investment works to C	HRA	4,500,000	4,128,040	1,015,000	3,113,040	-	-	-	4,128,040	
N7094	Internal Capital investment works to C	HRA	3,500,000	3,877,767	1,639,269	2,238,498	-	-	-	3,877,767	
N7095	Tower Blocks - Fire Alarm System Repl	HRA	-	-	-	-	-	-	-	0	
N7096	Stock Decency Improvement Works (Le	HRA	-	-	-	-	-	-	-	0	
N7097	Leiden Road (c. 12 affordable homes)	HRA	-	-	-	-	50,000	50,000	-	50,000	
N7098	Underhill Circus (c. 11 affordable home	HRA	-	-	-	-	50,000	50,000	-	50,000	
N7099	Additional Units (RRTBR)	HRA	-	-	-	-	-	-	-	0	
N7100	Additonal Programme (RRTBRs)	HRA	-	-	-	-	-	-	-	0	
N7042	Barton Regeneration	HRA	-	598,360	-	598,360	-	-	-	598,360	
N7070	Major Refurbishment Masons Road	HRA	-	586,179	(2,818)	588,997	-	-	-	586,179	
HRA - Housing Supply Schemes											
N7047	Social Rented Housing Acquisitions	HRA	-	0	97,920	(97,920)	-	-	-	0	
N7051	Acquisition of Additional Units	HRA	3,000,000	-	-	-	-	-	-	0	
N7050	East Oxford development	HRA	6,793,288	7,637,659	1,445,104	6,192,555	(1,300,306)	(1,300,306)	-	6,337,353	
N7054	Properties Purchased From OCHL	HRA	83,684,822	23,911,742	7,943,686	15,968,056	1,777,001	1,777,001	-	25,688,743	
N7061	Northfield Hostel	HRA	9,524,123	21,999,763	1,239,045	20,760,718	(16,300,873)	(16,300,873)	-	5,698,890	
N7062	Lanham Way	HRA	3,185,122	6,711,853	1,952,170	4,759,684	(2,575,841)	(2,575,841)	-	4,136,012	
N7079	SHAP Acquisitions	HRA	-	210,000	237,881	(27,882)	-	-	-	210,000	
N7068	Juniper	HRA	-	385,229	-	385,229	-	-	-	385,229	
N7066	Next Steps Accommodation Programme	HRA	-	581,746	-	581,746	-	-	-	581,746	
N7040	Blackbird Leys Regeneration (HRA)	HRA	1,504,000	2,353,318	1,343,999	1,009,319	-	-	-	2,353,318	
Housing Revenue Account Total			158,254,860	126,144,843	23,401,349	102,743,494	(28,833,743)	(28,833,743)	-	97,311,100	
Grand Total			235,437,316	239,249,794	50,830,556	188,419,238	(71,114,164)	(71,114,164)	-	168,135,630	
					% Latest Budget	% Original Budget					
					General Fund Spend	24%	36%				
					HRA Spend v Budget	19%	15%				
					Total Spend v Budget	21%	22%				
										137,669,669	
										(30,465,961)	

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To: Cabinet
Date: 11 December 2024
Report of: Head of Financial Services
Title of Report: Treasury Management Mid-Year Review for April – September 2024

Summary and recommendations	
Purpose of report:	To report on the performance of the Treasury Management function for the 6 months to 30 September 2024
Key decision:	No
Executive Board Member:	Councillor Ed Turner, (Deputy Leader) Finance and Corporate Assets
Corporate Priority:	A well-run Council
Policy Framework:	Treasury Management Strategy
Recommendation(s): That the Cabinet resolves to:	
1. Note the performance of the Treasury Management function for the six months to 30 th September 2024	

Appendices	
Appendix 1	List of investments as at 30 th September 2024
Appendix 2	Risk Register

Introduction and Background

1. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury and has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, covering the following:
 - An economic overview for the first part of the 2024/25 financial year
 - A review of the Council's investment portfolio for 2024/25
 - A review of the Council's borrowing strategy for 2024/25
 - A statement of compliance with Treasury and Prudential Limits for 2024/25

2. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure from a revenue perspective. Greater or lesser demand for cash generally is driven from capital activities. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in suitable counterparties, providing adequate liquidity and security initially before considering optimising investment return.
3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
4. The Council held investments of £24.198 million (based on the investment value) as at 30th September 2024. Net forecast interest earned during the year, including from loans to companies, minimum revenue provision, and external borrowing, was £5.129 million against a target of £2.935 million, a favourable variance of £2.193 million.

Economic Overview

5. In the wider economy, the following factors formed the background to the overall economic position:
 - Gross Domestic Product growth has been slow at 0.5% quarter on quarter;
 - The Consumer Price Index measure of inflation briefly fell to the Bank of England's target of 2% in June before moving back up to 2.2% in July and August;
 - The Bank of England lowered interest rates from 5.25% to 5.0% in August and then maintained them at that level;
 - 10 year gilt yields fell to 4.0% in September.

Interest and Interest Rate Forecasts

6. The Council employs Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. Part of this advice includes a forecast of the Public Works Loan Board (PWLB) rates. The PWLB is a lending facility operated by the UK Debt Management Office (DMO) on behalf of HM Treasury and provides loans to local authorities. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.
7. The latest forecast on 28 May (which has not needed to be updated since that point) forecasts that short, medium and long-dated interest rates will reduce over the next year or two, although there are risks of higher rates if inflation proves to be higher than expected and a continuing tight labour market.

Link Group Interest Rate View		28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00	
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00	
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20	
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40	
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80	
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90	
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30	
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10	

Investment Portfolio and Performance

8. The Council held investments of £24.198 million (based on the investment value) as at 30th September 2024. Net forecast annual interest earned during the year, including from loans to companies, minimum revenue provision, and external borrowing, was £5.129 million against a target of £2.935 million, a favourable forecast variance for the year of £2.193 million. This relates to the following factors:

Favourable

- General Fund Borrowing costs lower by £0.824 million due to long term borrowing on the General Fund not being required following slippage in the capital programme and including lower loan requirements from the Council's Housing Companies due to internal borrowing.
- £1.274 million interest charged to the Housing Revenue Account (HRA) in lieu of external borrowing
- £0.590 million lower minimum revenue provision as a knock-on effect of lower General Fund capital expenditure and therefore lower associated prudential borrowing relating to those schemes.

Adverse

- Lower investment income by £0.111 million due to less funds being available to invest following the use of internal funds to finance prudential borrowing.
 - £0.384 million lower net income from loans to the Council's companies
9. Budgeted income from loans to OCHL and Oxwed for the year is £3.413 million. As at the 30th September 2024, forecast income for 2024/25 is £2.881 million, , an adverse variance of £0.532 million. Included in these assumptions is the expectation that the housing investment company loans will be repaid following transfer of the housing investment company properties to the Housing Revenue Account. This is included within the £0.384 million overall adverse variance on net income from loans to companies.
10. The delays in in the capital programme have resulted in no external borrowing being taken out to finance General Fund capital financing borrowing resulting in an anticipated favourable variance of £0.824 million against budget. This has meant that the HRA has not, as at 30th September, had to utilise external borrowing leading to additional internal borrowing forecast income of £1.274 million for the General Fund.

11. There are a number of factors giving rise to this overall position:

- Lower than anticipated lending to the Council's companies resulting in lower income from the companies;
- The delays in in the capital programme and lower company debt have resulted in
 - General Fund borrowing being lower than anticipated and all General Fund borrowing relating to the financing of the 2023/24 capital programme being internal;
 - reduced minimum revenue provision charges following reduced prudential borrowing requirements; and
 - HRA borrowing relating to the financing of the HRA capital programme being able to be temporarily taken from available cash resources.

12. The beneficial impact to the Council of the treasury operations indicated by this report will be also be reported in the regular monitoring reports to the Cabinet.

13. The Treasury Management Strategy for 2024/25 was approved by the Council in February 2024; to date the Strategy has been fully adhered to. Prudential indicator information is not included in this report because it relies on a full year picture and, crucially, on capital activity which will not be known in full until the end of the financial year.

14. The Council aims to maintain as diversified an investment portfolio as possible whilst ensuring there are no policy and procedure breaches. There is limited scope for diversification when investment balances are low and there is more focus on short term borrowing to cover any short term cash shortages. Security of investments is always the primary concern when arranging investments with liquidity and yield being secondary, but key considerations.

15. The Council operates an approved counterparty listing which details all institutions with whom the Council may invest, the maximum amount which may be invested with any single counterparty group at any given point and the maximum duration period. The counterparty list is set in association with recommendations from Link Asset Services although ultimate authorisation of approved counterparties rests with the Section 151 Officer. The list is actively managed and reviewed on a weekly basis or more regularly if required.

16. Monthly monitoring meetings are held with the Section 151 Officer, Financial Accounting Manager and treasury staff to discuss investments in terms of counterparties and maturity dates, cash flow, interest and borrowing rates and treasury operational and strategic strategies.

17. The strategy also adopts an ethical approach to investments, summarising that:

“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:

- *Human rights abuse (e.g. child labour, political oppression)*

- *Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)*
 - *Socially harmful activities (e.g. tobacco, gambling)”*
18. The current approach to Environmental & Social governance (ESG) is to weigh up ESG criteria when choosing new investment providers as one of the matters that the Council considers, however under the Treasury Management Code, Security, Liquidity and Yield factors have to be prioritised. ESG criteria are used as an overlay to this.
19. The Council regularly reaches out to its current investment providers to seek a breakdown of their ESG principles and provide any information they have on their ESG credentials and investment partners are regularly questioned on their policies when the Council meet with them to discuss its investments and, where necessary, to apply what pressure the Council can to improve their ESG position.
20. It should be noted that ESG information is not always available and not always consistent across counterparties.

Pooled Investment Funds

21. The Council currently has £15.863 million invested in 4 separate pooled investment funds. The higher level of interest rates has put pressure on capital values, but the revenue return is being maintained at expected levels.
22. Changes to the accounting rules on pooled investment funds means that the principal gain or loss will now be charged to the Surplus or Deficit on the Provision of Services, within the Council’s Income and Expenditure Account, rather than being held on the balance sheet. Following consultation, the government has introduced a mandatory statutory override for local authorities to reverse out the effect for five years from 1st April 2018. A further consultation extended the override for an additional two-year period until 31 March 2025 after which surpluses as well as deficits will impact on the Councils revenue position. Given the fluctuations in the property and money markets there is high of risk of some adverse revenue impact when the overrides are removed and consequently the Council holds an earmarked reserve against this risk. The position continues to be closely monitored.

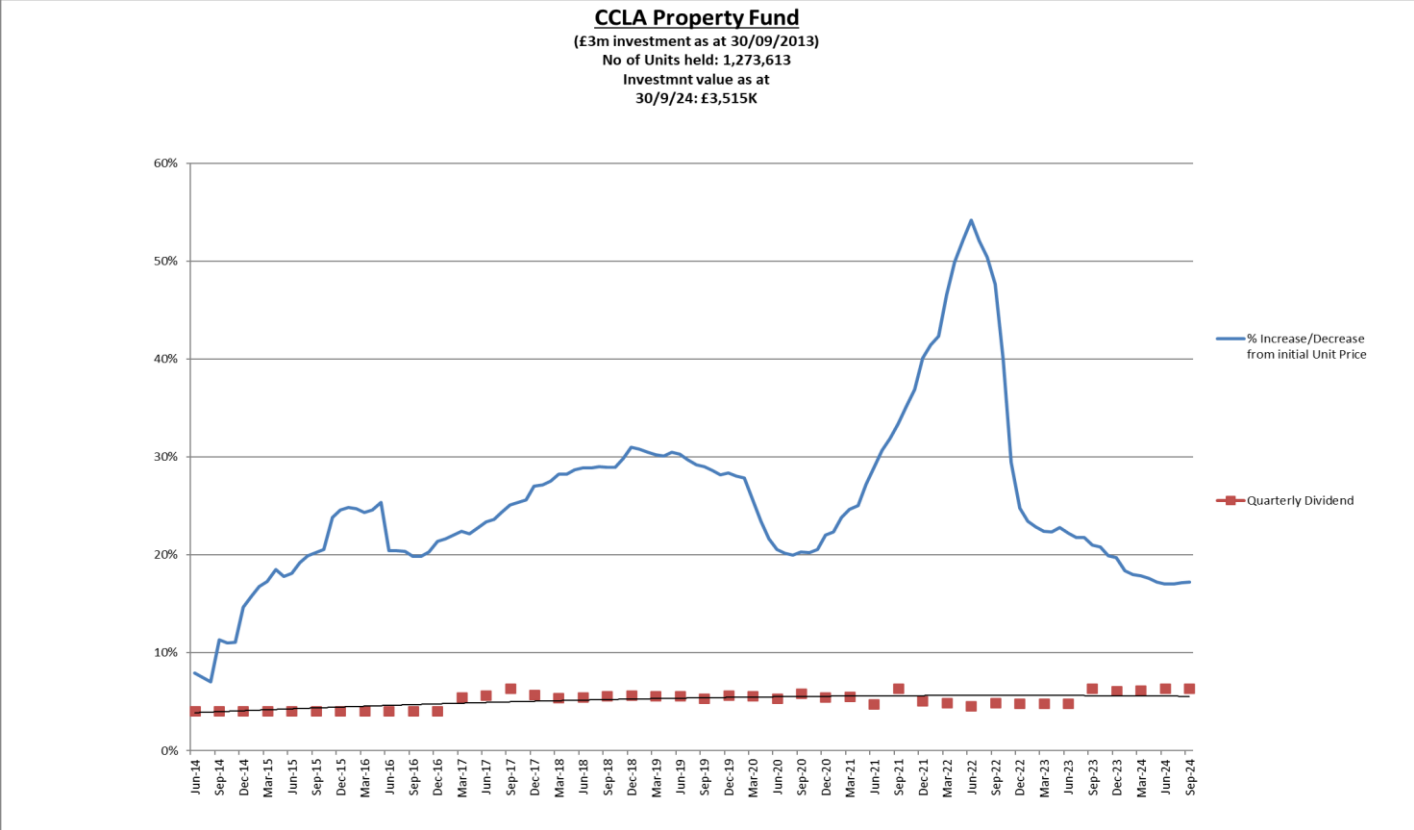
Property Investment Funds

23. At present, the Council has placed investments with two property funds; CCLA Investment Management, which is a property fund that limits its investors to Charities, Churches and Local Authorities and Lothbury Investment Management, a specialist UK property fund manager with a range of funds providing high quality exposure to different property sectors. Property values have recovered from the shock of the Covid Pandemic and are still giving the Council a good return on its investments. Both property funds have reduced their retail holdings which de-risks the capital value they hold.

CCLA Investment Management Limited

24. The Council has held a £3 million investment in the CCLA fund since September 2013. The investment has produced quarterly revenue returns ranging between 5% and 6% and it is expected that the Fund will continue to achieve rates in this region.

25. Additionally, the value of the Council’s investment with CCLA has appreciated from £3 million to £3.515 million as at 30th September 2024, equating to growth of 24.86% to date from inception. However, the values of the individual unit prices have fluctuated over time and the effect of capital appreciation (and depreciation) is illustrated in the graph below. There has been pressure on the overall property value but the dividend is being maintained and prices are always going to fluctuate over time. This is seen as a long term investment and the returns over the holding period are significantly more than if the council had invested in standard counterparties



26. The investment returns around £45k revenue per quarter.

Lothbury Investment Management

27. Due to restructuring within the Lothbury IM fund, Oxford City Council decided to exit the fund along with many other investors and now the fund is being wound up. The fund is being repaid to investors on a pro rata basis as the fund sell assets, so far the council has received £3.630 million resulting in a capital loss of £0.507 million, it is expected that once the remaining investment is paid back the total capital loss will be circa £0.860 million.

28. The returns on the investment in this fund that the Council has received over the period of its investment are £1.460 million higher than if the Council had invested at the Bank of England base rate over the same period. The Council continues to receive dividend payments until the capital is fully repaid.

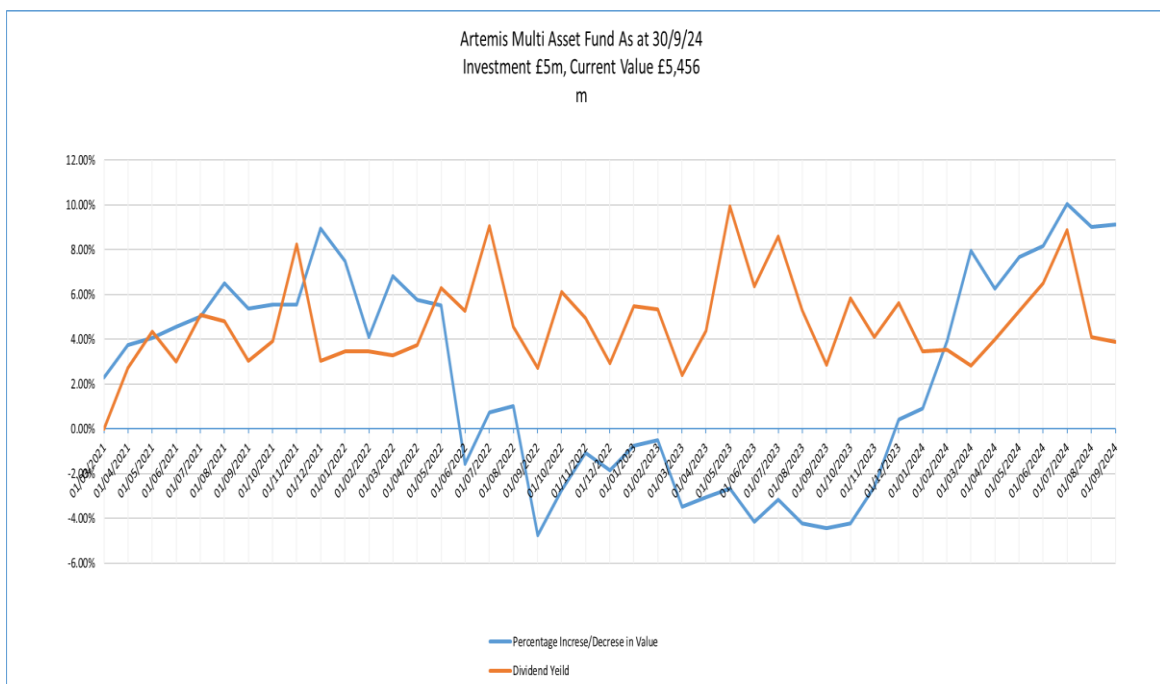
29. Funds have been set aside in earmarked reserved to offset the expected capital losses.

Multi-Asset Funds

30. The Council has invested in two multi asset funds as set out in the treasury strategy, Multi-asset funds are able to invest across the investment landscape and may include equities, bonds and cash. This provides a greater degree of diversification than investing in a single asset class. The same accounting rules apply to multi-asset funds as apply to property funds.

Artemis Multi Asset Fund

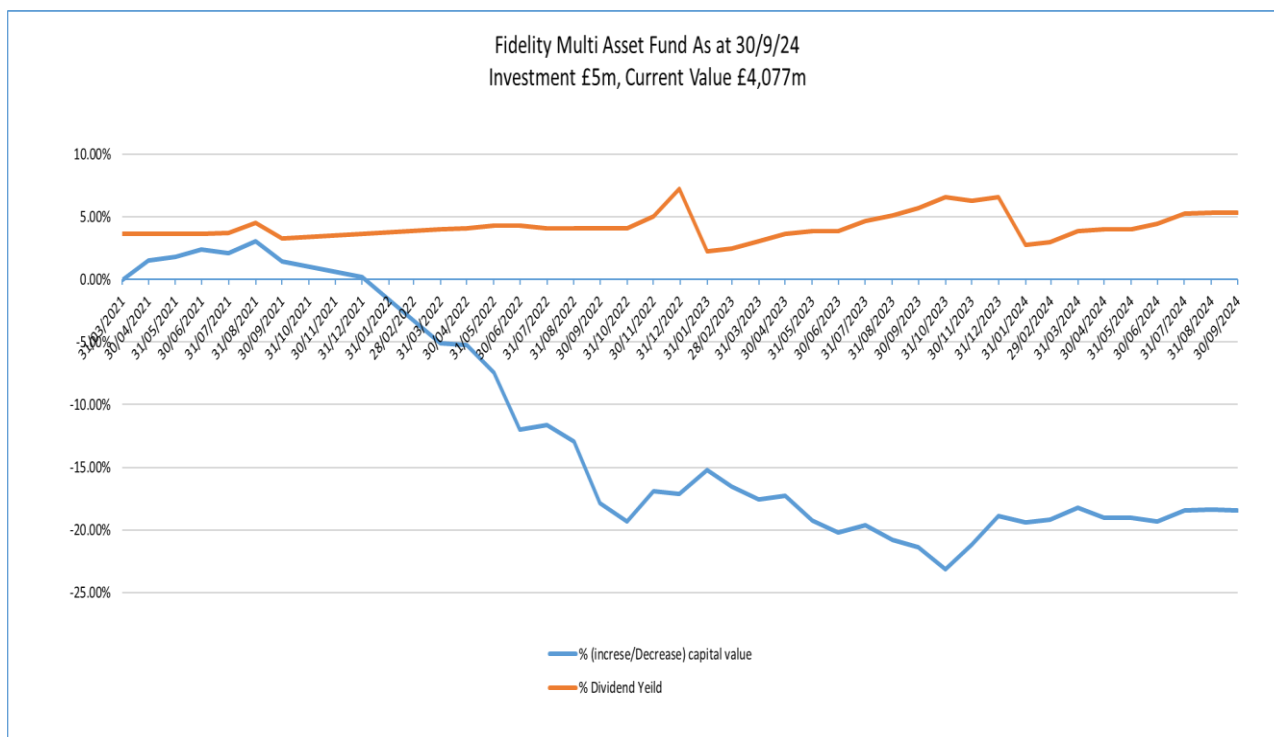
31. £5 million is invested into the Artemis multi asset fund. Since inception the capital value has increased to £5.456 million equating in a rise of (9.14)% with an average monthly dividend payment of £20k giving an average percentage return of 4.84%. Capital values should improve when interest rates fall further.



Fidelity Multi Asset Fund

32. In accordance with the 2020/21 budget and in line with the treasury strategy, £5 million was invested into the Fidelity multi asset fund. Since inception the capital value has fallen to £4.077 million equating to a fall of (18.45) % with an average monthly dividend payment of £19.9k giving an average percentage return of 4.78%.

33. The reasons for the fall are predominantly due to falls in the stock market which are driven by inflation, rising interest rates, and an increase in energy costs made worse by Russia’s war in Ukraine. Capital values should improve as interest rates fall.



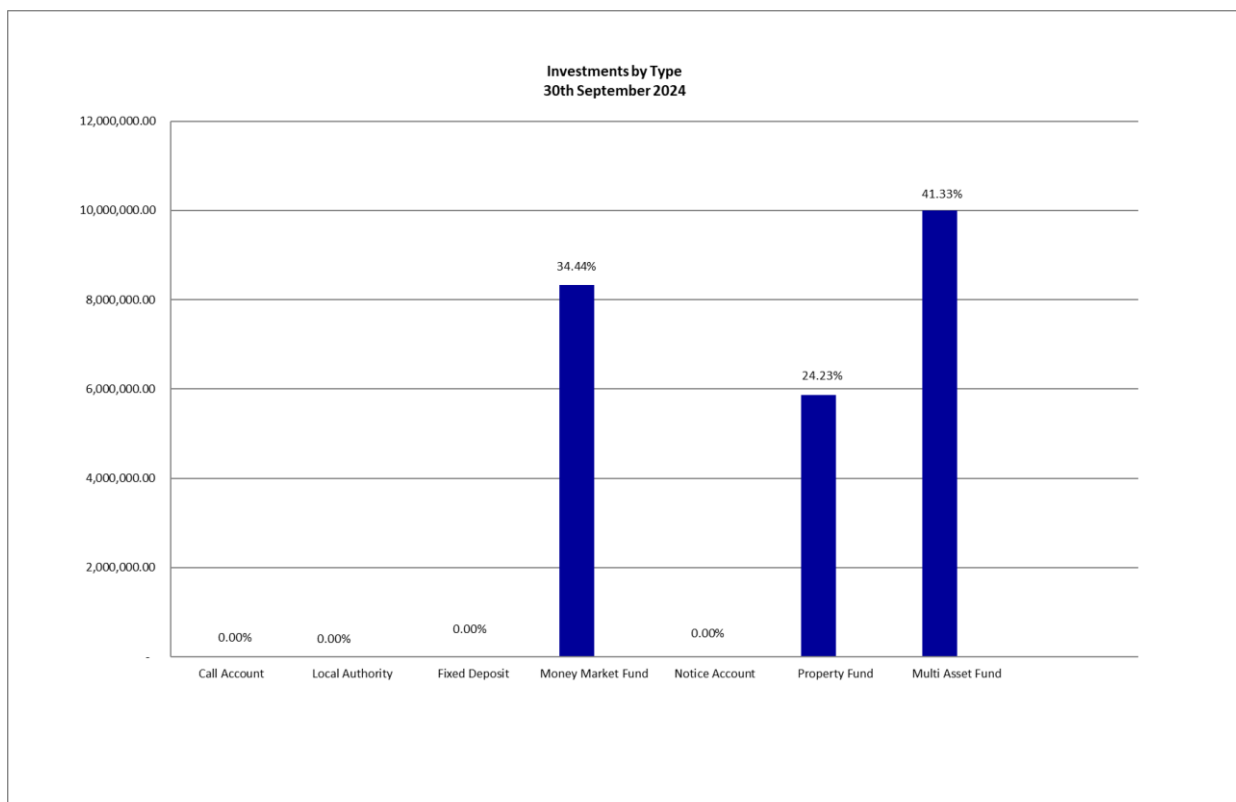
Funds Overall position

34. Although the capital value of the multi asset funds and the property funds has been volatile These investments add diversity to the overall investment portfolio. Although the values may fluctuate in the short term the funds are seen as long-term investments that provide a good return.

Investment Portfolio

35. As at 30th September 2024, the Council’s total investment portfolio amounted to £24.2 million, with £5.9 million of this being held in property funds, £10 million in Multi asset funds and £8.335 million being held in instant access cash facilities in order to manage day to day cash flow requirements. A breakdown of these investments is shown at Appendix 1.

36. The graphs below illustrate how the Council’s investment portfolio is distributed, both in terms of the type of investment and counterparty category:



37. Fixed deposits and certificates of deposits both have an agreed start and end date which are arranged where possible, to suit the cash flow requirements. However, due to the low overall levels of investment funds, spare funds are currently held in instant access funds.
38. The Council's Treasury Management Strategy ('the Strategy') limits non-specified investments to 25% of the previous year's average investment portfolio or £25m whichever is greater. This limit is reviewed each year when setting the Strategy in order to ensure a balanced and diversified portfolio of investments. Property funds and investments in excess of 364 days are classified as non-specified due to the associated risk; property funds by nature are high risk due to the volatility of the market. There are several factors that deem longer term investments to be more risky in nature including the risk of interest rate rises and the commitment of cash for longer periods.
39. In addition to the above the Council has £10 million invested in the National Homelessness Property Fund, as a service rather than a treasury investment, which has property in Milton Keynes, Bristol and Oxford. Resonance developed the Property Fund with leading homelessness charity St Mungo's. It is the largest impact investment fund in the UK and closed at nearly £57m. The Fund design was developed in response to the lack of private rented accommodation accessible to rising numbers of people living in temporary accommodation or otherwise at risk of homelessness in London. There is also £4 million invested in a second National Homelessness Property Fund which widens the area covered by the funds. These are classified as service investments undertaken using service delivery powers rather than treasury powers under Section 12 of the Local Government Act 2003. This means the counterparty limit for the £14 million loaned to the National

Homelessness Property Funds is not taken into account when assessing the residual headroom available for investment in non-specified investments.

40. The Strategy defines a specified investment as one that is in sterling, less than one year in duration or, if it is a year or more, can be repaid earlier on request and with counterparties that meet the Council's credit rating criteria. Additionally, once the duration of a non-specified investment falls below 365 days, it also falls into the Specified category. Currently due to internal borrowing the Council only has scope for money market fund deposits which can be called on immediately so liquidity is maximised and the Council doesn't hold any investments with more than a month's duration.

Investment benchmarking

41. At the last Finance and Performance Panel a comparison of the Council's investment performance compared to its peers was requested, including a comparison of the associated risk levels of those investments. This section has been included in the report as a response to that request. Each quarter the Council receives a benchmarking report from its advisors Link Asset Services ('Link'). This compares the Council's performance to peers by interest percentage and risk. The results of this are summarised over time in the table below.
42. Link provide investors with a suite of approved counterparties rated by them for credit risk and suggest a suitable maximum duration. The risk taken by authorities in the benchmarking group is calculated by ranking the approved counterparties and investment types provided by Link and taking into account duration of investments coming up with a rating between 1 which is lowest risk and 7 which is the highest.
43. At present Oxford City Council's cash position is lower than it has been in past years due to the use of internal funds to finance prudential borrowing and liquidity has become one of the most important factors, meaning that the Council has mainly been limited to short term money market deposits which have a low credit risk, and, because they are immediate access, are low risk from a duration perspective.
44. Although the Council is receiving low investment interest returns yield due to reduced investment balances this is offset by the reduced need for external borrowing and the costs associated with that.
45. As can be seen from the chart below, Oxford City Council historically has performed well in terms of investment returns whilst generally maintaining the risks associated with those investments at a lower level than its peers.

PEER COMPARISON

QTR	OCC		BENCHMARKING GROUP (12)		NON MET DISTRICTS (70)		POPULATION AVERAGE (231)	
	WARoR	WA Risk 1-9	WARoR	WA CR Risk 1-9	WARoR	WA Risk 1-9	WARoR	WA Risk 1-9
Sep-24	5.00%	1	4.99%	1.93	5.00%	2.29	4.99%	2.3
Jun-24	5.19%	1	5.20%	2.03	5.22%	2.47	5.20%	2.4
Mar-24	5.25%	1	5.25%	2	5.19%	2.52	5.17%	2.53
Dec-23	5.47%	2.81	5.03%	2.67	5.20%	2.64	5.19%	2.66
Sep-24	4.72%	2.35	4.84%	2.67	5.07%	2.78	5.09%	2.81
Jun-23	3.26%	1.4	4.14%	2.59	4.33%	2.89	4.36%	2.83
Mar-23	3.37%	1.75	3.45%	2.61	3.60%	2.97	3.61%	2.8
Jan-23	3.09%	2.32	2.59%	2.72	2.86%	2.98	2.82%	2.97
Dec-22	3.09%	2.32	2.59%	2.72	2.86%	2.98	2.82%	2.97
Sep-22	1.53%	2.4	1.56%	2.78	1.70%	3.09	1.74%	2.96
Jun-22	0.81%	2.21	0.91%	2.74	0.92%	3.2	0.93%	3.06
Mar-22	0.42%	2.09	0.36%	2.5	0.24%	3.11	0.21%	2.95
Dec-21	0.14%	2.02	0.22%	2.64	0.15%	3.11	0.15%	3.03
Sep-21	0.14%	2.02	0.22%	2.64	0.15%	3.11	0.15%	3.03

WA Risk Weighted Average Credit Risk; Each financial institution is rated by Link between 1-7, 1 being low risk

WARor Weighted Average Rate of Return; This is the average annualised rated by the principal amount in each rate.

Borrowing

- 46. The Council has not taken on any additional long term debt during the year to date and so the balance of its external borrowing remains at approximately £218.5 million. This figure relates to funds borrowed from the PWLB to buy out the Housing Revenue Account (HRA) from the subsidy system and additional borrowing to externalise HRA borrowing used to finance the capital programme. External debt currently relates wholly to Housing with interest repayments being met by the HRA. The Council does not consider that debt restructuring and/or premature repayment would be financially advantageous.
- 47. The Council is currently managing other capital financing requirements through internal cash resources and short term treasury activity. However external borrowing will be necessary in the future to meet its capital expenditure requirements, and more external borrowing, also on the HRA, is expected to be taken out in the second half of 2024/25 and continuing into 2025/26.

Treasury and Prudential Limits for 2024/25

- 48. The Council has operated all of its Treasury Management activity within the parameters set by the Treasury and Prudential indicators in the Treasury Management Strategy for 2024/25.

Other Key Updates

Changes in Risk Appetite

- 49. The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members’ attention in treasury management update reports. The Council has not

made any significant changes to its investment approach at this time. The risk will continue to be managed by understanding the individual investment vehicles and also by considering the appropriate percentage of non-specified investments that can be held in the overall portfolio.

Treasury Advisor

50. Treasury advice and market information is provided by Link Asset Services. The most recent procurement process reappointed Link Asset Services as the Council’s treasury advisors for an initial period of 3 years from 1st November 2023 with the ability to extend by two further periods of 2 years each. Information provided by Link Asset Services is used to advise council officers when making investment decisions.

Financial Implications

51. Any financial implications are contained within the body of this report.

Legal Issues

52. The Council is required by regulations issued under the Local Government Act 2003 to produce and consider this treasury management monitoring report. This 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

53. There are no risks in connection with the report’s recommendations. A risk register covering Treasury Management activity is included at Appendix 2. One key risk going forward is around uncertainty caused by interest rate changes from the Bank of England and the effect this will have on the economy. These changes are being driven by the overall economic position both at the national and the global level. Equally it is uncertain how long interest rates will remain high before coming back down. This gives uncertainty around both investment and borrowing decisions. There are also risks that there will be failings in investment counterparties although this risk is reduced through the use of counterparty lists. Risk assessment and management is a key part of Treasury Management activity, especially in the selection of counterparties when investment is being considered and in the timing and duration of any borrowing being planned. The Council uses external advisors and counterparty credit ratings issued by the rating agencies to assist in this process.

Equalities Impact

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

Report author	Bill Lewis
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Service area or department	Financial Services

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Background Papers: None

1 Or - list all background papers

2

3

4

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OXFORD CITY COUNCIL LOANS LIST 2024/25

OCC Investments as at:		30/09/24	24,198,000.00						
Counterparty Group	Group Operational Lending Limit	Counterparty Name	Investment Amount	Interest Rate	Trade Date	Start Date	Maturity Date	Remaining Limit	Broker
SPECIFIED INVESTMENTS									
Barclays Bank (NRFB)	10,000,000.00								
Fixed Deposits									
Call Account		Barclays Bank BPA (call account)		0.05%	12/11/19				
6 months maturity limit		Barclays Green Deposits: 65-day Notice Account	-	0.35%	20/02/19		07/05/21		Direct
PJ checked 21/09/2024		Barclays Green Deposits: 95-day Notice Account		0.35%	03/05/19			10,000,000.00	Direct
Lloyds Banking Group (RFB)	15,000,000.00								
Lloyds Bank		175-day notice account	-	0.75%	27/07/18				
Bank of Scotland									
£15m operational limit agreed by JY 02/08/16									
364-day maturity limit									
PJ checked 21/09/2024								15,000,000.00	
Royal Bank of Scotland Group (RFB)	10,000,000.00								
RBS									
NatWest									
364-day maturity limit									
PJ checked 21/09/2024								10,000,000.00	
Goldman Sachs International	15,000,000.00								
£15m operational limit agreed by NK 21/04/2021				2.545%	15/02/22	16/08/22	16/02/23		ICAP
6 month maturity limit				4.340%	13/10/23	14/10/23	14/04/23		TRADITION
PJ checked 21/09/2024				4.030%	24/10/22	25/10/22	25/04/23		ICAP
HSBC Bank plc	10,000,000.00								
12 month maturity limit									
PJ checked 21/09/2024									
Santander UK plc	7,000,000.00								
Santander Instant Access Call Account			-	0.80%	13/11/19				
Corporate Notice Account Statement (35 days)			-	0.80%					
Corporate Notice Account Statement (95 days)			-	1.20%					
Corporate Notice Account Statement (180 days)			-	1.05%					
£7m operational limit agreed by NK 25/11/15									
6 month maturity limit									
PJ checked 21/09/2024								7,000,000.00	
SMBC	7,000,000.00								
Sumitomo Mitsui Banking Corporation			-	0.73%	02/05/18	02/05/18	02/11/18		
£7m operational limit agreed by NK 25/11/15									
6 month maturity limit									
PJ checked 21/09/2024								7,000,000.00	
Standard Chartered	7,000,000.00								
£7m operational limit agreed by NK 25/11/15									
6 month maturity limit			-	5.66%	08/08/23	09/08/23	09/02/24		
PJ checked 21/09/2024									
Svenska Handelsbanken	7,000,000.00								
£7m operational limit agreed by NK 09/06/17									
12 month maturity limit			-	0.65%		19/03/20			
PJ checked 21/09/2024									
Coventry Building Society	7,000,000.00								
£7m operational limit agreed by NK 25/11/15									
6 month maturity limit									
PJ checked 21/09/2024									
Leeds Building Society	7,000,000.00								
£7m operational limit agreed by NK 25/11/15									
100 days maturity limit									
PJ checked 21/09/2024									
Nationwide Building Society	10,000,000.00								
6 month maturity limit									
PJ checked 21/09/2024									
Skipton Building Society	3,000,000.00								
100 days maturity limit									
PJ checked 21/09/2024									
Yorkshire Building Society	7,000,000.00								
£7m operational limit agreed by NK 25/11/15									
100 days maturity limit									
PJ checked 21/09/2024									
Treasury Bills	7,000,000.00								
Local Authorities	18,977,000.00								
£18,977m limit per authority									
as per 2024/25 Strategy									
								18,977,000.00	
								15,977,000.00	
								18,977,000.00	
Money Market Funds	75,000,000.00								
Limited set to match Treasury Strategy 24/25			2,365,000.00		27/08/24				
£25m operational limit per MMF agreed by NK 23/03/20			2,555,000.00		26/09/24				
			3,415,000.00		25/09/24				
Cash Plus Funds	15,000,000.00								
£15m operational limit of Fund agreed by JY 02/08/16									
		Royal London Cash Plus	-		15/01/18				
								66,665,000.00	
								15,000,000.00	
NON-SPECIFIED INVESTMENTS (Discuss with BL before arranging non-specified investments)									
Property Funds	25,000,000.00								
		CCLA	3,000,000.00		30/04/13	30/04/13			
		Lothbury	2,863,000.00		06/08/14	06/08/14			
					04/09/14	04/09/14			
Unrated Building Societies (100 days maturity limit)									
Local Authorities (2 years maturity limit)									
Multi Asset Fund									
		Artemis	5,000,000.00		09/02/21				
		Fidelity	5,000,000.00						
								8,073,000.00	
Total Investments as at	30 September 2024								
									24,198,000.00

FORWARD DEALS: (To be moved from this section to Investments List above once start date arrives)									
Counterparty Group	Group Operational Lending Limit	Counterparty Name	Investment Amount	Interest Rate	Trade Date	Start Date	Maturity Date	Remaining Limit	Broker
Local Authorities	£18,977,000							977,000.00	Traditom
	£18,977,000								
	£18,977,000								

Treasury Strategy

Appendix 1

..\\2020 21\\Reports\\Strategy\\APPENDIX 1 Treasury Management Strategy v2.docx

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Risk Register

Treasury Management

As at: 30 September 2024

Ref	Title	Risk description	Risk Oppr threat	Cause	Consequence	Date Raised	Owner	Gross		Current		Target		Comments	Controls				
								I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
Treasury Management																			
1	Loss of capital investment due to a counterparty collapsing	The Council loses its principal investment or an investment becomes impaired.	T	Counterparty collapses or hits a financial crisis rendering it unable to repay investments.	The Council may lose money or repayment of funds could be significantly delayed which could have an adverse impact on operational funding levels	05/08/16	Bill Lewis	5	3	5	3	5	3		Reducing risk by limiting the use of high risk counterparties. Imposing a maximum investment value on approved counterparties in order to spread and reduce risk. Controls and procedures are in place to ensure investment and durations limits with approved counterparties are not exceeded. Counterparties are also monitored and reviewed on a weekly basis at least, or more regularly if considered necessary to do so.	Ongoing	Ongoing	100%	Bill Lewis
2	Pooled fund investments lose value	The value of the Council's units held in pooled fund investments decreases.	T	Uncertainty in the commercial property market and investment markets following Brexit, Covid and slowdown in general economic activity.	Capital depreciation will decrease the overall value of the investment.	05/08/16	Bill Lewis	4	3	4	4	3	2		The Council receives monthly valuations from the fund managers detailing the indicative redemption value of the individual units. These are reported to the Head of Finance on a monthly basis. The Council has the option to sell its units if there is a concern that the fund value is likely to decrease for a prolonged period.	Ongoing	Ongoing	100%	Bill Lewis
3	Interest rates	Interest rates change with adverse financial effects on the Council	T	Economic growth forecasts remain subdued leading to low interest rates; Consequently lower risk counterparties tend to offer low investment rates. Or Inflation is high and the Bank of England base rate is raised to counteract this leading to an increase in borrowing costs	The Council may not achieve its target level of interest returns. The cost of debt increases. Costs passed on to subsidiary companies have to increase leading to lower profitability expectations and lower dividends.	05/08/16	Bill Lewis	3	3	3	3	2	3		Interest rate forecasts from treasury advisors are monitored closely and investment and borrowing decisions are taken using these as guide as to durations and timing.	Ongoing	Ongoing	100%	Bill Lewis
4	Fraudulent activity	Potential fraud by staff	T	Fraudulent activity	Loss of money for the Council Disciplinary action for the staff involved	05/08/16	Bill Lewis	3	3	2	1	2	1		Segregation of staff duties, reviewing and monitoring of internal controls to ensure the correct protocol is being followed. Ensuring all insurance policies and the fidelity guarantee are fully up to date.	Ongoing	Ongoing	100%	Bill Lewis
5	Money laundering	Money laundering by external parties	T	External parties pay a transaction by cash and subsequently request a refund	Fine and/or imprisonment	05/08/16	Bill Lewis	4	2	4	1	4	1		Ensuring the money laundering policy is reviewed and up to date. Checking refunds back to source. Raising awareness of this issue	Ongoing	Ongoing	100%	Bill Lewis
6	Network failure/Barclays.net being inaccessible	The Council is unable to carry out its daily treasury functions due to a network failure	T	Barclays.net is unavailable or the Council's network has failed	Daily Treasury functions will not be carried out	05/08/16	Bill Lewis	2	3	1	2	1	2		Invoke the business continuity plan to minimise the effects of a network issue.	Ongoing	Ongoing	100%	Bill Lewis
7	Revenue Budgets	Revenue budgets are unable to meet borrowing costs of capital schemes	T	Revenue budgets come under pressure from restricted government funding or non delivery of programmed savings	The Council may not be able to execute some desired projects.	05/08/16	Bill Lewis	3	3	2	2	2	2		Revenue budgets monitored on monthly basis and future year forecasts undertaken. Reserve some capital receipts to cover borrowing costs in the short term. Monthly financial reports and forecasts.	Ongoing	Ongoing	100%	Bill Lewis
8	Lack of suitable counterparties	The Council does not have enough "space" with approved counterparties to place investments/deposit surplus cash balances.	T	Rising cash balances and a restricted counterparty list	Use of counterparties not paying best value rates.	05/08/16	Bill Lewis	3	4	2	2	2	2		The Council continually monitors its approved counterparty listing in conjunction with cash balances. Any potential new investment opportunities are discussed at Treasury Management performance meetings. The Council utilises money market and enhanced cash funds to deposit surplus cash balances in the event of no space with other counterparties and also to ensure there is always cash instantly available in order to meet payment obligations when they fall due. However, there are also limits on the amounts deposited to such funds. The Council has a facility to deposit cash with the Debt Management Office should all other investment options be exhausted.	Ongoing	Ongoing	100%	Bill Lewis

Current Risk Score

This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and reduce the Council's exposure.

Residual Risk Score

This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.

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To: Finance and Performance Panel
Date: 4th December 2024
Report of: Head of Financial Services
Title of Report: Business Rates Administration

Summary and recommendations	
Purpose of report:	To provide detail on the administration of Business Rates within the City.
Corporate Priority	A well-run Council
Policy Framework	None
Recommendation(s): That the Finance and Performance Panel resolves to:	
1. Note the report and agree any recommendations.	

Appendices	
Appendix A	Billing process for Business Rates.
Appendix B	Collection Rates of Business Rates since 2015 to September 2024

Introduction and background

1. Business Rates provides a significant income stream to the City and County Council. For 2024/25, the total collectable debit is around £100 million. This is then split between the Government (50%), the City (40%) and the County (10%). Out of the City "share" a further tariff is paid over to the Government which is an amount set every year by the Government and amounts to around 70% of the city "share". The remaining balance is then compared to the "baseline" figure, which is another figure set by the Government, and 50% of the difference is paid over to the Government. In the 2024/25 budget the estimated figure that the city would retain in relation to business rates is £12 million around 12% of the gross amount collectable.

Retained Business Rates 2025-26	
	£million
Estimated Business Rates Income	99.740
Billing Authority Share (50%)	49.746
Oxford City Share (80%)	39.796
Less Tariff paid to Government	32.673
Amount remaining after tariff (A)	12.871
Baseline Business Rates	6.986
Income above baseline (£12.871- 6.986)	5.885
Levy -50% of income above baseline (B)	(2.942)
S31 Grant and other adjustments (C)	-558
Business Rates Distribution Group net of reserves transfer (D)	500
Total retained business rate income (A+B+C+D)	12.810

2. MHCLG (Ministry of Housing, Communities and Local Government) has held the responsibility for the legislation of Business Rates since 1990, within its remit of the Local Government Finance Act 1989. The VOA (Valuation Office Agency) is responsible for the valuation of commercial property values and the Check and Challenge process for businesses to ask for a review of the Rateable value awards to a property on the formal Rating list. Valuation Tribunals deal with the appeal process. Both the VOA and the Tribunal fall part of HMRC (Her Majesties Revenue and Customs) remit. The City Council does not have any influence on this process as the 'billing authority' and only has the responsibility to correctly demand the tax after any reliefs and collected the charge.
3. Business Rates (also known as NDR (Non-Domestic Rates)), applied to land or buildings which are 'rated' in the Valuation List. Rates are paid by the occupant, and not the owner, however when a property becomes vacant, then the charge becomes the responsibility of the owner.
4. Oxford City Council has 4,632 properties on which it charges Business Rates.

Determining Liability

5. The Council has many options to support its administration by ensuring that it correctly charges an account.
 - a. Fraud Investigation Services
 - b. Planning and Building Control Services
 - c. Use of external consultants to undertake background checks
 - d. Council tax Inspectors within Financial Services.
 - e. Data exchange with the Owners and/or Agents of the land or building.

6. The Local Taxation Service works closely with internal Planning and Building Control to maintain accurate record keeping. Any material changes to established buildings, new builds or demolition are reported to the Local Taxation service to ensure that billing is maintained and any adjustments needing to be reported to the VOA are made in a timely manner. This reporting occurs monthly, in a format of data reporting and review of the council website for planning applications.
7. The Council has a contract with external consultants based on a 'finder's fee' basis, where any changes made to the Rating List, the council is charged a 20% fee of the Rateable Value which has been added to the total tax to be collected. The consultants deploy drones in the city to establish changes which an Inspector may not identify and uses other data sets, such as companies house to establish trading. This contract is seen as a support contract and has had a positive impact to council finances. For 2023-24, the increase in revenue to the Council was £435K before any discount or exemptions at a cost of £95K.
8. The Councils makes use of its fraud investigation services team to undertake background checks and data matching capabilities to identify anomalies to investigate.
9. Covering both Council Tax and Business Rates, the role of the council tax inspectors is to ensure that all notices are reported. The role is more than a visiting officer as they give local businesses advice and guidance to navigation of the Business Rates charges and implications to any changes that are made to a property. Completion Notices are issued for new buildings, to bring them into a rating charge, as well as identification of split and merges within internal changes.
10. Most large companies within the city have Rating Agents. These are specialised companies who report changes in occupation for owners of buildings. Most notifications to the council are made via this method of contact. Should a property become empty, the owner then becomes liable. It is therefore beneficial for the Agent or Owner to report a change in occupation, detailing the new tenant, to move the charge from the owner.
11. Pop-up businesses are ones which are short term occupation. A pop-up is defined as a business model which is deliberately temporary, with a short term need to generate profit or another goal, for example a charity to raise its profile. These are often located in buildings within the city which have been vacant for a period and the owner allows a noticeably short let, sometimes specific days, weeks but not normally longer than a month. As such the charge for Business Rates would remain with the Owner and therefore no loss to the council revenue stream.

Billing Process

12. The billing process is set out in legislation and follows the process in Appendix 1. This is in accordance with the Non-Domestic Rates (Administration and Enforcement) Act 1989.
13. The Council has the discretion to cease debt recovery proceedings at any stage and reintroduce the standard billing schedule.
14. The Council has created a further stage of pre-summons. This is an extra opportunity for businesses to make a single payment to the account before legal

costs are applied. Contact is made via either a call or email, to inform the Ratepayer that they are about to be summoned to Magistrates Court for non-payment of the Business Rates. Although there is no legal requirement to undertake this additional process, the Council applied the same process of debt collection in accordance with the Corporate Debt Policy for an individual. Even after this processes there we have issued 479 summonses as of the 18th of October 2024.

Court Costs

15. Once a debt is taken to court seeking a liability order court costs may be added to the arrears. Court costs include the administrative cost of the authority together with any cost incurred by the court and are set by the authority at the start of year by the Head of Financial Services. They can be 'called in' by a Magistrate for review, if the Court deems that they are excessively high.

Phoenix Companies

16. Phoenix Companies are entities that are created by property "owners" for the sole purpose of evading business rates and or commercial rent. These enterprises are particularly difficult to identify, but when they are uncovered it is possible to take legal action with a view to having the charge restored to the property "owner".

17. The Council will apply the legislation as soon as possible, but often these companies will cease trading before the point of a Liability Order to not allow goods to be seized by Enforcement Agents to the value of the debt. The assets of the business will transfer to the new business, but the debt remains with the old company which will have ceased trading and most often wound up. This process is legal under the Companies Acts and Insolvency Acts and the Council will have to write the debt off as uncollectable.

Collectable Debit in Business Rates

18. The Council records and monitors debt which is older than the current fiscal year. Targets are set to the current year collection as this is the traditional method of monitoring collection. However, the Revenues Service (both Local Tax and Recovery departments) take the approach that all outstanding debt needs to be collected.

19. Collection of the tax is highly efficient with one of the highest taxes collected of all taxation in Government. The City collection for 2023-24, as at the end of October, was 98.61% with the current year-to-date collection rate of 73%, as of the 25th of November, compared to the profiled target of 75% for the end of the month. The table below indicates that the authority is consistently ahead of the mean for all UK district authorities.

Non-domestic rates collected as percentage non-domestic rates due (breakdown by nothing) (from 2018/19 to 2023/24) for Oxford

NDR collection broken down by collection status (%)								
Collected					Not collected			
%					%			
Period	Oxford	Minimum for All local authorities in United Kingdom	Mean for All local authorities in United Kingdom	Maximum for All local authorities in United Kingdom	Oxford	Minimum for All local authorities in United Kingdom	Mean for All local authorities in United Kingdom	Maximum for All local authorities in United Kingdom
2018/19	98.16	93.97	98.31	99.99	1.84	0.01	1.69	6.03
2019/20	97.42	94.95	98.06	99.94	2.58	0.06	1.94	5.05
2020/21	95.76	72.37	93.79	99.81	4.24	0.19	6.21	27.63
2021/22	89.80	59.52	96.38	99.80	10.20	0.20	3.62	40.48
2022/23	97.41	77.90	97.15	99.97	2.59	0.03	2.85	22.10
2023/24	98.61	89.22	97.39	99.99	1.39	0.01	2.61	10.78

Source:
Ministry of Housing, Communities and Local Government

20. The table in Appendix B shows the amount outstanding from 2009/10. The total outstanding is estimated at £68.0 million as at 31-7-2024. This includes £61.9 million for 2024/25, of which approximately £57.0 million is on a standard billing profile for this year which indicates the amount of collectable debt up to the end of the financial year and consequently the outstanding level of debt is only around £11.0 million. In anticipation of any potential loss, the Council holds a provision for bad debt against anticipated arrears. As at 31-7-2024, the level of bad debt provision was £3.5 million.
21. The colour coding within each year shows that despite the debt being for a previous year, it can still change, either increased or significantly decreased. Blue denotes an increase in debt for that year, orange refers to debt that has remained static over 2 months or more and green refers to a reduction in the amount of arrears.
22. A change can occur, as the Valuation Officer Agency (VOA) can increase or decrease a rateable value (RV), however legislation prevent any change from being back date further than the 1st of April 2015 in accordance with the Check, Challenge Appeal process that business rates payers can submit to the VOA. This can have a positive or negative impact to the council finances, as reductions in RV values going back to 2015, can result in large credits which will need to be refunded. An example was in July 2023 when the Ronald McDonald ward of the John Radcliff received a RV reduction resulting in a £1.2m refund with interest.
23. The table shows that in April 2024, significant debit was raised back to 2017. This is additional income to the council.
24. There is currently a 9-month backlog of changes to be reported to the Council following requests made to the VOA from Ratepayers. The Council is one of many councils who has a significant backlog of referrals currently whilst the VOA clear their outstanding workloads. It is therefore important that the service maintains records of older debt to monitor impact the collection rates for previous years. The council hold a provision in respect of any potential VOA changes because of the

'check/challenge/appeal' process. The amount of provision for these appeals and challenges as at 31-7-2024 based on advice from external consultants is approximately £9.9 million.

Cost of Collection

25. The total cost of the administering council tax and business rates by Financial Services is estimated at £941k for 2024-25. This pays for around 23 full time employees together with associated costs. The authority can offset these costs by court cost income estimated at around £260k and a cost of collection grant from the Government claimable via our NNDR claims which for 2024-25 was £232k. The net cost of the service is estimated at £426k per annum and excluding council tax administration would be break-even notwithstanding that courts cost income is a variable income.

Report author	Laura Bessell
Job title	Local Tax & Benefit Service Delivery Manager
Service area or department	Finance
Telephone	01865 252649
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Please note in the table below the version number of your report that was finally cleared at each stage.

Appendix A – Billing Process

Demand Notice

- Sent to the building or the company address (as per Companies House or the Ratepayer requirements)
- Details the address the charge relates to, the Rateable Value and the charge for the financial year, including any reliefs applied
- Details the payment method and the dates in which the monthly instalments are due to maintain correct billing.

Reminder and Final Notice

- Sent to businesses who have missed an instalment.
- Final notices are sent to accounts which have defaulted twice in a financial year even if they have caught back up to date from the 1st Reminder notice

Pre-Summons

- The instalment option is now removed and the bill for the remaining years charge is now due in a single instalment.
- Payment to bring clear the Rates charge will not incur costs
- All contact which may have been received by the Council from the Ratepayer, is checked to make sure that the charge is accurate.

Summons

- £80 is applied to an account as to cover the councils cost of collection charge.
- Last chance to pay the account before it is registered at the Magistrates Court
- Details the date of court. Businesses can send a representative to the court if they feel that they have a legal defense to not paying the demand notice. Poor trading period is not legal defence.

•Liability Order

- Further costs of £50 are applied to the account for the cost incurred of registering the debt with the Magistrates
- Allows the Council to take a variety of options to collect the debt due. Examples are Enforcement Agent referral, Special arrangement, insolvency and in extreme cases prison.

Appendix 2 – Recovery Rates since 2009

Year	1 st April	30 th April	31 st May	30 th June	31 st July
09/10	£12,406.41	£12,396.41	£12,386.41	£12,376.41	£12,366.41
10/11	£5,304.67	£3,909.33	£2,829.43	£2,829.43	£2,829.43
11/12	£44,479.11	£44,479.11	£44,359.11	£44,359.11	£44,359.11
12/13	£111,662.19	£111,471.40	£62,068.36	£61,400.60	£60,399.92
13/14	£339,798.70	£338,898.70	£68,928.70	£67,728.70	£66,528.70
14/15	£394,846.46	£394,926.46	£72,303.72	£70,493.26	£70,273.77
15/16	£78,936.72	£78,936.72	£75,827.22	£75,827.22	£75,827.22
16/17	£103,026.47	£103,026.47	£103,026.47	£103,026.47	£103,026.47
17/18	£129,895.77	£134,410.28	£130,271.77	£126,149.22	£102,551.13
18/19	£189,583.45	£199,654.35	£198,903.54	£195,594.29	£167,275.97
19/20	£511,156.47	£523,544.25	£517,992.06	£524,006.09	£496,184.23
20/21	£416,843.93	£418,078.32	£417,228.49	£474,431.90	£421,902.86
21/22	£802,489.48	£828,411.33	£843,145.54	£826,985.87	£721,814.93
22/23	£1,629,042.77	£1,728,476.24	£1,664,428.83	£1,473,619.36	£1,370,813.54
23/24	£2,959,716.17	£3,038,372.22	£2,963,528.65	£2,829,010.88	£2,843,158.79
24/25	£100,695,978.25	£91,033,785.21	£83,530,028.84	£73,216,691.56	£61,982,978.36
	£108,425,167.02	£98,992,776.80	£90,707,257.14	£80,104,530.37	£68,542,290.84

Report Title **Supported Accommodation cost to City Council Finances**

To **Corporate Management Team**

Reporting Officers **Nigel Kennedy - Head of Financial Services (S151)**
Laura Bessell - Local Taxation & Benefit Service Delivery Manager
Richard Wood - Housing Strategy and Needs Manager

Date **01 October 2024**

Background

Supported housing provides a home for vulnerable people to live independently. For a '*supported accommodation*' definition within Housing Benefit expenditure, the support costs and provision must be detailed in the person's tenancy and be of a level of more than 3 hours per week.

Supported accommodation defined in the Housing Benefit Regulations as

'Accommodation provided by a non-metropolitan county council in England, a housing association, registered charity, or voluntary organisation if that landlord, or someone acting for the landlord, also provides the claimant with care, support, or supervision.'

In accordance with the above, any privately run organisations, such as limited companies, will not qualify for Housing Benefit expenditure. The council does not have any discretion to exclude any schemes from Housing Benefit.

Examples of supported living within the city are

- older people with care or support needs
- people fleeing domestic abuse and their children
- people with experience of the criminal justice system (including prison leavers)
- young people with a support need (such as care leavers or young parents)
- individuals and families at risk of or who have experienced homelessness
- people recovering from drug or alcohol dependencies
- individuals with learning, developmental or physical impairments and those with a mental health condition

The need within the city is identified by major agencies within Civil and Local Government. In the City there are placements from the Home Office, NHS, Oxford City and Oxfordshire County Council. These are known as commissioned services. There are also private organisations which are independently creating supported accommodation schemes in the city to support the demand. These are known as non-commissioned schemes.

Much of the supported accommodation provision that meets the needs of the whole County is located within the City, which has a disproportionate impact on the City Council, both in terms of subsidy loss and the requirement to support move on.

Commissioning Process

Supported accommodation is a means to provide specialist care that enables vulnerable people to live independently in the community. There is no legal requirement to provide such services, however it is regarded that without such schemes there would be wider implications, such as an increase in crime and safeguarding pressures.

A commission is decided upon the 'client' base need locally. Each Local Authority or Government agency will have a different type of need and demand and will be dependent upon the government policy focus. For example, to reduce the new Government wishes to have more community lead schemes (announced July 2024), compared to the previous administration. This will increase the requirement on Local Authorities to provide specialist accommodation.

The commissioning of landlords for the provision of supported accommodation are based on a contract of service, usually 3 years, which detail the client/s overarching requirements as agreed by the contract. The service is paid for on behalf of the tenant by a public authority depending on what is required as follows:

- In the case of personal care, a local authority adult social care department (care leavers)
- In the case of housing-related support, a local authority's housing department along with the housing benefit department
- In the case of mental health needs, the NHS (e.g. Littlemore)

There is a government requirement for commissioning organisations to promote independent living. This provides two factors for consideration.

1. With independent living, the payment of this support moves the financial burden from the commissioning authority to the local authority responsible for the payment of housing benefit. For example, the County Council have a legal responsibility to provide care for under 25, who are part of the Childrens (Leaving Care) Act 2000. Once a young person is 18 years old, they can claim the rental element from Housing Benefit, thus reducing the cost of supporting this person in the Social Services budget.
2. A contract which must be monitored by the commissioning organization to ensure support, safeguarding of the tenants and value for money.

In non-commissioned schemes, there are organisations who provide the same tenancy agreements and source their tenants through their own referral process. These schemes normally have charity donations and Housing Benefit payments to financially secure the business or charity. These organisations work independent of any government or local authority contract, with the Council having no control over the schemes' delivery models or costings.

Whether the scheme is commissioned or non-commissioned, the Housing Benefit regulations state that the expenditure must be paid.

Types of Schemes in Oxford City

There are 918 properties within Oxford defined as Support Accommodation expenditure as of 1st August 2024, with two new schemes already in the process of 'go live' in the current year. For 2023-24 the total number of supported accommodation properties was 874. This is a growth of 5% within the first 5 months of 2024-25. The Governments drive to reduce the pressure on the NHS (Bed Blocking), Home Office, (immigration pressures and prison overcrowding) and the need for people to be independently living in the community and not placed in institutes will result in an increase in demand in the future.

Table 1-Commissioning List and Landlords in the City as of 1st August 2024.

Landlord	Number of properties	Commissioning Authority
A2 Dominion North	81	Oxford City Council, and others.
Acre Housing	6	Oxfordshire County Council
ACT transformation	8	Non-commissioned beds
Adapt Charity	39	Non-commissioned beds
Advance Housing and Support	24	Oxfordshire County Council
Anchor Hanover Group	69	Oxfordshire County Council
Aspire Oxford	45	Oxford City Council
Auckland Home Solutions CIC	5	Oxfordshire County Council
Bedfordshire Pilgrims Association	15	To be confirmed
City of Oxford Charity	10	Non-commissioned beds
Connection Support	36	Oxford City Council (NHS grant), Oxfordshire County Council
Edge Housing	13	Non commissioned beds
Emmaus	30	Non-commissioned beds
Greensquare Accord	11	Oxford City Council, Oxfordshire County Council
Home Group Ltd	11	To be confirmed
Homeless Oxfordshire	108	Oxford City Council, Oxfordshire County Council
Inclusion Housing	12	To be confirmed
Life 2009 Ltd	4	Oxford City Council
Oxfordshire Mind	56	NHS and South and Vale DC.
Response	277	Oxfordshire County Council, NHS
St Lukes Housing Association	4	Extra Care-Older people living
St Mungos	2	Oxford City Council, Oxfordshire County Council
Grand Union Housing Group	5	To be confirmed
Council Owned	18	Oxford City Council

Claimants Paid Direct	9	Mixture of the above commissions
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Total **918**

Factors which affect Housing Benefit expenditure

- The service has no control over the demand in this area. Since Covid, there has been more people identified nationally with having a vulnerability which requires a support element to Independent Living. This has placed a national dispersion over England and Wales to suitable accommodation for independent living.
- The Council has no control over where people are placed. We currently have 8 placements from South and Vale District Council Housing Department who have placed their residents into the city. There was an application this year from Buckinghamshire Council to have a placement in the city to be paid by Housing Benefit, however this was refused as it did not meet the criteria within the HB regulations.
- The Council has little control over the landlords that are used by commissioning organizations. Contracts are let to the lowest bidder with little regard to the impact on local authority making housing benefit payments. There are very few housing associations in Oxford city and fewer still who wish to bid for these supported housing contracts
- Commissioners and providers currently are incentivised to provide supported accommodation for the entire population of Oxfordshire disproportionately in the city. This is the case with the Mental Health pathway, the Adult Homeless pathway, and the Young Persons Pathway. This is for a variety of factors, the City has the health facilities people are leaving and need to continue to access, providers are based in the City and have historically had their stock in the City so continue to do so, commissioners want accommodation to be close to services and for their commissioned stock to be located close to each other to avoid the inefficiency of travelling between far flung corners of the county. As a result, the City then in effect is paying for the accommodation of people not originating in our boundaries, and once they stay in the accommodation, they establish local connection, and we must rehouse them (when we have a critical shortfall of one bedroom accommodation).
- If accommodation is provided in registered provider accommodation we receive full subsidy from central government. However, initial feedback from providers about their willingness to expand their supported accommodation stock within Oxford is that they are reluctant due to high land and development costs, and that the rent standard set from central government which regulates RP rents is too low to cover development costs in the city

Housing Benefit Subsidy Loss

The Government has confirmed that Supported Accommodation and Temporary Accommodation will continue to be funded via Housing Benefit expenditure and claimants will not be migrated to Universal Credit. As such this expense will remain with the City Council finances for the future.

Local Authorities receive Department for Work Pensions (DWP) payment for most of the Housing Benefit expenditure at a rate of 100% of the HB claim. However, in the case of Temporary Accommodation and Supported accommodation, this is restricted. Temporary accommodation is restricted to the Temporary accommodation cap of the 2011 rates of rental charge for its area. Supported accommodation is split into the following categories;

- Where the Landlord is a charity, the Benefit Service must refer to the Rent Officer (separate organisation within Department of Leveling Up, Housing and Communities (DLUHC)) for a rent decision on the level of rent to be in the market, without the cost of support, in effect the core rent. These are known as 'Rent Officer Referral Cases.' The rent referred does not include the cost of the support, but the charge of support is eligible for Housing benefit expenditure, and this results in an instant loss to the City Council expenditure.
- Where the Landlord is a Housing Association, these are not referred to the Rent Service under the regulations and any Housing Benefit expenditure by the City is recouped in full.

Rent Officer Referrals provide the level of expenditure the DWP will pay through housing benefit. This is called the Claim Related Rent (CRR). After this level is determined on each claim, 60% of the rent after CRR is paid by DWP through housing benefit subsidy and the remaining 40% after the CRR is paid by Oxford City Council

Example Rental Charge of £400 per week.
CRR of £150
Difference of £250, 60% paid by DWP of £150
Total DWP weekly funding of £300 costs the city finances £100 per week, per tenant.

Cost to City Council Finances

The cost to the authority arises from those landlords providing supported accommodation that are not housing associations where housing benefit subsidy is only payable on local authority expenditure that is CRR plus 60% of the excess of HB above CRR. The cost to the authority for Supported Accommodation falling outside of these parameters was £1.4m for 2023-24 and there is forecast to be £1.6m for 2024-25 as shown in Table 2 below.

A breakdown of landlords which are driving this cost to the authority in the current financial year is shown below.

Table 2-Organisations that affect Subsidy Rates and Cost to City Finances

Landlord	Weekly rent	Claim Related Rent	Excess of CRR over weekly rent	Forecast HB loss for 2024-25 based on expenditure above CRR for April to July 24
ACT transformation	£297.47	£240.00	£57.47	£5,019.52
Adapt Charity	£408.00	£150.00	£258.00	£82,624.23
Aspire Oxford	£364.53	£150.00	£214.53	£103,950.00
City of Oxford Charity	£206.53	£173.04	£33.49	£1,216.80
Connection Support	£355.55	£150.00	£205.55	£138,750.84
Edge Housing	£260.18	£150.00	£110.18	£25,110.80
Homeless Oxfordshire	£461.03	£150.00	£311.03	£375,516.00
Oxfordshire Mind	£332.48	£280.00	£52.48	£12,427.24
Response	£393.28	£166.21	£227.07	£830,998.35

Total

£1,575,613.70

[For annual forecasting of loss in Housing Benefit subsidy, Benefit Services take the total expenditure of 4 months and extrapolate this figure to calculate the loss at the end of the financial year, due to the 60/40% weighting on funding for supported accommodation.]

Factors to consider

- The demand for this type of accommodation is increasing year on year
- The cost of delivering these services is also increasing.
- Housing Associations do not bid for contracts. Additionally, the City Council and County Council have very few charities that bid for local schemes, which removes the competitive tendering process and forces the Local Authorities to work with charities that demand a higher cost of scheme delivery model.
- The above table demonstrates where the demand is within the City and that certain organizations are widely used across commissioning authorities the two largest non-housing associations being Response and Homeless Oxfordshire, both of which do not attract housing benefit subsidy.
- The cost of Housing in the City is higher than average. In most cases, the Charity or Housing Associations rent the properties from local homeowners for the use of the property, and this is sublet to the tenants. With house prices high, the core rent element is above the CRR, which is before the support charges are added.
- The Service has attended a meeting with the Rent Service to see if the Claim Related Rent level can be increased and therefore reduce the level of cost to City finances. At this meeting, it was detailed that Oxford City is already receiving a preferential rate compared to other London boroughs, an example being Camden Council.

- The Housing department has been working closely with organizations like Response to encourage them to become a Housing Association (HA). This has not been successful as the cost of becoming a registered Housing Association are extremely burdensome from an operational and financial perspective, with future requirements to comply with Social Housing Act and Consumer Standards making it prohibitive financially.
- In previous years, Response worked with Cirencester HA to enable the higher-rate subsidy. However, this relationship broke down and is no longer in place.

Items of note

- The City Council are paying for clients within Housing Benefit expenditure which is not based upon the City need.
- As the Benefit Service does not have a role in the commissioning process, any organisation which is not a Housing Association will attract a cost to the City Council finances.
- With a small number of organisations being used in the city, there is a greater risk that should a specific organisation cease trading, that there will be a burden to the City Council temporary accommodation budget, or many vulnerable tenants will need emergency support provision putting pressure on the commissioning authority.
- Supported Accommodation tenants are now establishing a local connection in the City where they are placed in specialist tenancies by other agencies from the surrounding area. When these people are ready to 'move on' from supported accommodation to independent living, the city must accommodate these tenants.
- This is also mirroring the same issue within temporary accommodation and housing placements where people gain a local connection from being discharged from the John Radcliffe Hospital and other agencies working within the city.

Changes in Regulations

In October 2023, The Supported Accommodation (England) Regulations 2023 received royal ascent. This legislation was due to the 'Bob Blackman MP' paper to Social Security Select Committee. This is primary legislation which creates a new burden on commissioned services.

- ✓ An annual license to be obtained by the Local Authority to confirm that the organisation meets business need and that the scheme provided meets the requirements within the legislation (to be defined within secondary legislation currently being written by parliament)
- ✓ A requirement for Commissioning authorities to have an overarching charter for support in the city. A specialized charter will need to be in place with each scheme in the city between the support provider and the tenant, so each party is aware of its responsibilities.

An example of the charter is with Birmingham City Council who are a pilot area for this legislation.

- ✓ Each Housing Benefit claim will need to be reviewed annually. This will be determined by the DWP to ensure that the scheme meets the needs of the client, and that service provision is being provided and attended to meet the HB regulations currently in place.

This part of the regulations was created due to the safeguarding concerns raised in Derby 2 years ago where 3 people died due to support not being provided and Housing Benefit was in place.

Maidstone Council is a pilot area for this change in Housing Benefit administration and after a 6-month review, 2 schemes have been closed and 1 has been issued a notice by the licensing service that they are not meeting the contractual requirements.

The early signs of impact from the pilot areas are that where support providers are not meeting their contractual obligations, resulting in a service closure, this will place further pressure to temporary accommodation and other like-for-like schemes as the tenants will need to be rehoused.

DWP and MHCLG are currently keeping a close watch on these pilots to evaluate the wider implications of this piece of legislation. An 'expert' advisory panel has been created in May 2024, made up of professionals within the industry and this will give further guidance over the coming months to the government and commissioning authorities for the future delivery model.

[Possibility for an Invest to Save](#)

The City Council alongside the County, Districts and the ICB commission the Alliance who delivers the principal supported accommodation offer for single homeless adults in Oxfordshire, providing 275 beds across the county (including Matilda House), but with the majority in the city. All commissioners and the six Alliance providers are signed up through the Countywide Strategy and Alliance contract to significant transformation, including a major reconfiguration of supported accommodation, moving away from generic low needs supported accommodation which doesn't meet need, towards a combination of Housing First/Housing Led/Specialist accommodation alongside a good "off the street" offer. The city has been pushing for progress in the Alliances transformation, to deliver our strategic goals but also because it has the potential to unlock subsidy savings, as our future accommodation model will need fewer supported accommodation units and those that we retain could be better geographical dispersed and be owned by RPs.

The Alliance lacks incentive to push on with its own transformation of its accommodation profile, hard decisions on units and staffing are required and a decommissioning pipeline formed, savings from the decommissioned units are small for the Alliance itself (basically just staffing, as rent and utilities are covered by HB and service charges), and the large savings are actually obtained by the City Council through lowered HB subsidy loss. Progress is likely to be slow as things stand, as savings delivered from the released units need to be obtained ahead of reinvestment into housing-led accommodation (where emphasis is on support delivered in a person's long-term home, so uses social and private housing, with no subsidy loss for the council).

The Invest to Save opportunity is for us to "pump prime" the decommissioning process, seeking clear commitments of units to be decommissioned in 25/26, delivering the City Council subsidy savings, in exchange for a portion of the savings being recycled into additional grant to the Alliance, that would be ringfenced for investment into housing-led services (principally staffing) that brings no

subsidy loss of the council. This has the benefit for the City Council that it both delivers us subsidy savings and helps accelerate and delivery our strategic priority of moving to a housing led system, and benefits for the Alliance through new investment to enable their transformation. This could be done on a payment by results basis, so that the Alliance only gets the investment if they deliver the decommissioned units. We are looking at a modest package in 25/26, but if it is successful, it could pave the way for larger savings in future years.

Initial thinking on the Invest to Save has only been done in recent days, so needs a rapid piece of work to further develop it in the next few weeks to see if its viable and likely to be cost effective, with information and commitments from the Alliance to enable it. It has been added as an additional recommendation.

Recommendations

- A letter is sent to MHCLG/DWP and the LGA about the cost to City Council finances due to the way in which the Housing Benefit regulations are written. Cambridge City Council would also like to contribute to a letter if it is agreed.
- That the City Council as one of the lead commissioners of the Alliance (Adult Homeless Pathway), influences the Alliance's accommodation transformation programme which is currently being detailed to build in an emphasis on greater geographical distribution across Oxfordshire (while acknowledging that due to the City's nature and that we have the greatest need, we will need to continue to host the biggest share of the Alliances accommodation.)
- That the City Council, as a joint commissioner of the Young Persons Pathway, seeks to influence the County's recommissioning over the next two years to involve greater geographical distribution.
- That we use our influence with the NHS and County Council to seek greater dispersal of accommodation of the mental health pathway. An initial meeting has already been held between the lead commissioners and City Council officers, and the commissioners can see how greater dispersal will benefit their clients in terms of less concentrated impact of communities and better access to social housing if accommodated in the four Districts. We need to build on these initial productive conversations and provide support with the NHS's links into local RPs, with the NHS having the ability to access money to develop bespoke supported accommodation they could develop with housing associations.
- Better understanding is established as to why Housing Associations are not willing to develop in the City, and exploration of viable solutions, including access to capital made available from central government and NHS for development of new supported accommodation.
- That any supported accommodation programmes with capital funding that the government creates, such as the Single Housing Accommodation Programme, we use to move forward the transformation of supported housing in the city and we seek to do this through registered providers to achieve more favorable subsidy.
- Continue to develop the Invest to Save concept in the next few weeks, to see if it could deliver savings for the Council while enabling the transformation of the Alliance.

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