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# **Scrutiny Budget Review 2020/21**

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**Report of the Budget Review Group 2020/21**  
Commissioned by Oxford City Council's Scrutiny Committee

February 2020

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## Foreword by the Chair of the Budget Review Group



The Budget Review Group has again been very fortunate in the support it has received from senior officers in reviewing the City Council's Draft Budget and Medium Term Financial Plan. The task is made particularly hard by the major uncertainties surrounding Central Government policies, notably on funding and on the City Council's freedom to construct badly needed social housing.

Against a background of a looming Brexit, the City Council's Budget has managed again to maintain or expand services, without any Central Government Revenue Support Grants. The Budget Review Group noted the importance of the City Council's new companies (the wholly-owned Oxford Direct Services Company and Oxford City Housing Ltd., and also the Oxford West End Development joint venture with Nuffield College) in generating surpluses that may be used to protect services and finance new initiatives. Together the two wholly-owned companies are expected to pay the City Council more than £20 million in interest and dividends over the next four years.

Notable among the uses of this new source of revenue is the commitment to fund recommendations generated by the Citizens' Assembly on responses to the Climate Emergency. This is reflected in the proposal to commit over £1 million on reducing carbon emissions and £18 million of capital costs over the next four years to implement the resulting proposals.

Two striking statistics which emerged from the Budget documents are that of total business rate income in the city, after complex reallocation formulae, a mere 8.4% is retained by the City.

A high priority, within the constraints of the Council finance, is homelessness and housing. Expenditure on the homelessness service is forecast to average £7.4 million per annum from 2020/21, and within this figure an additional £1.2 million per annum is committed to tackle rough sleeping. It is a reflection of the priority attached to addressing the city's homelessness crisis that these budgets represent such a large part of the average Net Budget of approximately £23 million per annum over the four year period.

In the City Council's Budget from 2020/21 to 2023/24, £136 million of investment in new council housing is envisaged, and a further £75 million of investment in new housing will be undertaken by Oxford City Housing, the wholly-owned City Council housing company, but this will still leave a considerable amount of investment to be made to keep pace with housing demand after 2023/24.

# Chapter 1: Introduction

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1. The role of Oxford City Council's Scrutiny Committee is similar to the role of UK Parliamentary Select Committees. Scrutiny is led by councillors who are not on the Cabinet (the main Council decision-making body) and is empowered to question Council decision-makers and make recommendations to them about policy decisions. Scrutiny can also investigate any issue that affects the local area or its residents, whether or not it is the direct responsibility of the Council.
2. The Scrutiny Committee established the Budget Review Group (made up from the membership of the Finance Scrutiny Panel, with additional contributions made by the Housing Panel regarding the Housing budget scrutiny) to meet each January to scrutinise the Draft Budget and Medium Term Financial Plan (as approved for consultation by the Cabinet on 19 December 2019), and to test the robustness of the underlying assumptions used in the proposals. The Council has a statutory duty each February to agree a four year balanced budget. This report is intended to provide a considered second opinion on the budget proposals with constructive recommendations and suggestions for changes.
3. Having an effective budget scrutiny function is considered a cornerstone of good governance, allowing a cross section of councillors to ask challenging questions about the budget for various services that the Council delivers, as well as the wider financial context in which the Council operates. In addition to the detailed Budget Review Group process, the [Finance Panel](#) leads its own work plan year round to review and evaluate spending against the budget. At least five meetings of the Finance Panel are held each year at the Town Hall, and meetings and agendas are open to the public.
4. The Budget Review Group has a cross-party membership comprising the following City Councillors:
  - Councillor James Fry (Chair)
  - Councillor Chewe Munkonge
  - Councillor Craig Simmons
  - Councillor Roz Smith

Housing Panel members are as follows:

- Councillor Nadine Bely-Summers (Chair)
  - Councillor Mike Gotch
  - Councillor Richard Howlett
  - Councillor Sian Taylor
  - Councillor Liz Wade
  - Councillor Dick Wolff
  - Tony Buchanan (Council tenant co-optee)
5. The purpose of this report is to set out the work undertaken by the Review Group, together with their conclusions and recommendations. Each recommendation is supported by a narrative based on the discussions of the Review Group at each of its meetings.

6. This report will be presented to the Council's Scrutiny Committee for endorsement on 4 February 2020, and subsequently to the Cabinet and the Full Council on 12 and 13 February 2020 respectively.
7. The Review Group would like to place on record its thanks to all of the people who contributed to the review, which has enabled the recommendations in the report to be made. Particular thanks go to Nigel Kennedy and Anna Winship for their work in preparing the Budget, and attending each of the Review Group's meetings, and also to Tom Hudson in his role as Scrutiny Officer, keeping a full record of the meetings and Andrew Brown for authoring the section on the national context.

## Chapter 2: Methodology

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8. The Review Group's work involved a total of 4 meetings which were all held in January 2020. The aim of this work was to provide an independent and cross-party review of the 2020/21 budget proposals to provide assurance concerning the soundness of the budget, and recommendations for improvement and review where necessary. The Review Group used the Cabinet's [draft budget proposals](#) from 19 December 2019 as the principal document for scrutiny. Key themes and questions the Review Group sought to explore included:

- Justifications for additional staff
- Business rates income
- The overall shape of gross and net expenditure and income, and future forecasts
- The evolution of Council budgets over recent years
- Issues arising from the Council's proposals to implement a selective licensing scheme
- The savings and efficiencies available through digitisation and automation
- The proposals for Homelessness Prevention

9. The Review Group's findings and recommendations have been informed by evidence provided by twelve senior officers of the Council across its meetings, as well as extensive written testimony in response to pre-submitted questions from councillors. Contributors to the review included:

- Adrian Arnold: Acting Head of Planning
- Helen Bishop: Head of Business Improvement
- Anita Bradley: Head of Law and Governance
- Tom Bridgman: Executive Director of Development
- Ian Brooke: Head of Community Services
- Claire Freeman: Head of Transformation
- Caroline Green: Assistant Chief Executive
- Nigel Kennedy: Head of Financial Services
- Paul Leo: Interim Director of Housing
- Tim Sadler: Executive Director for Sustainable City
- Mish Tullar: Corporate Policy, Partnership and Communications Manager
- Anna Winship: Management Accountancy Manager

# Chapter 3: Background

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## Impacts of the National Context

10. The Council is setting its budget in the context of the last ten years in which local government has been subject to major funding reforms and spending power has reduced substantially. This trend has been driven by reductions in central government funding which have culminated in the 2019-20 financial year being the first in which Oxford City Council, in common with many other local authorities, has received no revenue support grant from central government. While the funding reductions from central government have in recent years been offset by real terms increases in council tax and business rates revenues and ring-fenced funding for social care, overall since 2009/10 councils' spending on local public services has reduced by 17%, equivalent to a 23% reduction or nearly £300 per person.<sup>1</sup>
11. Nationally over the last ten years local government spending has become increasingly focused on social care services for adults and children, which now account for 57% of all service budgets. This has come at the expense of discretionary services such as planning, housing, transport, leisure and cultural services where spending levels per person have halved in some cases.<sup>2</sup>
12. Councils are now largely funded by income generated locally from council tax and business rates revenues, as well as fees and charges. These revenues are unlikely to keep pace with rising demands and costs in the years to come, in the absence of large increases in council tax and improvements in productivity in key services such as adult social care. Without productivity growth, the current adult social care system is expected to take up a steadily increasing share of local revenues over the coming fifteen years, continuing the squeeze on funding for discretionary services. These pressures will be most acutely placed on county and unitary authorities with responsibility for social care but cuts to upper tier services can be expected to have knock-on effects for district councils, for example by increasing demand for district level services such as housing and homelessness.
13. It remains to be seen how the policies and spending decisions of the new government elected in December 2019 will impact local authorities in the years to come. Similarly it is difficult to predict what the UK's departure from the EU will mean for the UK national and local economies, employment and the strength of key sectors such as manufacturing and financial services. Clearly there are some significant downside risks which have the potential for negative impact on local authority finances through reduced income and additional demand for services in the years ahead.
14. Local authorities continue to innovate to meet the challenges to local service delivery by sharing services and operating in a more networked and collaborative way than ever before. This collaboration is happening locally in Oxfordshire where the City Council is working in partnership with other local authorities on shared priorities such as increasing the supply of affordable housing, tackling homelessness, reducing congestion and improving air quality. Another key strategy of the City Council is to generate sustainable

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<sup>1</sup> <https://www.ifs.org.uk/publications/14563>

<sup>2</sup> Ibid

long-term income from its commercial property portfolio and wholly-owned companies in order to support the funding of local public services into the future.

## **Local Issues and Priorities**

### Pressures

#### *Business Rates*

15. The Council faces significant risks relating to income from business rates over the course of the Medium Term Financial Plan. Central government's Fairer Funding review may seek to set a new baseline of funding allocations; deliver an up-to-date assessment of the relative needs of local authorities; examine the relative resources of local authorities and focus initially on the services currently funded through the local government finance settlement. Some councils may emerge from this process in a financially stronger position. However, the Council is not one of these. It is anticipated to reduce the Council's current £9m business rate income by at least £1.5m from 1<sup>st</sup> April 2021, though the exact figure is yet to be determined as the details of the changes are not yet available.
16. Separately, as the table below shows, business rates are anticipated to fall in 2020/21 by approximately 2% or £185k, even before the implementation of central government's changes.

| <b>Table 1: Retained Business Rates</b> |                 |                  |
|---|-----------------|------------------|
|   | <b>Total</b>    | <b>Variation</b> |
|   | <b>£million</b> | <b>%</b>         |
| 2017/18***                              | 6.817           | 53.40            |
| 2018/19                                 | 8.169           | 19.83            |
| 2019/20                                 | 9.163           | 12.17            |
| 2020/21                                 | 8.978           | (2.02)           |
| 2021/22*                                | 7.374           | (17.87)          |
| 2022/23                                 | 7.471           | 1.32             |
| 2023/24                                 | 7.563           | 1.23             |

\*\*\* Westgate development completed

\* Fairer funding introduced

The reasons for this include increased allowances for arrears on the basis of a 17% increase in the last year, and empty rate relief being claimed is up by 22%.

#### *Staff wages*

17. Staff wages form an important element of the Council's overall budget, costing £28m per year, or 20% of the gross General Fund budget.

18. During the period of the Medium Term Financial Plan the Council will be undertaking a local pay review to be implemented from April 2021. The Council has in some areas, such as Building Control and Planning, previously struggled with recruitment and retention, which have been partially addressed by market supplements. Nevertheless, in light of the starting point of national negotiations (which the Council is not part of and which do not affect pay locally) the scale of staff pay means the risk of impactful wage pressure is a live one, despite prudent assumptions having been made.

### Priorities

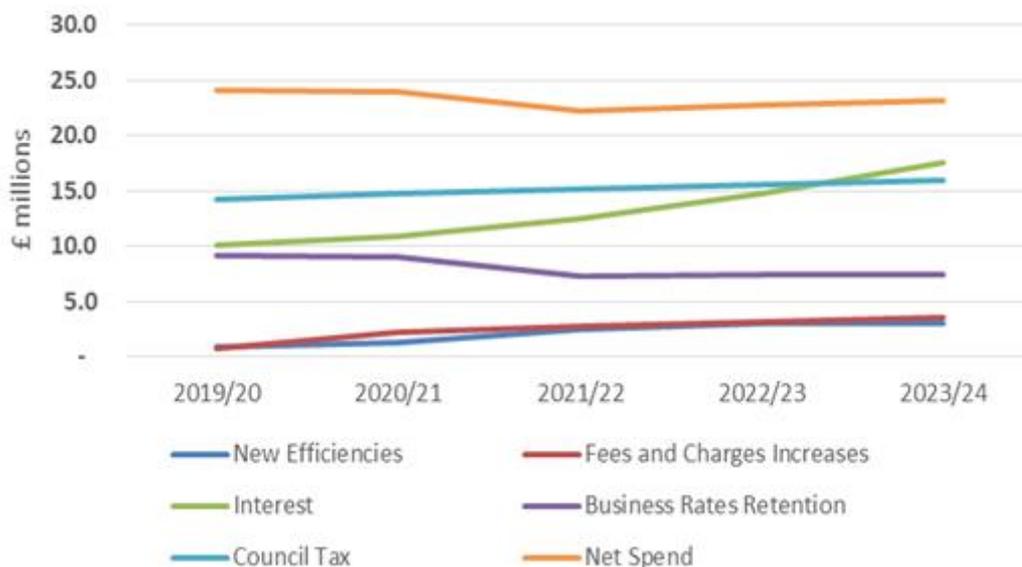
19. In spite of the challenges faced from national and local sources the Council proposes to make significant financial investments to deliver key priorities, particularly around homelessness, delivering affordable housing and responding to the Climate Emergency.
20. Between 2013 and 2018 the number of homeless people sleeping rough in Oxford increased by 137%. The Council is responding to this significant growth with ambitious plans to not only to bring numbers down, but also to ensure that nobody should be forced to sleep rough on the streets of Oxford. Additional spending of £1.2m a year has been devoted to enable this.
21. On some metrics, particularly house price to average wage ratio, Oxford is one of the highest, if not the most expensive, places to live in the country. There is an acute need for affordable and social housing, with 2400 people currently on the Oxford Register for Affordable Housing. As part of its response to this need the Council has set up Oxford City Housing Ltd., a company which seeks to develop areas of land owned by the Council with poor viability to provide much-needed housing that would otherwise not be delivered. Over the period of the Medium Term Financial Plan the Council is committed to making £136m of investment to Oxford City Housing Ltd., producing 620 new Council homes in the process.
22. In late 2019 Oxford City Council became the first local authority in the UK to hold a Citizens' Assembly on Climate Change. Though the Council has already been grappling with its response to Climate Change, taking decarbonisation measures to reduce emissions by 5% per year below what they would otherwise have been for the last 10 years, the feedback from the Climate Emergency was that people wished the Council to go further and faster than the government's carbon reduction targets. As such, £1.040m of revenue and £18m of capital spend is being devoted to meeting the Council's increased ambitions.

### Financial Strategy

23. The proposed Medium Term Financial Plan is balanced over the four year period, maintaining the level of services to the public. This places the Council in a privileged situation compared to many of its local authority peers, and is the fruit of previous hard work and good decision-making.
24. As illustrated below, projected net spend and the services provided are fairly constant over the period of the Medium Term Financial Plan. However, from April 2021 the Council faces a significant decrease in business rate income because of changes in Business Rate retention levels. The Council's strategy to maintain its service levels whilst

maintaining a balanced budget is to cover the decrease through increases in efficiencies and income. Notwithstanding its privileged situation, however, the Council by no means faces an easy budgetary situation and its ability to deliver its balanced budget and safeguard services is reliant on a significant increase in borrowing for capital expenditure and the exhaustion by the end of the Medium Term Financial Plan period of the Council's Homelessness Reserve.

**Graph 1: Funding and Efficiencies 2019/20 to 2023/24 (£m)**



### Efficiencies

25. At £2.09m, the proposed efficiency target over the course of the Medium Term Financial Plan is equivalent to 10% of Council's net spend. This is an ambitious target, the importance of which is demonstrated by the Council's decision to create a New Ways of Working team to identify possible efficiencies within the Council's processes.

26. Unlike in previous years, service reductions have not been disaggregated within the budget report on broader efficiency measures. However, the value of cuts to services (as opposed to efficiency savings) is minimal, less than 1.4% of the total. At this scale it is not recommended that the Council list service reductions separately to efficiency savings.

### Investment, Financing and Returns

27. In support of the achievement of its corporate priorities and to facilitate its income returns the Council will be making £427m in capital investment over the life of the Medium Term Financial Plan, including

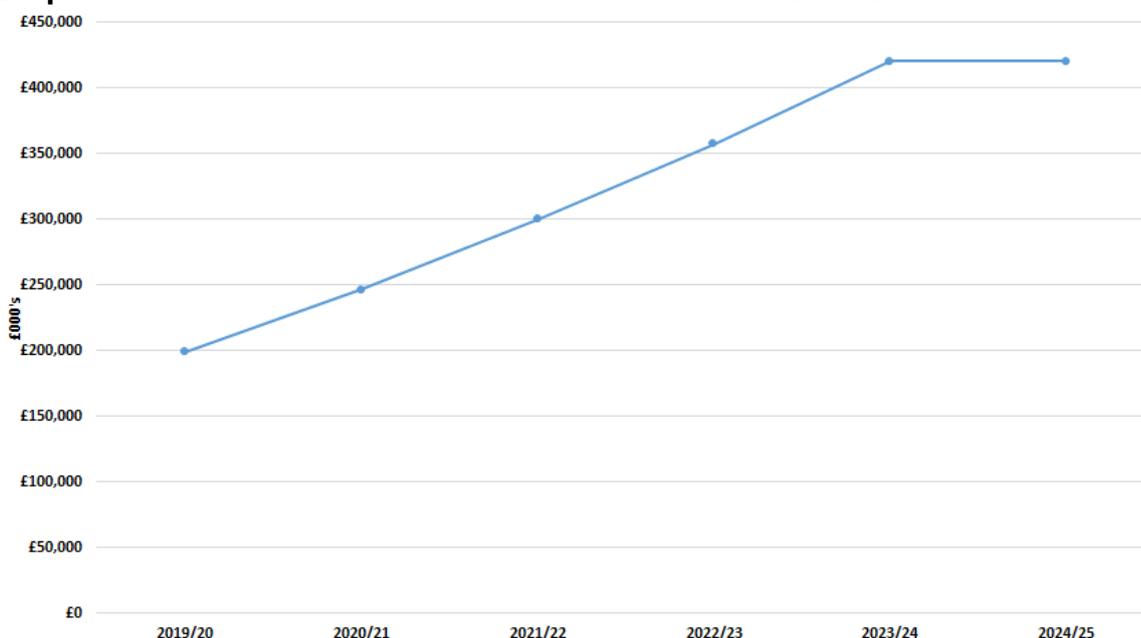
- £17m infrastructure investment to Oxford Direct Services to fund the building of a new depot, the electrification of the Oxford Direct Services fleet and transformation work
- £75m of loans to Oxford City Housing Ltd. as working capital
- £136m for the purchasing of social housing over the next four years.

28. These investments are anticipated to generate returns, and form a key part of the Council's income. Over the period of the Medium Term Financial Plan the Council has budgeted for dividend receipts of £8.7m from Oxford Direct Services and £11.997m from Oxford City Housing Ltd.
29. The City Council engages in a particular approach to the delivery of its services, the 'Oxford Model'. This can be summarised as a commitment to in-housing and investment to ensure a workforce capable of delivering quality outcomes for customers and residents in commercial and non-commercial spheres, and recycling the returns from its commercial work to underpin the services which benefit residents. A strategy which covers gaps by increasing income comes with a particular risk in that the income must be generated year on year. Cuts to the net spend (and thus services) only need to be made once. However, successful management of that risk enables the Council's service levels to be maintained, even in the face of declining business rates income.
30. A further risk to the Council relating to the reliance on commercial activity is that there is pressure upon the Council's companies to complete their commercial work on schedule. Delays, particularly to Oxford City Housing Ltd.'s housebuilding programme, would delay when the Council would receive its returns, negatively impacting its cashflow in the meantime.

### Capital Financing

31. A large proportion (54%) of the Council's capital expenditure is funded by external borrowing and thus there will be a significant increase in the Council's debt over the course of the Medium Term Financial Plan.

**Graph 2 – Estimated External debt from 2019/20 to 2024/25**



Note: These figures report on external borrowing only. Though they are influenced by, they do not correspond with the capital expenditure budget figures, which are financed through a variety of sources, of which external borrowing is but one.

32. Borrowing costs are fixed for the duration of loans taken out and are currently at historically low levels, despite central government's decision recently to raise the borrowing rate from the PWLB by 1%. Though a significant increase, the borrowing is prudent on the basis that the costs remain serviceable within conservative assumptions and the returns on those investments support the Council's work elsewhere. However, whilst the Council has budgeted for an increase in interest rates of 0.87% over the duration of the Medium Term Financial Plan, increased borrowing rates do pose a risk to the Council's investment returns, particularly from its companies where increased interest rates would be likely to have an inverse impact on house prices, reducing them, thereby reducing the return on market-sale developments.

### Council Tax

33. The proposed Council tax increase in the budget is 1.99% which is the maximum level it can be raised without a referendum. When placed against alternative sources of income-raising – further efficiencies or higher fees and charges for residents – it is considered prudent to make this decision. By growing the Council Tax base in this manner whilst protecting the poorest through the Council Tax Reduction Scheme the Council equitably maximises its locally generated, reliable income. In addition, it should be remembered that the impact of each increase is compounded over future years.

### *Council Tax Reduction Scheme and Care Leavers*

34. The Council Tax Reduction Scheme, which gives a graded discount on Council tax to those unable to pay is relevant to the Council's position on the Care Leaver Discount, which is to provide 100% discounts on Council Tax for care leavers under the age of 21, but only to consider on a case by case basis whether to apply discounts from thereon to the age of 25. Of the 96 care leavers between the ages of 21 and 25, all but two qualify for 100% reduction under the Council Tax Reduction Scheme and those two are earning significantly beyond the level of income the Council would wish to subsidise. The Council Tax Reduction Scheme appears, therefore, to be proving to be an effective mechanism in supporting care leavers with the level of Council Tax beyond their 21<sup>st</sup> birthdays.

# Chapter 4: Findings and Recommendations

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## Service Area Budgets

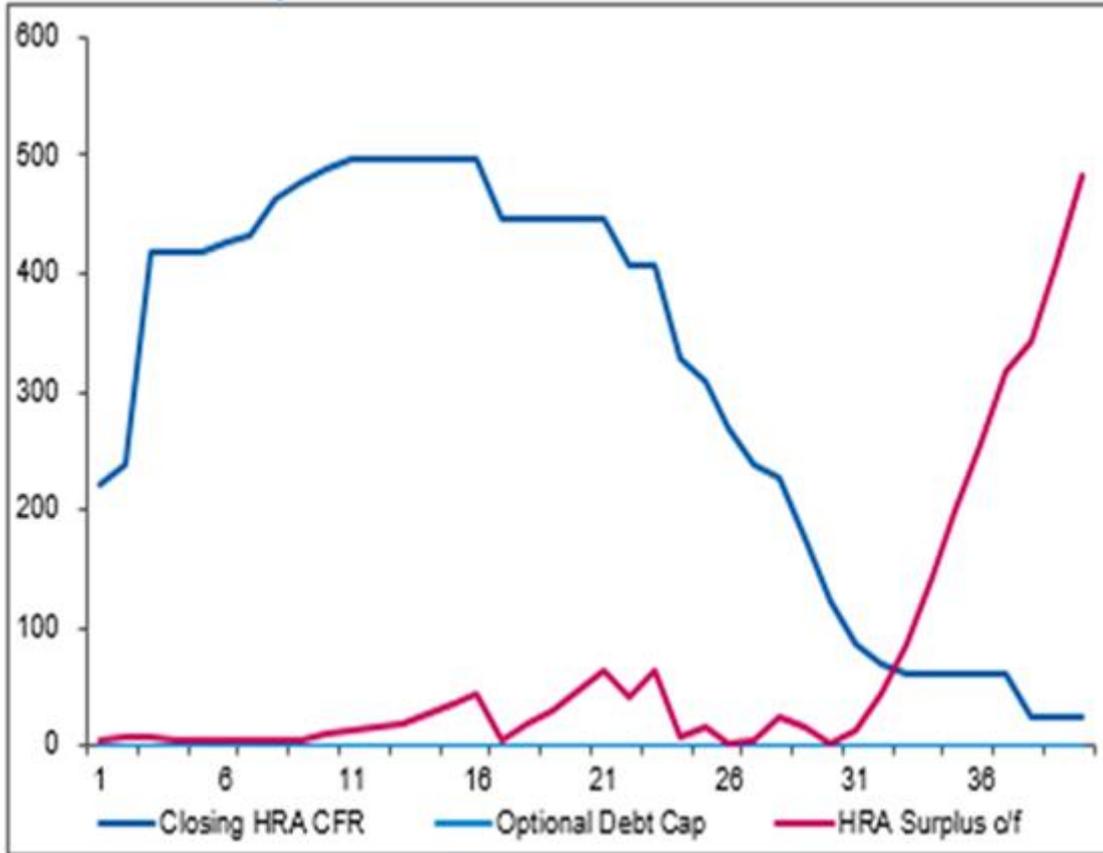
### Housing

35. The housing budget is the locus of two of the Council's biggest budgetary step changes: a significant increase in borrowing within the Housing Revenue Account to fund the purchase of homes for social rent over the course of the Medium Term Financial Plan and beyond, and a transformation of homelessness services to develop a county-wide approach focusing on prevention and early intervention, fronted by the commissioning of services at 1 Floyds Row.

### Housing Revenue Account

36. The Housing Revenue Account is the account through which revenue generated through social rents is managed. By law, this must be managed separately from the General Fund. The Council currently manages approximately 7,500 residential properties in the City.
37. As is illustrated in the chart overleaf, Housing Revenue Account borrowing is due to increase from its current level of £198m to £334m by the end of the Medium Term Financial Plan period, topping out at just shy of £500m within a 10 year period, with the additional borrowing intended to purchase 1082 houses for social rent. This top-out figure remains within a prudential level. The red line in the graph shows the level of surplus remaining within the Housing Revenue Account is low, meaning the Council will not have significant funds for alternative unplanned spending within the Housing Revenue Account, particularly within the period of the Medium Term Financial Plan. It is recognised that the Council is only committed to purchasing £136m of property (the anticipated delivery by Oxford City Housing Ltd. to the end of the Medium Term Financial Plan) and that it could divert funds from the Housing Revenue Account elsewhere after that; the corollary of this reduced spending power elsewhere is the delivery of urgently needed social housing within the City and should be prioritised.

**Graph 3: Debt vs HRA Surplus**



### Homelessness

38. It is important to preface discussion of the homelessness budget with the caveat that it is the role of Scrutiny to act as a critical friend. The decision of the Council to embark on an innovative course is considered to be justified on multiple levels, not least that of basic human dignity, but it is not without risk. The Review Group seeks to provide suggestions on mitigation, risk management and the means by which the Council's strategy may be validated.

39. The homelessness budget has a high reliance on external (and thus less predictable) sources of funding, be they local partners or annual government grants.<sup>3</sup> This is a notable risk in that the Council is committed to revenue funding of services costing £7.4m per year, having made assumptions over contributions made from central government via its grant funding, or on the level and duration of support from local partners including the County Council and the Clinical Commissioning Group. The accuracy of such assumptions, particularly around grant income, is uncertain and ultimately beyond the Council's control. Should income from external sources fail to reach expectations the Council would face difficult choices on how to manage the situation, particularly in light of the fact that at current spending levels homelessness reserves are already budgeted to be depleted by the end of the Medium Term Financial Plan. There is concern over the potential opportunity cost of making up any shortfalls, for example, the impact on families if funding were to be diverted towards homelessness to maintain service levels. It is

<sup>3</sup> £1.155m, forming almost a sixth of the income (15.6%)

understood that work is being done currently to model the decisions that would have to be made in different shortfall scenarios.

40. In light of this situation of uncertain funding to tackle entrenched problems, it is the view of the Review Group that should the Council's homelessness services receive any income beyond its budgeted expectations, it should not seek to extend its services but develop a more robust buffer against future potential shortfalls against budgeted expectations.

**1. That the Council, in the event that it receives external homelessness-related grant receipts above predicted levels, tops up the homelessness reserve with unspent monies.**

41. A further risk the Council faces in having decided to make a step change in homelessness provision is the uncertainty that positive results will have on other parts of the Council's housing eco-system. Should, for example, the Council be successful in moving people off the streets into permanent accommodation the balance of available housing stock may not be correct to provide for the particular increase in demand from single males, who make up the majority of the homeless demographic. However, until the Council's transformed homelessness services begin to operate in practice it is not possible to predict the amount of time and support they will require to get into permanent accommodation or the areas and the quantum of issues that will arise, making forward planning deeply uncertain.

42. The challenge of uncertainty and associated risk also translates into individual budget lines; efficiencies of £150k are budgeted, but there is currently no clear plan as to how these might be achieved beyond greater awareness of the possibilities for savings in commissioned services as the Council becomes more familiar with them.

43. The level of funding provided by the City Council towards homelessness is high. The Council's expenditure less grant income is approximately £6.25m per annum, out of an average net spend across the Medium Term Financial Plan of £23m in the General Fund, meaning spending by the Council on homelessness services is over a quarter (27.2%) of the money available. The Review Group reiterates its support for the Council's approach towards homelessness prevention and commends the way in which it has followed through the priority the issue has with commitments to significant investment, both financially and in terms of staff and member resources. However, it is difficult to demonstrate easily on the basis of the Council's budget and report the level of financial commitment that is being made by the Council to finance this work. Partnership contributions from neighbouring district Councils, the County Council and the Clinical Commissioning Group, as well as grant funding from central government will obscure the Council's own contribution, making it more difficult to illustrate the lengths to which the City Council itself is going to in tackling homelessness.

44. For many, the challenge to the Council is as above: whether it is doing enough for the homeless in the City. However, there are also those who seek justification of the high level of spending made on preventing homelessness. Consequently, it is requested that additional commentary is made in the Council's budget report in relation to the savings made by early intervention and prevention of homelessness.

**2. That the Council, in its final budget report, includes specific reference to the cost of Council-funded homelessness services (street homelessness and temporary accommodation) as a percentage of its net budget. Further, that it adds commentary to explain the long-term financial paybacks of investing in prevention and early-intervention homelessness services.**

45. In light of the level of the Council's allocation of resources towards homelessness it is felt that the Council would benefit from benchmarking its own spending against other Councils nationally which are providing leading levels of service on homelessness including Manchester, Bristol, Brighton, Westminster and Hackney. Doing so would provide useful feedback on value for money, as well as pointers as to how the Council's spending may be made more efficient or more effective. It is recognised, however, that the impacts of preventative work may take some time to work through and not immediately show up in the figures.

**3. That the Council identifies and uses national benchmarks for homelessness-related spending to monitor the value for money of its approach.**

46. There are particular challenges around street outreach services in particular, in that they are expensive and the outcome they seek to achieve is uncertain. Within the specific context of the City Council, there are additional challenges in predicting and being able to build the changing requirements of commissioned services as they have an impact into the initial specification, thereby avoiding costs for changes to spec mid-contract. Further, in due course it is likely that a significant proportion of this work may be funded by the County Council, who may wish to commission the services they pay for themselves, but who have not been the leaders in developing with partners the scope of commissioned services. On such a complex area a particularly rigorous evidence base is required to inform future decision-making.

**4. That the Council monitors and reports on the outcomes of commissioned outreach services at Floyds Row to determine efficacy and value for money before such services are recommissioned.**

## **Environment, Sustainability and the Climate Emergency**

47. Responsibility for the environment within the Council is dispersed across its entirety. However, it is driven by the Environmental Sustainability team comprising the Energy and Natural Resources Team, Environmental Quality Team, Sustainable Cities Team including OxFutures, Marston and Northway Flood Alleviation Scheme and the Oxford Flood Alleviation Scheme. Key new projects include decarbonisation measures for the Council, the development of a Zero Emissions Zone and actions arising from the recently-held Citizens' Assembly.

### **Climate Emergency**

48. A previous recommendation of the Budget Review Group was that 'the Council makes available appropriate resources to support the establishment of a citizens' assembly'. This recommendation was adopted, following which the City Council convened the UK's

first Citizens' Assembly on Climate Change over two weekends in September and October 2019.

49. Whilst the strongest message arising from the Citizens' Assembly was that the public supported greater ambition than that proposed by the government in tackling climate change, another key message was that members of the public had been unaware of the breadth of activity already being undertaken by the Council in this area. A report was prepared for Cabinet on 19<sup>th</sup> December 2019 which brought together into one place the Council's existing activity on climate change and its additional responses having heard the public's views via the Citizens' Assembly. This direct response has also been brought through into the Council's budget report, which details similar information.
50. This level of clarity, however, is not replicated within the budget itself as the £18m of spending is spread across multiple budget lines. This means that whilst the money is suitably accounted for, those engaged residents who do wish to hold the Council to account on its undertakings in response to the Citizens' Assembly will not find it possible to track that spending through the budget. This is made all the more difficult by the fact that the Council has been a national leader on climate change issues before the Citizens' Assembly and there has been significant budgetary commitment. Because climate change is such a priority issue for many of the city's residents, it is recommended that the Council takes steps to enable budgetary transparency and accountability.
51. In addition, it is recognised that the Council is taking steps to reduce its carbon impact which go beyond the size of its investment, for example, discussions about the procurement of energy and the efficiency standards to which Council-owned properties will be built or retrofitted in the future. Whilst greater financial transparency is encouraged, it is equally noted that the Council's reaction to climate change cannot be adequately measured through its finances alone.
- 5. That in its final budget, the Council reports separately on how much of the £18 million of capital investment the Council has made to help support decarbonisation measures in Oxford has been spent to date.**
- 6. That the Council in its final budget itemises the percentage of spending on decarbonisation measures within each service area.**
52. In the previous report made to Cabinet by the Budget Review Group, financial year 2019/20, it was recommended to Cabinet and accepted 'That future budget proposals feature independent officer comment on the impact that the Council's plans may have on the environment, and how closely aligned the proposals are to the Council's broader environmental ambitions'. The Review Group welcomes the budget report's references to the work it has undertaken in response to Climate Change and the Citizens' Assembly on Climate Change. However, it is felt that this only draws attention to the areas in which the Council is making a beneficial contribution to the environment, rather than recognising those areas where there is potential to make improvements.
- 7. That future budget proposals feature independent officer comment on the impact that the Council's plans may have on the environment, and how closely aligned the proposals are to the Council's broader environmental ambitions**

53. One area of response to the Climate Emergency to which the Review Group devoted particular time to was the Council's plans for offsetting carbon emissions and exploring ways in which the twin objectives of ensuring value for money and simultaneously providing tangible benefits locally may be achieved. The Council's position in only considering British Standard PAS2060 accredited offsetting schemes is supported by the Review Group for the assurance it provides. Whilst superficially attractive, it is not felt that gaining a local accreditation would be a sensible means of furthering the Council's twin aims on the basis of the cost and difficulty of gaining accreditation, and the relative cost of offsetting in Oxfordshire compared to elsewhere in the world. This area is complex, and decisions on how to implement it will require trade-offs between desirable outcomes, meaning the Council is encouraged to seek a report to draw out these issues and to understand the consequences of different actions. One potential solution, and one which has the support of the Review Group, is outlined below.

54. Most carbon offsets are designed not only to produce the required reduction in CO<sub>2</sub>, but also to be of social benefit to the communities delivering that offsetting. A premium is charged on 'pure' offsets to fund the 'co-benefit' element. However, it is possible to purchase 'pure' (though still similarly accredited) offsets. Should the Council purchase 'pure' offsets it could invest the co-benefit premium in non-accredited but local environmental projects, which would provide an accredited and affordable offset with tangible local benefits. It is suggested that an easy means to achieve this would be through payments being made to the Lord Mayor's Climate Fund, which has the benefit of being locally established.

**8. That the Council devises a policy on offsetting to balance the delivery of efficient and accredited offsetting with tangible local benefits. Specific consideration to be given to investing in 'pure' carbon offsets and donating the spread figure between the price of those and 'co-benefit' carbon offsets to the Lord Mayor's Climate Fund.**

### Recycling and Waste Management

55. An important reminder of the challenges faced by the Council in its response to the Climate Emergency is that the pressure of the situation does not make available more funding. The need for efficiencies, therefore, is more acute than ever to enable funds to be diverted to higher priorities. Discussion was devoted by the Review Group to particular proposed efficiency savings where the balance of priorities was questioned – the Blue Bin Recycling League, and the Green Flag accreditation for the Council's parks. Following discussion, it is the view that although it is a shame to lose the Green Flag accreditation, the Council has already extracted and embedded much of the value from having previously gained the accreditation so it would not be deriving the same value from it as when it began. Consequently, the saving is justified so long as it is not accompanied by a deterioration in standards. The Blue Bin Recycling League, however, is a response to an ongoing issue that the Council faces – maintaining recycling rates with a high transitory student (and also international) population. Due to the churn of residents, the need for this work will not become redundant. Indeed, a strong message from the Citizens' Assembly was that residents wanted to recycle but were confused by how the system works and would welcome greater education and information to support their efforts. As such, the Review Group requests that should alternative funding be found this work is not stopped.

**9. That the Council reconsiders the costs and benefits of the proposal to cancel the funding for the Blue Bin recycling league, and to consider this as a priority item for funding in the event that funding becomes available between the creation of the draft budget and the agreement of the final budget.**

56. Recently the value of recycled waste has reduced significantly, which has had a number of impacts on the Council. Firstly, with thinner margins, purchasers of recycled waste have become a lot more fastidious about contaminants and have been willing to reject whole deliveries on the basis of minor contamination. This leaves Oxford Direct Services, the Council's waste contractor also forgoing the mitigative income anticipated from the waste. These financial costs are ultimately felt by the Council as the shareholder of Oxford Direct Services. In addition, the Council has suffered some reputational damage in its eagerness to reduce contamination.

57. One area of mitigation is stockpiling, rather than taking the market price on any given day. An opportunity to improve the Council's position with regards to this will arise when the Council begins its procurement process for waste disposal imminently.

58. Whilst many people are reasonable and their contamination is occasional or accidental, there remains a minority of serial contaminators. With the multiple negative consequences for the Council, it is felt that the Council's current policy of not collecting contaminated recycling may not be working, and it may also have a deleterious impact on neighbours. It is recognised that the cause of the Council's reputational damage was through over-zealousness, which the fining of repeat offenders may also be, but it is felt that as good recycling habits become ever more important for the Council and for the environment, that a review of all options available should be encouraged.

**10. That the Council undertakes a review of its approach to those who repeatedly contaminate recycling bins, and to include greater consideration of whether the use of fines is an appropriate response.**

59. A County-level decision which will support waste management is the decision to re-establish the Oxfordshire Waste Partnership. A [useful resource](#) for local authorities is provided by the Waste and Resources Action Programme Partnership (WRAP), through which relevant issues such as cost-contributions towards interventions, the expected efficacy of such interventions and gate price modelling can be gauged.

**11. That the Council will encourage as a member of the Oxfordshire Waste Partnership the use of the WRAP Toolkit for Local Authorities to identify and support partnership priorities.**

60. The funding arrangements of income arising from the Zero Emissions Zone have not been formally agreed with the Highways Authority, Oxfordshire County Council. However, public undertakings for equal revenue sharing have been made by the County Council, which mirrors the equal contribution towards the set up and running costs. Whilst income from this source is ring-fenced for transport purposes, if the Council is reasonably confident of this income it should be included within its Medium Term Financial Plan.

**12. That prudent assumptions for income expectations arising from the Zero Emissions Zone be included with the Medium Term Financial Plan.**

**Planning and Development**

Planning

61. The area of planning is unusual in that it is showing significant growth, with a total of 8 new planners proposed to join existing staff. This reflects the housing and development commitment of the Council in the new Local Plan, in which the Council aims to see 11,000 new homes built by 2036. Investment in additional staff resources is considered necessary to prevent the planning process acting as a bottleneck for this development, with the potential that the Council would otherwise lose control over its planning decisions. The increased income arising from more planning applications and a number of planning performance agreements (PPA) and service level agreements (SLA) is anticipated to go over and above the cost of the additional staff and supports existing overheads.
62. Staffing increases are planned to be phased to match demand, but due to the shortage of Planners the phasing is expected to be flexible to bring forward recruitment if a surfeit of suitable candidates apply in one particular recruitment round. It is noted that at the moment recruitment and retention of Planners is a challenge due to under-supply, but within that overall context the Council has an advantage over its immediate neighbours in being able to offer greater experience and variety due to the number of significant development projects planned within the city. That advantage, however, is anticipated to erode over time and would not be expected to continue beyond the period of the Medium Term Financial Plan.
63. One area of particular success within the service is the recruitment and development of apprentices. Recently a second member of the Planning team who originally joined as an apprentice has now become a Senior Planner, ahead of a number of external candidates. It is felt that this is a good news story which should be communicated more broadly internally.

**13. That the Council takes actions to promote the successes of the Planning apprenticeship team and the positive impact well-delivered apprenticeships can deliver.**

Regeneration and Economy

64. The primary budgetary contribution of Regeneration and Economy relates to income generation for the Council, rather than efficiencies. The delivery of the Council's commercial portfolio strategy is tasked to this service area and forms its major focus over the course of the Medium Term Financial Plan. A further key area includes the delivery of a stock condition survey, to get a clearer understanding of the Council's liabilities regarding its non-Housing Revenue Account assets and which will be used to prioritise the allocation of future investment, including elements of the Council's on-going £2m maintenance budget.

65. To deliver the work required of the service area budget allowances have been made for new staffing capacity, specifically one FTE post to protect and manage the Council's current assets and ensure their future revenue, one to manage acquisitions within the commercial property investment strategy, and one to undertake the stock condition survey. Additional funding has also been allocated towards feasibility studies to ensure robust feasibility studies are delivered against capital priorities, reducing the risks of significant overspends later on.

#### *Covered Market*

66. The allocated spending on marketing and promotion of the Covered Market is seen as protection for the Council's existing revenues at a time when the retail sector is under considerable pressure. Service charges or new tenancy agreement structures such as revenue sharing are medium term options to pass the cost of the Covered Market's promotion to the primary beneficiaries whilst aligning the interests of lessor and lessee.

#### **Assistant Chief Executive**

67. The Assistant Chief Executive's service area is composed primarily of the Policy, Partnerships and Communications Service. Its budget is relatively straightforward, with the overriding costs being staffing, and with two changes of note: the reversal of a fixed term Policy and Partnerships Officer (Health), and the creation of a new post to provide policy support for the Chief Executive and the Leader of the Council.

68. The impact of the reversal of the Policy and Partnerships Officer was considered by the Review Group. It is felt that the decision is justified on the basis that the need for the post, to manage a particular bulge in health-care related projects and develop the necessary relationships and infrastructure to partner with those with statutory responsibilities for healthcare has been achieved. Further, assurances have been provided that work has been undertaken to improve the cross-working within the Partnership team, meaning that the team overall is in a position to absorb from existing capacity any leftover work.

#### **Business Improvement**

69. The Business Improvement Service covers the Council's Customer Service Centre, HR and ICT functions. Its key response to the pressures on service area budget lies in efficiencies made through the rationalisation and streamlining of operating systems and processes, automation, enabling more flexible working and reducing costs when renegotiating contracts. Changes at national level are also expected to have an impact on this area's budget within the period of the Medium Term Financial Plan owing to the transferral of the responsibility for administering benefits claims to the DWP under Universal Credit.

70. In discussion of this particular service area the Review Group noted the absence of high/medium/low risk ratings against the deliverability of some of the posited efficiencies throughout Appendix 3 of the draft budget report. Historically these have been used to help to determine the size of the contingency fund required by the Council, but an alternative method of doing so is now used. Nevertheless, it is considered useful

additional information for those wishing to scrutinise the Council's budget and should be included.

**14. That the Council, in its final budget report, lists the perceived risk to deliverability of savings within the General Fund Budget Proposals Summary.**

Efficiencies

71. The proposed efficiencies within Business Improvement include not renewing the ICT contract for housing software which is no longer necessary, and the trimming of unused elements of the staff offers budget.
72. Within the period of the Medium Term Financial Plan the Council will have the opportunity to renegotiate its telephony contract. This provides an opportunity to seek improved value within the contract, but it also provides an opening to consider and rationalise the telephony needs of staff within the Council to meet staff needs better, whilst also enabling the reduction of costs. Though there are multiple issues to consider prior to any changes, not least data protection, there are opportunities to offer a broader variety of telephony services to staff to support their specific working situations, including 'soft phones' which are integrated within the employee's computer or dual-sims enabling workers to use their own telephones for work purposes.
73. The Council pays an external company for the storage of its data and applications; the greater the volume of storage the greater the cost to the Council. The Council has a document retention policy which states the length of time particular documentation should be held and after which it should be destroyed. It is felt that with a more consistent application of this policy corporately this cost can be reduced.
74. It is a particular characteristic of the Business Improvement Service that many of its savings are reliant on implementation of its plans outside its own service areas. This, for example, is illustrated by its proposals to reduce the volume of printing and to divert volume printing to the more efficient services provided by the print room. Whilst Business Improvement can develop a structure to induce changes in printing habits, the behaviour change itself (and savings arising) will take place across the whole Council.
75. One feature of previous Council budgets has been the investment in IT capability. In the last year £2.3m has been invested in IT, generating across the Medium Term Financial Plan period £465k of savings. As an illustration, the Council is currently in the midst of a pilot to use robotics and automation to increase the efficiency of its postage under which outgoing letters are scanned and duplicate addresses are matched, enabling letters to be consolidated and postage costs to be reduced. This is a process which is proving very effective, and it is felt that this is an avenue along which there is significant potential for future savings.

**15. That the Council continues to pursue prudent invest to save schemes, and that it gives particular attention to savings enabled through technology, especially artificial intelligence and automation.**

## Universal Credit

76. Though central government has introduced Universal Credit, which rolls entitlements to a number of benefits into one centrally administered benefit, it is still in the process of transitioning claimants of its predecessor benefits onto the new system. New benefit claimants are put onto Universal Credit, but there remain a significant number of legacy claimants whose benefits are administered by the Council. It is the expectation of the Council that as existing benefits claimants are transferred from Council-administered benefits onto DWP-administered Universal Credit, demand will lessen, enabling a reduction in Council capacity. However, it is noted that the pace of transfer between benefit schemes is slow and has already been delayed by central government previously, meaning there is a degree of uncertainty over when those savings will be realised.

## Executive Assistants

77. One area of budgetary growth is in staffing costs, with the addition of an executive assistant. Since the executive assistance team was set up the number of executives and service heads supported by each team member has increased from two to three, meaning during periods of sickness and holiday cover the team is spread very thinly. Consequently additional resource is proposed to increase its resilience and maintain its service levels to the senior management team at times of stress.

## New Ways of Working

78. The New Ways of Working Transformation programme is a discrete element of work within the Council. The current iteration has only been in place since the beginning of January 2020 but builds upon the work of the previous Transformation team. Its remit is to support the services to deliver change resulting in savings and improved customer experience.

79. Previous transformation work has already been undertaken with service heads to identify the areas where greatest benefits can be made including customer service delivery and potential savings. This was informed by looking at areas such as the volume of calls made to the contact centre and directly to services, opportunities for using online forms, areas of under-utilised IT investment and income generation potential. Eight projects were identified for taking forward, in the areas of Food Safety, Benefits, Council Tax, Recruitment, Building Control, Planning, Licensing, Grants, with baseline data being collected currently to enable accurate quantification of savings made once the new ways of working have been embedded and sustained.

80. It is recognised that there is potential for crossover with the work of the Council's PMO, which currently is focused on capital projects but whose skills could also be extended towards transformation projects instead. Initial discussions have taken place between the PMO and Transformation team to look at where there are synergies and where the two teams may be able to work together to avoid duplication of effort.

81. It is anticipated that the Scrutiny Finance Panel will seek six-monthly update reports on the progress of the New Ways of Working Programme.

82. A key concern for the Finance Panel is that the impact of the Council's financial decisions is not guided by a narrow consideration of the immediate impacts, but the wider ripple effects on society. As such, it is asked that at the early stage of identifying and monitoring new ways of working that appropriate measures are developed to capture the social impact of decisions made, rather than simply the impact on the Council's expenditure.

**16. That in considering the viability of proposed projects within the New Ways of Working programme consideration of social value impacts be embedded as part of the decision-making process.**

83. One particular area where the question of social impact versus cost is particularly acute is over the degree of digitalisation required for interaction with the Council. The Council provides multiple services in ways which are not cost-effective, such as offering multiple payment options for garden waste instead of relying on direct debits, paper processes where digital would be more cost-effective and provide an improved service for the customer. Though there is a social cost of increased digitalisation, often to those who are most vulnerable, as more and more people become digital natives the cost of mitigations relative to the potential savings becomes increasingly urgent. It is therefore recommended that the Council reviews key service areas with a view to becoming more digital unless there is a compelling reason not to do so. It is suggested that a refresh to the City Council's app may be a useful way of enabling people to interface digitally with the Council.

**17. That the Council takes steps to become more 'digital by default' rather than 'digital by choice' in its service provision, and as part of this presents to members a report on the costs of current non-digital provision, the possible savings made by digitalisation in key service areas and the cost of possible mitigation measures. The Council will also consider potential internal savings by additional digitisation.**

### **Regulatory Services and Community Safety**

84. The Regulatory Services and Community Safety service area consists of Building Control, Business Regulation, HMO Enforcement, Private Sector Safety, the Home Improvement Agency and Community Safety, which includes General Licensing, Community Response Team and Anti Social Behaviour Investigation Team. Its response to the budgetary challenges are balanced between efficiencies and increased income generation.

85. A number of efficiencies have been identified which are anticipated to have no impact on services: a reduction in the unused supplies budget, the reduction of a staff member's hours by a day per week and the provision of mobile technology to the food safety team.

86. Of greater concern to the Review Group was the proposal for reductions to the Community Safety [out-of-hours](#) service coverage. The service primarily handles noise complaints for residents outside office hours, triaging and investigating where required, with the service running from 11pm until 1am weekdays, with extensions at busier periods, particularly the weekends. Owing to differences in demand the cost of a

monitoring visit can vary from anywhere between £19 and £190. It was reported to the Review Group that in large part the cost of these visits had been rendered unnecessary by technology; the Council provides an app which allows residents to make a recording, not only presenting savings through staff not having to attend to determine the noise levels, but also enabling faster identification of situations in which enforcement action is required. Many calls to the out of hours contact centre at present are logged for being dealt with the following day and they do not require a visit at the time to resolve the issue. The budget proposes that the service is only provided at weekends, rather than during the week (where there is reduced demand), with callers being responded to by the contact centre at other times.

87. In discussion, however, the Review Group noted that Oxford has a high student population, for whom weekends are not necessarily the noisiest nights. If additional resource is required at peak weekend times, the removal of the service apart from those times would mean a diminution in the overall service available to residents. It was felt that for those residents needing to use the service, such service reductions might be felt very keenly.

**18. That the Council reconsiders the costs and benefits of the proposal to reduce the Community Safety out-of-hours service to weekends only, and to consider this as a priority item for funding in the event that funding becomes available between the creation of the draft budget and the agreement of the final budget.<sup>[1]</sup>**

#### Building Control

88. The Council's Building Control function is unusual within the Council in that it is an area of income generation which operates in and competes against the private sector. As a public sector provider, however, it is necessary for the Council to publicise its charges, and it is also not allowed to charge rates below its costs at any point, putting it at a competitive disadvantage compared to private sector providers who know what to charge to undercut the Council's rate and can use pricing strategies such as loss-leaders to generate income. This has led to an erosion over the last 5 years in the Council's market share. However, owing to changes in insurance requirements post-Grenfell one of the Council's biggest local competitors has ceased trading, meaning that the Council has been responsible for bringing those part-finished projects to completion, leading to an upturn in work volumes and very positive customer feedback on the quality of the Council's service.

89. There is a national shortage of building control surveyors which impacts on recruitment and there is a significant incentive for Council building inspectors to leave and set up their own business or work for a private sector organisation. As a counter-measure to this, two apprentices are budgeted for on the basis that the retention rates for apprentices are higher than those for non-apprentices and that the Council can ensure contracts contain clauses that retain their services and prevent them from working for competitors.

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<sup>[1]</sup> No priority is given between this recommendation and recommendation 9

## Selective Licensing

90. The power to introduce selective licensing is held by local authorities; however if a local authority wishes to introduce a scheme that covers more than 20% of the city then approval from the government is required. Selective Licensing enables councils to require that all rented housing outside a number of exemptions – council and social housing landlords, educational establishments, and houses of multiple occupation – must have relevant safety certification and that licence holders are fit and proper people. The City Council wishes to implement such a scheme across Oxford that will require approval from the government. Whilst it is not envisaged that the licensing scheme will be as rigorous as that for houses of multiple occupation (HMOs) owing to the number of properties needing licenses and the reduced risks in non-HMO properties, through its licensing scheme the Council will drive up property standards and management of the private rented sector across the city.
91. Considering the scheme's financial impacts, based on estimates there could be 15,000 qualifying properties in the city. The maximum length of time for which a licence can be given for is five years, which is the length the Council envisages granting for the majority of licences as it reduces administrative costs. Though the cost of any such licence will be subject to consultation, any figure arrived at must be demonstrably reasonable. The figure charged elsewhere is approximately £650 for a five-year license. Thus, the income to the Council every five years could be almost £10m (£9.75m).
92. Whilst there is a highly significant impact on the Council in terms of its income, to set up and manage an entirely new service of this scale also requires significant resourcing. The net impact on the budget after those costs are incurred is a far smaller sum. By law, the Council is unable to use sums raised through selective licensing to cross-subsidise its work elsewhere. Consequently, only those services that the Council already provides but will be required by the selective licensing function – inspection, enforcement, and management - can have their costs apportioned from the Council's base budget into the ring-fenced selective licensing budget. The consequence of this is to make an effective saving to the Council's base budget. The budgetary impact of this to the Council is not therefore anticipated to be circa £2m per annum (or £10m per five years), but £369k.
93. The base budget saving is considered to be relatively high risk because the whole project of selective licensing is subject both to consultation with stakeholders and so may change substantially in nature. Further, whilst there are precedents of similar schemes to that proposed in Oxford elsewhere in the country, Barking and Dagenham for example, the decision of whether it can proceed lies ultimately with central government and is not within the Council's power to decide. On account of this uncertainty it is not possible within the budget to put exact figures to show the impact of this change, particularly in terms of recruitment. However, due to the significant gap between the high likely income and the much smaller impact on the budget, it is felt that the reasons for this should be explained in the final budget document for reasons of transparency. It is also felt that the protection of tenants in the private rented sector and the creation of multiple jobs within the city is a good news story which deserves greater prominence.

**19. That the Council in its final budget provides an explanatory note which references the unmentioned staffing and other cost-neutral impacts the scheme will have, and significant benefits of the selective licensing scheme: protection**

**of private sector tenants, and the creation of additional employment at no cost to the Council.**

### Pavement cafe licenses

94. The Review Group raised particular concerns about the cost and difficulty of securing pavement cafe licences for tables outside shops outside the city centre, where there is less passing footfall. The Council in 2017 reviewed its policy towards non-city centre street licences, halving the cost. However, in November 2019 there were no pavement café licenses granted in the reduced cost areas, indicating that businesses are breaking the law or missing out on the opportunity to improve the vibrancy and amenity of their streets. It appears to the Review Group that this area of regulation is not working well for any key stakeholders, with monitoring and enforcement costs for the Council, missed opportunity for businesses and reduced amenity for resident. Consequently it is recommended that the Council review its approach

**20. That the Council reviews its pavement café licensing scheme outside the City Centre giving particular consideration to the cost-benefit of existing fee income and the cost of monitoring and enforcement.**

### Community Services

95. The Community Services consists of Active Communities, Cultural Communities and Town Hall Facilities Management. In addition to corporate savings, Community Services is also supporting or providing some particularly public-facing events, which come with associated costs, including the upgrading of the Christmas lights and the OVO Women's Cycle Tour, which in 2021/22 is expected to finish its 2021 race in Oxford. The majority of its response is made up through increased income via fees and charges, with the redeployment of funding to reflect changing requirements, with an improved return from a renegotiated contract for the office block rented within the Town Hall as well. One area in which efficiencies are proposed is in the monitoring of Council grants.

96. Another area of particular concern for the Review Group was the proposed reversal to the AccessAble app, which provides detailed information to disabled people on things like lift availability and door lip height to help plan their visit. It is important to note that the reversal does not mean that the Council has decided not to include Oxford City in the app, but rather the costs of gathering the information for submission to the AccessAble app have been incurred and do not need to be repeated. The Ashmolean and the Westgate have independently engaged with the app, meaning that Oxford is particularly well served for when the app launches in April 2020.

### Income Generation

97. The Town Hall's status as a high-profile venue in the centre of Oxford is reflected in the proposed challenge to increase income generation by £100,000 within three years through capitalising on its prestige and location.

98. Located within the Town Hall, though administered separately, a policy proposal which will generate significant income is the charging of non-Oxfordshire residents visiting the Museum. Donation figures even at national museums are extremely low, and given Oxford's position as a key tourist destination there is the potential to secure a more

reliable income stream. At present, however, the team's primary focus is on ensuring the positive reopening of the museum. In the meantime, however, steps are being taken to increase donations through putting in a tap and donate system and exploring the possibility of audio tours.

### Grant Monitoring

99. The Council provides grants to local organisations each year of £1.5m. Of this figure, the majority is made available through services commissioned by relevant service areas; £130,000 is administered by the grants team as small grants. Following the retirement of the former post-holder, it is proposed that in combination with a lighter-touch monitoring and reporting regime, and the spreading of remaining work throughout the wider Communities team a saving is possible. A new IT reporting system is proposed to mitigate the service level impacts of a lighter-touch approach.

### Community Centre Leases

100. The Communities function is responsible for the oversight of the Council's community centres. The balance between income generation and wider corporate concerns is a fine one, because the assets are primarily community assets rather than commercial ventures. The Council provides staff to support those organisations that take on community centres to maximise usage, which not only provides them with greater sustainability but also provides greater community amenity.

101. Overall, the Council has invested significant effort to ensure that it has successfully negotiated leases with its tenants for its core community centres. There are only three outstanding, including Bullingdon Community Centre, which is due to undergo development works.

### Law and Governance

102. The Law and Governance service covers the Council's Legal Services team, the Committee and Member Services team, and Electoral Services. The key areas of focus within its budget proposals are increases to the Electoral Services budgets, and the recruitment of two additional lawyers. A number of proposals are made to offset these costs, but Law and Governance is an area of net budgetary growth.

### Cost Increases and Reduced Income

103. Budgets within Electoral Services have been subject to upward revaluations having previously been frozen. These have been required not only because of cost inflation, but also owing to the residual costs arising from national election events, where reimbursements from central government have become more unpredictable.

104. The major area of growth, however, is on account of an increase in the capacity of the Legal Services team to bring in a - currently absent - specialist in regeneration and commercial property, and to increase the number of planning lawyers from one to two. Whilst it is anticipated that the planning lawyer may enable the Council to bring in additional funding through section 106 agreements with developers, such income is difficult to predict and is not budgeted for. The justification for the roles is in their enabling

function for the Council's corporate priorities around regeneration, commercial property and managing the volume of planning-related work committed to in the new Local Plan.

105. It is recognised that these ambitions could be met through outsourcing work to external companies, but this would attract a higher hourly and overall cost and would still require significant and increased management commitment. In keeping with the Council's positive preference for in-sourcing and higher levels of service through greater control, the proposal to recruit additional solicitors to facilitate the corporate aspirations of the Council is endorsed but it is suggested that the reasoning for doing so is made more explicit.

**21. That the Council writes an explanatory note concerning the extra legal roles in Law and Governance, drawing attention to their necessity for the delivery of corporate priorities, the additional benefits they expect to bring and the challenge of quantifying those benefits.**

106. The Council receives a grant from central government to fund individual electoral registration. The funding for this is currently under review by Government and is anticipated to be withdrawn. Whilst the withdrawal is not guaranteed, prudential allowance has been made for this situation. Central government proposals to remove this funding are predicated on the assumption that Councils do not need funding any more to undertake this work because it will be achieved easily following canvass reform through data matching rather than through canvassing. However, due to the transience of its population, Oxford is amongst the most difficult places in the country for this to be achieved, indicating a potential challenge ahead.

#### Cost Mitigations

107. Efficiency savings are partially made up by more closely aligning budgets with actual expenditure over recent years – for example court fees and member training – and not continually running underspends. Consequently, there is expected to be no adverse impact on service levels.

108. The level of fees and charges was one area particularly considered by the Review Group. In a number of areas, such as property transactions and providing copies of legal documents, the Council's charges are not governed by statute, meaning it can set its own fee levels, subject to them being reasonable. With payers in these areas being extremely price-insensitive, it was suggested that the Council may wish to increase its fees by the level of inflation, and that associated non-legal fees around land transactions, such as estate management valuations and consents be similarly increased.

109. The Review Group notes that income expectations over land transactions can be unpredictable because of the relatively high number of transactions with community organisations, where it may not be in the Council's broader interest to levy the charges. It is suggested, therefore, that a review is undertaken to determine the anticipated impacts of increasing fee levels and the scope to increase them by inflation.

**22. That the Council reviews the merits and anticipated negative impacts of increasing fees and charges for land transactions within the Planning and Law and Governance services by the rate of inflation.**

## Chapter 5: Conclusions

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110. The Review Group welcomes the draft budget proposal as a sound plan for the future, but notes the increasing reliance on growing income streams from council-owned companies to support core services, the substantial increase in debt to generate these income streams and the specific financial risks arising from the Council's wish that nobody should have to sleep rough in Oxford. Close monitoring should be undertaken to ensure that income targets are met, and that the Council's efficiency savings are delivered.
111. The Review Group hopes that the Group's work will be welcomed by the Council as a positive contribution to the evidence base in determining the 2020/21 budget.

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