

Extract of the

Minutes of a meeting of the Cabinet on Wednesday 10 February 2021

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Committee members present:

Councillor Brown (Chair)	Councillor Turner (Deputy Leader)
Councillor Hayes (Deputy Leader)	Councillor Chapman
Councillor Clarkson	Councillor Hollingsworth
Councillor Rowley	Councillor Linda Smith
Councillor Tidball	Councillor Upton

Council agenda item 9

139. Scrutiny Committee Reports

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Cllr James Fry, spoke to the Budget Review Group's report, noting that its work had been particularly challenging given the present financial environment. He drew attention to just a few of the Group's many recommendations. The Covered Market was a significant and important heritage asset for the Council. Clarity about the costs and revenue associated with it would be helpful. Also in relation to the Covered Market there would be merit in accessing the necessary heritage expertise to ensure the soundness of decisions made in relation to it. The Group was concerned at the focus on commercial property investments and there may be merit in others which might be less risky, such as renewable energy. In relation to commercial property, the Group thought there should be greater focus on those assets close to and already owned by and well known to the Council. Social Impact bonds should be subject to clear assessments to ensure that their social impacts are closely aligned to the Council's responsibilities. The Group was concerned about the reduced level of contingency and to what extent the reserves which might need to be called upon were already earmarked. Finally, in the present environment, there would be merit in having a formal mid-year budget.

The Chair added her thanks to the valuable and detailed approach of the Review Group, noting that the majority of its 24 recommendations had been agreed in whole or in part. Councillor Ed Turner, Cabinet Member for Finance & Asset Management, paid tribute to the work of the Review Group, the challenge it provided was an important part of the Council's budget setting process. He added that there was no reason why there should not be continuing dialogue over some of the matters which had been raised.

Responding to the points raised by Cllr Fry, he agreed that there was merit in being able to look at the finances surrounding the Covered Market in the round. By no means all Council investment was in commercial property, the biggest area of investment and development, for example, being in housing. The changes in PWLB criteria facilitate investment in properties for regeneration which, in practice, means properties in the City but this would not represent the full extent of the Council's investment in

regeneration. If the financial position develops more favourably than anticipated, the Group had suggested that there would be merit in restoring cuts to grants. This understandable wish would have to be balanced against its other recommendation that the Council's diminished reserves should be replenished, notwithstanding the Council's continuing recognition of the importance of the grants scheme. There were however other ways in which some organisations supported by Council grants could access financial support and these would be explored. The desirability of a greater level of contingency was well understood but, in the present climate, could only be addressed at the present time by re-allocating reserves, whether earmarked or not or by making further savings and there seemed to be no appetite or proposals for the latter. He was uneasy about the recommendation for a mid-year budget. Budget updates were already provided regularly and changes were made as and when necessary. A full scale mid-year budget process was likely to have consequences for organisational stability and to be unnecessarily burdensome. It was important that there should be a robust reporting regime together with deft responses to changing circumstances and these were in place. Finally he noted that a fuller response would be provided to recommendation 24 than that shown in the report.

Cllr Mary Clarkson, Cabinet Member for City Centre, Covered Market and Culture, confirmed that appropriate expertise was being sought in relation to development of the Covered Market.

Council agenda item 10 – Budget – recommendations from Cabinet

Note that (h) is not identical to that in the report.

140. Budget 2021-22

The Head of Financial Services had submitted a report to present the outcome of the budget consultation and agree the Council's Medium Term Financial Strategy for 2022-23 to 2024-25 and 2021-22 Budget for recommendation to Council.

Councillor Ed Turner, Cabinet Member for Finance & Asset Management, introduced the report by thanking all those who had contributed to the budget consultation and to the officers for pulling together the proposals now before Cabinet. While there were, inevitably, some unwelcome proposals, the people of Oxford should not experience too much pain as a result of this budget, despite the very great pain felt by so many as a result of the current pandemic and the considerable consequences of it for the Council. This position is mostly attributable to having drawn heavily on the Council's reserves. It was a matter of very deep disappointment that the Government was failing to deliver on its promise of financial support for the consequences of the pandemic, to the tune of over £10m. Despite this, it had been possible, with the use of reserves, by working as efficiently as possible and making some difficult decisions, to assemble a balanced budget. It should also be noted that a one off non-consolidated pay deal for was very helpful in the present climate and illustrated the positive partnership approach with staff colleagues. He drew attention to an addendum which had been published in relation to fees for Café pavement licences, noting that it would be important to monitor the position in September when the more generous temporary Government scheme for pavement licences was due to come to an end.

Tom Bridgman, Executive Director for Development, drew attention to recommendation h) of the report, which sought an additional loan facility to OxWED. He requested that

this recommendation be amended to allow for a further £150k of revenue, from reserves, to be allocated in the 21/22 budget, to support a review of OxWED's company structure. As with the loan facility, this new allocation would be subject to a further Cabinet decision, expected in March.

Nigel Kennedy, Head of Financial Services, reaffirmed the particularly challenging nature of this year's budget setting process. Action taken over the last several months to reset this year's budget had contributed to the ability to propose a balanced budget for next year. The absence of promised Government support had presented the biggest challenge. The use of £11m of reserves represented a 30% reduction of available reserves and balances. There may be subsequent consequences for work which had been relying on earmarked reserves. Taken together the, Council's financial resilience had inevitably been compromised.

The Chair expressed great dismay at the wholly inadequate financial support from Government and paid tribute to all those involved in preparing such a particularly challenging budget.

Cabinet resolved to agree the amendments to the Consultation Budget and recommend that Council resolves to:

Approve the 2021-22 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Plan as set out in Appendices 1-10, noting:

- (a) the Council's General Fund Budget Requirement of £23.648 million for 2021/22 and an increase in the Band D Council Tax of 1.99% or £6.25 per annum representing a Band D Council Tax of £320.17 per annum**
- (b) the Housing Revenue Account budget for 2021/22 of £46.649 million and an increase of 1.50% (£1.57 per week) in social dwelling rents from 1 April 2021 giving a revised weekly average social rent of £105.32 as set out in Appendix 5**
- (c) the intention to consult Council house tenants on the setting of the initial rent on all new social housing at 5% above the formula rent whilst applying formula rent to any new builds let prior to the end of the consultation period as indicated in paragraph (paragraphs 38- 45).**
- (d) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6.**
- (e) the changes to fees and charges shown in Appendix 7**
- (f) the delegation to the Section 151 Officer in consultation with the Cabinet Member for Finance and Assets the decision to determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 13-15 below.**
- (g) the payment into the County Council Pension Fund of £5 million as referred to in the Consultation Budget and paragraph 20**
- (h) the inclusion of an additional loan facility of up to £1million on terms to be agreed by the Head of Financial Services, subject to the consideration and agreement of the Shareholder and Joint Venture Group (SHJVG) and Cabinet of report to Cabinet in March 2021 as referred to in paragraph 55 and a further £150k of revenue, from reserves, to be allocated in the 21/22 budget.**

Council agenda item 12 – recommendations from Cabinet

143. Council tax reduction scheme 2021/2022

The Head of Financial Services had submitted a report to consider the feedback from the recent consultation on the proposed changes to the 2021/22 Council Tax Reduction Scheme and to agree the principles of the new scheme to be drawn up for approval by Council.

Councillor Marie Tidball, Cabinet Member for Supporting Local Communities, introduced the report which set out proposals for the following year's Council Tax Reduction Scheme, following consultation. The Council was one of only 30 in England which continued to provide 100% Council Tax reduction. This was something which the Council was keen to maintain and had been reflected by responses to the consultation too. She outlined the major changes to the scheme as set out in the report. There had been over 400 responses to the consultation, significantly more than in previous years. A hardship fund was proposed to compensate for any unforeseen impacts of the changes although modelling the scheme had given confidence that these would be minimal.

The Chair confirmed the importance of the scheme for the Council and the significant level of response suggested the recognition of its importance to the people of Oxford.

Cabinet resolved to:

1. Note the outcome of the consultation on the proposed Council Tax Reduction Scheme;
2. Delegate authority to the Head of Financial Services to draft the details of the new Council Tax Reduction Scheme for 2021/22 in accordance with paragraphs 10-14 of this report; and
3. **Recommend Council to resolve to adopt the new Local Council Tax Reduction Scheme for 2021/22 taking into account the changes to the income bandings as highlighted in paragraphs 11-16, and moving to an Income banded scheme for all CTR claimants.**

Council agenda item 13 – recommendations from Cabinet

142. Treasury Management Strategy 2021/22

The Head of Financial Services had submitted a report to present the Council's Treasury Management Strategy for 2021/22 together with the Prudential Indicators for 2021/22 to 2024/25.

Councillor Ed Turner, Cabinet Member for Finance & Asset Management, introduced the report. At a time of very low interest rates this was a challenging area but one in relation to which, at the moment, there were no proposals for change.

Cabinet resolved to Recommend that Council approves:

1. **The Treasury Management Strategy 2021/22 as set out in paragraphs 19 to 62 and the Prudential Indicators for 2021/22 – 2024/25 as set out in Appendix 2;**
2. **The Borrowing Strategy at paragraphs 27 to 38;**

3. **The Minimum Revenue Provision (MRP) Statement at paragraphs 39 to 41 which sets out the Council’s policy on charging borrowing to the revenue account; and**
4. **The Investment Strategy for 2021/22 and investment criteria as set out in paragraphs 42 to 62 and Appendix 1.**

Council agenda item 14 – recommendations from Cabinet

141. Capital Strategy 2021-22

The Head of Financial Services had submitted a report to present the Capital Strategy for approval.

Councillor Ed Turner, Cabinet Member for Finance & Asset Management, introduced the report which set out a clear summary of the processes involved and which should, in turn, provide a robust route from inception to delivery of capital projects.

Cabinet resolved to:

Recommend that Council approves the Capital Strategy attached at Appendix A of the report.

Council agenda item 16 – recommendations from Cabinet

145. Programme approval and allocation for Public Sector Decarbonisation Funding

The Transition Director had submitted a report to seek programme approval and delegations to enable capital grant spend of Public Sector Decarbonisation Funding for provision of heat pumps, thermal storage and battery storage at Oxford City Council sites and development of renewable energy to power to reduce council carbon emissions. To delegate officers to enter into funding and other necessary agreement for the purpose of delivery of decarbonisation projects through this programme.

Councillor Tom Hayes, Cabinet Member for Green Transport and Zero Carbon Oxford, introduced the report. The Government had, at very short notice, given authorities the opportunity to bid for funding to assist with decarbonisation programmes. The Council’s successful bid for nearly £11m to assist with specific projects was very welcome, and began to address the funding gap mentioned in relation to the previous item. There would be regular updates on progress. The Transition Director noted that Heat Pumps would be central to the success of these projects and an eye was being kept on their availability as there were suggestions that they might be in short supply. The projects would be overseen and delivered by a multi-disciplinary team.

The Chair noted that the recommendation should be amended to include reference, also, to the Cabinet Member for Leisure and Parks, given the nature of the projects proposed.

Cabinet resolved to:

1. Give programme approval to the development of the decarbonisation proposals, to accept and ratify funding agreements to further reduce the Council’s carbon emissions; and any other necessary agreements or contract, as set out in this report

- for prospective sites at Hinksey Pool, Town Hall, Ice Rink, Leys Leisure Centre, Barton Leisure Centre and Rose Hill Community Centre;
2. Delegate authority to the Transition Director, in consultation with the Cabinet Member for Zero Carbon Oxford; the Cabinet Member for Leisure and Parks; the Head of Financial Services/Section 151 Officer; and the Councils Monitoring Officer, to commence expenditure to carry out the work to develop proposals for funding and subject to their satisfactory conclusion, enter into funding and other necessary agreements, including construction contracts, for the purpose of development and delivery of decarbonisation projects across Oxford City Council estate;
 3. **Recommend to Council the allocation of a capital budget of £10.923 million;**
 4. Note: the programme management arrangements as set out in the report and the workload prioritisation implications for the Carbon Reduction Team; and
 5. Note that a further report on the arrangements for securing the local renewable energy source and the developed proposals will follow in due course.

Council agenda item 17 – recommendations from Cabinet

146. Housing and Asset Management System Project Update and Funding Position

The Head of Housing Services and Head of Financial Services have submitted a report to present the current status of the Housing and Asset Management System, to describe the plan for completion, and to seek additional funds to achieve project go-live.

Councillor Mike Rowley, Cabinet Member for Affordable Housing, introduced the report which rehearsed the history of a contract with a supplier for a new housing asset management system which would bring together a range of databases critical to the effectiveness of the Council and Oxford Direct Services. There had been a succession of delays to the go live date, the first being May 2019, the last being October 2020 when it was decided to wait further until completion of ongoing testing of the system. The delays were attributable for the most part to the contractor. The delay in implementation had resulted in additional costs to the Council of £264,000. He confirmed that while there was ongoing work for the recovery of costs, Cabinet was being asked to confirm provision of the additional sum in case needed. Despite the difficulties experienced it was clear that a system such as this was needed, and that the one being provided remained the best option. Lessons had been learnt from this project, particularly the importance of robust project management and the need for the appropriate skills when procuring IT systems.

Cabinet resolved to:

1. Endorse the revised go-live plan for the Housing Asset Management System project;
2. **Recommend to Council the approval of a capital budget for the additional expenditure of £264,296 required to complete the project;** and
3. **Note** the appendices supplied with this report.