

Remote meeting

Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Thursday 8 July 2021

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Committee members present:

Councillor Fry

Councillor Jarvis

Councillor Landell Mills

Councillor Latif

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

Tom Hudson, Scrutiny Officer

1. Apologies

Councillor Andrew Gant tendered apologies for the meeting

2. Declarations of Interest

None

3. Finance and Performance Work Plan

The Panel were informed that with changes to the Forward Plan the September meeting would coincide with the Treasury Management report and Integrated Performance Report Q1. As such, the recommendation in the agenda – to combine the August and September meetings – was no longer possible and that the meetings should remain as scheduled, with the Treasury Management and Integrated Performance Reports added to the September agenda.

4. Notes of Previous Meeting

The notes of the meeting held on 27 January 2021 were **AGREED** as a correct record.

5. Outturn and Performance Report 2020/21

Anna Winship, Financial Accounting Manager, presented the Financial Outturn Report 2020/21 to the Panel.

Headline figures showed a deficit of a little over £2m for the General Fund owing to the effect of Covid, with the recommendation being that, as previously agreed, the deficit would be covered by the use of reserves. The level of reserves stood at £68.4m, of

which 17% was reserved for Covid-related costs. It was hoped, however, that reserves in later years would be replenished. The HRA showed a favourable variance of £8.4m, with £1.9m to be carried forward and £6.5m being transferred to the HRA reserves for future capital spending. Capital Spending stood at £68.8m, a favourable variance against the latest budget forecast of almost £10m.

Within the General Fund most service areas reliant on income were showing adverse variance owing to having not achieved the expected income targets. Big drops in income were noted particularly with regards to Building Control, Community Services (particularly the Town Hall), car parking and corporate property. Bad debt provision was being made for the income not received in the last year from the Council's corporate tenants. Further, no interim dividend was declared by ODS. In addition, the local cost of benefits showed an adverse variance of £0.85m, arising from loss of subsidy due to local authority error of around £350k (0.5% of total spend and a figure lower than many recent years) and a reduction in overpayment income raised compared to last year, due to increases in benefit entitlement and reduced ability to collect arrears, all in relation to COVID 19. Favourable figures relating to interest payable arose because of not having to borrow as much as anticipated. Another favourable variance, on funding arose because higher losses from car parking meant an increase in government support for lost sales, fees and charges. Although presenting as a favourable variance, overall the recompense of the government did not cover losses which precipitated the government support.

Councillor Amar Latif joined the meeting at this point

In response the Panel raised a number of questions, including the degree to which income losses could certainly be apportioned to Covid and not be masking alternative issues. Officer views were of the view that losses in income were directly attributable, the rapid rise non-payment of rent in commercial properties, the closure of the Town Hall and loss of income, and the precipitous drop in car parking coinciding precisely with Covid. Future expectations of commercial property arrears were discussed, with the existing bad debt provision being expected to be fully used. When setting the budget, a long-term impairment of income of £2m was forecast. Other income streams were anticipated to bounce back more fully and swiftly.

When set against other authorities Oxford's position, though not easy, was better than many. In the last week a further Council, Slough Borough Council, had had to issue a s.114 notice, declaring its inability to deliver a balanced budget. The Audit Committee had also raised similar questions, and the Council's auditors had shared a similar view. That said, the Council's strategy of trading to underpin service levels necessarily involved greater inherent risk than similar-sized councils choosing to make cuts to services instead.

The Council's contractual relationship with Fusion was questioned, with the future of the management fee paid by Fusion being mutually agreed not to be paid in for the remainder of the contract expiring in 2024.

The quantum of government support for sales, fees and charges was raised. It was confirmed that approximately £7m had been received. Contrary to previous expectation the Council was not anticipating any audit in regards to that figure, providing greater certainty that the figure would not alter. The Panel was informed that losses incurred after the first quarter of the current year would cease to be reimbursed by government.

Anna Winship, Management Accountancy Manager introduced the Capital Spending element of the report to the Panel at this point. Budgeted spend was £143m, with actual spend being almost £69m and a slippage of £74m. The majority of the slippage, and in particular where building was concerned, was related to Covid with access to buildings and supply chain issues proving very disruptive. On the HRA capital scheme, a lot of the rolling repairs made to Council homes stopped being delivered by ODS to protect both staff and tenants from infection risks. The programme was being scheduled to be caught up over the coming 24 months.

An update was requested by the Panel concerning the implementation of the Aareon QL system. The system did go live on 18th of May following a significant delay, but there had been problems since the go-live date, including difficulties paying suppliers and the Council's wholly owned company ODS for work done, as well as the provision of financial information to both ODS and the Council. A team of officers from ICT, Housing, Finance, and from ODS and the IT supplier Aareon were working together on a project team to address those problems. The Council was seeking to mitigate these problems by making direct bank payments manually, but it was resource-intensive for all areas involved and unsustainable. Latest forecasts were that 'business as usual' would be achieved from September. The Panel requested an update on progress at its next meeting.

Discussion was held over the challenges of maintaining income from Council tenants whilst at the same time protecting those in arrears from homelessness at a time of vulnerability. Due to changes in processes to provide earlier intervention the Council had actually improved its collection rate despite Covid, all whilst not evicting tenants or taking other enforcement action. The Panel expressed a wish that lessons from this be learnt for the future and expressed praise for the work of the team responsible.

6. Scrutiny-selected Performance Monitoring

The report was introduced by Tom Hudson, Scrutiny Officer. In setting up the Finance and Performance Panel the Scrutiny Committee had included within the Panel's remit responsibility for performance monitoring. Historically, the Panel had considered Cabinet papers of the Integrated Performance Report, but had also identified a suite of its own indicators to consider on a regular basis. The Panel was asked to make a change to previous performance monitoring, which had been undertaken by one officer trying to respond in-depth questions on areas beyond their own service. It was **AGREED** by the Panel that performance monitoring would be a standing item on the agenda, but that it would not be presented by an officer. Instead, the Panel would at that point agree questions to relevant officers for written responses, or invite the relevant officers to talk at the following meeting.

Concerning which measures to track, the Panel **AGREED** that the most time efficient way to agree measures would be for Panel members to send their list of up to 25 measures to the Scrutiny Officer by e mail, and for a composite list to be created from the responses.

A modification was requested to the performance monitoring report template, with previous years' performance included (where available). Further, it was **AGREED** by the Panel that it was important that they understood the basis by which the targets were set, and that this process be explained to them by a relevant officer at the next meeting.

7. Dates of next meeting

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

The meeting started at 6.00 pm and ended at 7.20 pm

Chair

Date: Monday 2 August 2021