

Minutes of a meeting of the Cabinet on Wednesday 9 February 2022

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Cabinet members present:

Councillor Brown

Councillor Arshad

Councillor Walcott

Councillor Hollingsworth

Councillor Upton

Councillor Turner

Councillor Aziz

Councillor Clarkson

Councillor Rowley

Officers present for all or part of the meeting:

Caroline Green, Chief Executive

Susan Sale, Monitoring Officer and Head of Law & Governance

Stephen Gabriel, Executive Director for Communities and People

Tom Bridgman, Executive Director (Development)

Nigel Kennedy, Head of Financial Services

Tom Hudson, Scrutiny Officer

Jenny Barker, Regeneration Manager

Mish Tullar, Head of Corporate Strategy

Emma Lund, Committee and Member Services Officer

Also present:

Councillor Wade, Chair of Scrutiny Committee

Apologies:

Councillor Hayes sent apologies.

103. Declarations of Interest

None.

104. Addresses and Questions by Members of the Public

None.

105. Councillor Addresses on any item for decision on the Cabinet agenda

None.

106. Councillor Addresses on Neighbourhood Issues

None.

107. Items raised by Cabinet Members

None.

108. Scrutiny reports

Cllr Wade, Chair of the Scrutiny Committee, reported that it had been hoped to approve four reports and recommendations to Cabinet at the scrutiny meeting held on 1 February: Budget Review; Climate Emergency Review; Procurement Review and Oxfordshire Plan 2050. The Procurement Review and Climate Emergency Review were awaiting further contributions from either the Cabinet Member or a Scrutiny Committee Member and would therefore be reported to the next Cabinet meeting. With regard to the Oxfordshire Plan 2050, it had been decided that an extraordinary scrutiny meeting was needed in order to develop the recommendations. This would be held in March.

Tom Hudson, Scrutiny Officer, presented the main findings and recommendations of the Budget Review Group on behalf of its Chair, Councillor Fry. It was noted that the financial climate remained very difficult: the impact of the pandemic had led to reserves being reduced to half of their former level. The challenges of budget setting were identified as not only the legal duty of needing to achieve a balanced budget, but also the 'higher bar' of delivering core and strategic priorities for the benefit of residents. It was recognised that a significant amount of work had been done within the budget to develop funding streams and opportunities for income generation, identify efficiencies, and manage risk. The Council's financial risk profile had by necessity increased: however, the Budget Review Group had been generally supportive of the risk balance of the budget proposals. The majority of its recommendations had related to clarifications and minimising uncertainty rather than suggesting changes to budget allocations.

Councillor Fry had identified the Group's key recommendations as being that the Council reverses its proposals to make £25k cuts to advice centre base budgets, as well as two recommendations relating to regeneration and investment which were contained in the Part II report. It was also important to ensure that savings arising from transformation were clearly delineated and not 'double-counted'. The Budget Review Group had wished Cabinet well for delivery of the budget in the current challenging financial environment.

The Chair thanked the Budget Review Group and the Scrutiny Officer for their work in conducting a thorough review. The contribution of the Group to the budget process was appreciated by Cabinet.

109. Medium Term Financial Strategy 2023/24 to 2025/26 and 2022/23 Budget

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 2023/24 to 2025/26 and 2022/23 Budget for recommendation to Council.

Councillor Ed Turner, Deputy Leader (Statutory) – Finance and Asset Management introduced the report and thanked scrutiny for a clear, helpful and rigorous review. The scrutiny challenge had highlighted important points and had provided a useful independent sense check. Cabinet accepted the recommendation relating to advice centres, and a change had now been proposed. The recommendation which cautioned against double-counting was also accepted. The comments of scrutiny relating to the increase in risk to the Council (for example, through non-delivery of projects) were also accepted and agreed.

Councillor Turner commented that it had been pleasing to note that the responses to the budget consultation had been broadly supportive of key policies: in particular the 'Oxford model' of generating income from companies and other sources in order to avoid cutting services. Support had also been expressed for the proposed Council Tax increase of 1.99% in order to increase revenue and prevent service cuts. The Local Government Finance Settlement had been slightly better than anticipated; however, it was a one year settlement which would be partially off-set by a future reduction in the Council Tax base. The Council had needed to take £11m out of reserves to fund the impact of Covid: a level of expenditure which was not adequately compensated by the Government.

Councillor Turner drew attention to the 'steady state' elements of the budget, particularly discretionary services, which often drew little attention in budget discussions but which reflected Cabinet's priorities. These included youth ambition; providing a full network of community centres; rebuilding three community centres; leisure work such as free swimming sessions; support for the voluntary and cultural sectors; and supporting an inclusive economy.

Councillor Turner also highlighted how Local Government funding arrangements had changed over the years. Ten or fifteen years ago the Council's income had largely comprised a mix of commercial property income, car parks income, council tax income and government grants. Whilst it was exciting and appropriate that the Council was now more innovative in generating income, this did necessitate more complex arrangements and an associated increase in the risk profile.

Nigel Kennedy, Head of Financial Services, reported that the impacts of the pandemic were still being felt on the commercial revenue stream (for example commercial rents and car parking). The Finance Settlement had been confirmed a few days ago, and largely reflected what had been included in the consultation budget around business rates. A one year settlement had been provided, rather than the three years which had been hoped for. The settlement had also confirmed the referendum levels for council tax: 1.99% was the maximum increase, above which a referendum would be needed.

Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery, commented that in terms of how the budget was presented it could be difficult to convey exactly how services were funded, the importance of income streams from commercial activity, and the link between net budgets and the larger gross budgets which operated underneath. It was suggested that changes might be made to the presentation in order to show how reliant the Council was on other revenue streams. The Deputy Leader (Statutory) – Finance and Asset Management and the Head of Financial Services undertook to give consideration to this for future budget reports. The Head of Financial Services clarified that of the £65 million gross income for 2022/23, circa 57% would derive from fees and charges and from companies.

The Chair thanked the Head of Financial Services and his team, as well as the Deputy Leader (Statutory) – Finance and Asset Management, for all their work in achieving a balanced budget which also protected services.

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

1. **Approve** the 2022-23 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Strategy as set out in appendices 1-10, noting:
 - a) the Council's General Fund Budget Requirement of £22.382 million for 2022/23 and an increase in the Band D Council Tax of 1.99% or £6.37 per annum representing a Band D Council Tax of £326.54 per annum;
 - b) the Housing Revenue Account budget for 2022/23 of £47.882 million and an increase of 4.10% (£4.51 per week) in social dwelling rents from 1 April 2022 giving a revised weekly average social rent of £112.00 as set out in Appendix 5;
 - c) the increase in shared ownership rental in accordance with the lease as shown in paragraph 44 and the discretion used by the Head of Housing in setting the initial rent for the unsold share of 2% and giving delegated approval to the Head of Housing to set this for future shared ownership rents up to 2.75%;
 - d) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6;
 - e) the fees and charges shown in Appendix 7;
 - f) the delegation to the Section 151 Officer in consultation with the Cabinet Member for Finance and Asset Management 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 of the report;
 - g) the payment into the County Council Pension Fund of £5 million in 2023-24 as referred to in paragraph 20 of the report;
 - i) the disposal of 4 Housing Revenue Account properties in accordance with paragraph 44 subject to any necessary consents that are required;
 - j) the increase in the 'multiplier' for the use in Furnished Tenancy charges in accordance with paragraph 44;
 - k) the change in the Cabinet decision made in December 2021 and reinstatement of the £25k funding which was reduced by that decision.
2. **Approve** the appropriation of Alice Smith House from the Housing Revenue Account to the General Fund, subject to any consents which are required.

110. Capital Strategy 2022/23 - 2025/26

The Head of Financial Services had submitted a report which presented the Capital Strategy for approval.

Councillor Turner, Deputy Leader (Statutory) – Finance and Asset Management commented that production of a capital strategy was a requirement of the Constitution, and its contents linked to the budget. Changes which had been made to the Strategy this year related to how schemes were selected and added to the Capital Programme. Councillor Turner highlighted the importance of ensuring the delivery of the capital programme, as well as the challenges this involved.

Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery, questioned whether the presentation of capital programme items in the quarterly monitoring report might be split, for slippage assessment purposes, between those which related to construction projects and those which were large cash transactions and the Head of Financial Services agreed to look at this.

Cabinet resolved to:

1. **Recommend** that Council approves the Capital Strategy attached at Appendix 1 to the report.

111. Treasury Management Strategy 2022/23

The Head of Financial Strategy had submitted a report which presented the Council's Treasury Management Strategy for 2022/23 together with the Prudential Indicators for 2022/23 – 2025/26.

Councillor Ed Turner, Deputy Leader (Statutory) – Finance and Asset Management reported that it was proposed to maintain limitations on non-specified investments as currently. Some changes had been made to the Strategy in order to align with revised Cipfa and government guidance. Additionally, a new Environmental, Social and Governance Policy had been added. The Council's Treasury Management advisors would be providing information on risk ratings for counterparties with which the Council wanted to invest.

Although there was no change to the Minimum Revenue Provision (MRP) in 2022/23 it was subject to recent Government consultation, meaning that future changes were possible.

Cabinet resolved to:

1. **Recommend** that Council approves:
 1. The Treasury Management Strategy 2022/23 as set out in paragraphs 22 to 63 of the report and the Prudential Indicators for 2022/23 – 2025/26 as set out in Appendix 2;
 2. The Borrowing Strategy 2022/23 at paragraphs 38 to 40 of the report;
 3. The Minimum Revenue Provision (MRP) Statement at paragraphs 41 to 43 of the report which sets out the Council's policy on charging borrowing to the revenue account; and
 4. The Investment Strategy for 2022/23 and the investment criteria as set out in paragraphs 44 to 62 of the report and in Appendix 1.

112. Development of land at South Oxford Science Village (Land South of Grenoble Road)

The Executive Director for Development had submitted a report which sought agreement for the Council to enter into a joint venture Limited Liability Partnership with Thames Water and Magdalen College, as the three land owners of the land allocated for redevelopment off Grenoble Road known as the South Oxford Science Village site, and in doing so, to commit the land for development.

Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery, presented the report.

The Leader expressed support for the proposal, which is the next step towards enabling the delivery of homes adjacent to the city where they were both needed and wanted. Through the provision of housing it would help to support those currently in housing need, as well as those who had had to leave the city for economic reasons but wished to return.

Councillor Shaista Aziz, Cabinet Member for Inclusive Communities, also expressed support for the proposal and gave examples of residents within her ward who were currently in housing need and had been on the council house waiting list for a significant period of time.

Cabinet resolved to:

1. **Delegate** to the Director for Development, in consultation with the Cabinet Members for Finance and Asset Management and Planning and Housing Delivery, the Head of Law and Governance and the Head of Financial Services, the agreement to create a limited liability partnership with Magdalen College, Oxford, and Thames Water, its incorporation, and the agreement of the detailed drafting of the LLP agreement and any ancillary documents, and entering into it and any ancillary documents on behalf of the Council;
2. **Delegate** to the Director for Development, in consultation with the Cabinet Members for Finance and Asset Management and Planning and Housing Delivery, the Head of Law and Governance and the Head of Financial Services, the decision, following the receipt of advice, whether to pursue an option or conditional contract, the final drafting of any such option or contract, the granting of any such option or contract, or the entering into agreement on any such option or contract which commits the Council's land, within the SOSV allocation, to be available to be drawn down by the LLP when the land is needed for development. This will include ensuring the requirements of S123 of the Local Government Act 1972 are met and that any disposal is for the best consideration that can reasonably be obtained or otherwise in compliance with the requirements of section 123;
3. **Recommend** to Council the establishment of a revenue budget of £556k to enable the work to bring the site forward for development, and for internal and external resources its business. Where appropriate and agreed with the Head of Financial Services the costs will be capitalised and the appropriate budget vired from revenue to capital in line with the capitalisation;
4. **Recommend** to Council a loan of up to £500k to be made to the LLP to cover the council's share of running the LLP (% share based on % land ownership within the allocation) to be repaid with interest on terms agreed with the Head of Financial Services. The appropriate capital and revenue budgets to be established, to be agreed with the Head of Financial Services, based on the LLP Business Plan and Budget.

113. Minutes

Cabinet resolved to approve the minutes of the meeting held on 26 January 2022 as a true and accurate record.

114. Dates of Future Meetings

Meetings are scheduled for the following dates:

16 March 2022

13 April 2022

15 June 2022

13 July 2022

10 August 2022

All meetings start at 6pm.

115. Matters Exempt from Publication

Cabinet passed a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude members of the public from discussion of the following item on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 3 of Schedule 12A of the Local Government Act 1972.

116. Medium Term Financial Strategy 2023/24 to 2025/26 and 2022/23 Budget

By way of clarification, Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery, drew attention to the confidential Budget Review Group discussions which had been included within its report. These referred at paragraph 6 to a 'Redbridge site' both in relation to the potential development of a depot and as part of an unrelated OCH business plan. Councillor Hollingsworth clarified that the 'Redbridge site' was in fact two different sites – the Redbridge Park and Ride (which was owned by Oxfordshire County Council) and Redbridge Paddock (which was a brownfield site).

The meeting started at 6.00 pm and ended at 6.41 pm

Chair

Date: Wednesday 16 March 2022

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