
Scrutiny Budget Review 2026/2027

Report of the Budget Review Group 2026/2027

Commissioned by Oxford City Council's Scrutiny Committee

Contents

Click the hyperlinks below to go to the relevant section:

Foreword

Chapter 1: Introduction

Chapter 2: Methodology

Chapter 3: Background and Context

Chapter 4: Findings and Recommendations

Place

Environmental Services

Planning and Regulatory Services

Corporate Property

City and Citizens Services

Community Safety

Housing Services

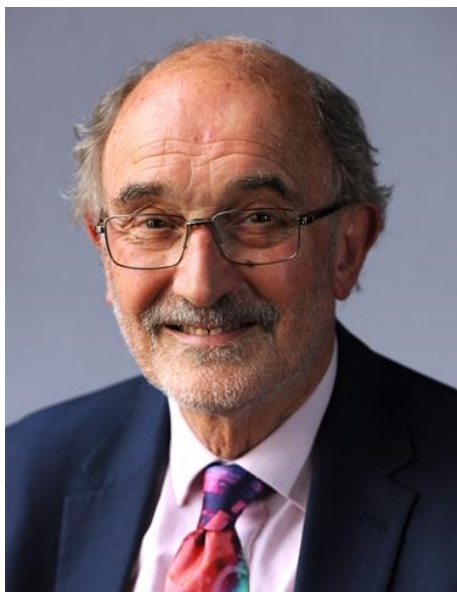
Culture

Leisure Services

ICT

Chapter 5: Conclusion

Foreword



The Budget Review Group (BRG) is an excellent example of cooperation among officers and councillors in a very tight timetable. Five meetings are held by the BRG in January to hear officers answer a series of questions prepared beforehand by the BRG about all aspects of City Council activities, including the Council's wholly owned companies.

Special thanks must go to two officers in particular, Nigel Kennedy, the Group Finance Director, whose team prepares all the detailed Budget forecasts and analyses the impact of changes discussed during the BRG's deliberations; and Celeste Reyeslao, the Scrutiny and Governance Advisor, who organises all the meetings, liaising with the officers who attend the meetings and writing up notes of all the meetings and keeping the

whole process on track. This year's Budget preparations are particularly poignant since they are the last ones that Nigel Kennedy will direct before he takes a well-earned retirement.

The details of the Budget and the recommendations made by the BRG are presented in this report. Two features should be highlighted.

First, Local Government Reorganisation means that the City Council will not manage the budget for the area that will include Oxford City in the third and fourth years. Nevertheless, the Budget is balanced over the full four years, avoiding the temptation to which some other councils are said to have succumbed, spending irresponsibly in the next year or two without regard to the harsh legacy that this would leave for successor councils.

Second, the latest financial settlement, published as late as December, is not generous to the city in that, assuming that Council Taxes are raised at the maximum rate that would not trigger a referendum, there is a real term reduction in the City Council budget.

Despite this, with prudent financial management and the income generated by the council companies, the Budget avoids unpleasant cuts in services. Instead, in the proposals that will be submitted to the Council Budget meeting, there is scope for welcome boosts to services.

A handwritten signature in black ink, appearing to read 'James Fry'.

Councillor James Fry, Chair of the Budget Review Group 2026/2027

Chapter 1: Introduction

1. Each year, the Council has a statutory requirement under the Local Government Finance Act 1992 to set a balanced budget. Scrutiny's role within this process is to provide an independent second view through detailed consideration and discussions. This work is carried out the Budget Review Group who is tasked to identify areas where proposals could be strengthened and risks better managed. The Group then formulate recommendations for Cabinet to consider before the final budget proposals are put to Full Council for final approval.
2. Between December 2025 and January 2026, the Budget Review Group examined the Council's draft 2026/27 Budget and the Medium-Term Financial Plan (MTFP) for the period 2027/28 to 2029/30, as approved by Cabinet for consultation in December 2025. The Group's focus was not only on the headline figures, but on the assumptions, risks, and trade-offs that sit behind them, and on whether the proposals are realistic and aligned with the Council's priorities.
3. Effective scrutiny of the budget is considered a cornerstone of good governance. It creates space for challenge and accountability that help ensure that difficult financial decisions are taken with an understanding of their consequences, including the sustainability of the Council services and the consideration of the wider economic and policy context in which the Council operates. Alongside the annual budget review process, the Finance and Performance Working Group maintains a year-round monitoring of spend and performance, providing ongoing oversight of how public money is being used.
4. Established by the Scrutiny Committee, the Budget Review Group has a cross-party membership which mirrors that of the Finance and Performance Working Group. Its membership is as follows:
 - Councillor James Fry
 - Councillor Chris Jarvis
 - Councillor Dr Christopher Smowton
 - Councillor Ian Yeatman
5. Their work is supplemented by additional contributions from the Housing and Homelessness Working Group and the Climate and Environment Working Group where relevant, to ensure that specialist knowledge informed scrutiny of the Housing budget and of spending proposals linked to environmental sustainability.
6. This report is written with two audiences in mind. First, it is directed to the Cabinet, setting out clear, evidence-based recommendations which the Group believes would strengthen the budget. Secondly, it is written for residents, to demonstrate that independent and rigorous scrutiny has taken place, that public money is not being exposed to undue risk, and that resources are being allocated responsibly.
7. It draws out key themes considered during the review and highlights the main recommendations that emerged during the examination of budgets across all service areas. It is not intended as comprehensive analyses of every element of the budget; instead it focuses on areas where scrutiny added the greatest value. The report will be considered by the Scrutiny Committee on 3 February 2026, before being presented to Cabinet and Full Council on 11 and 23 February 2026 respectively.

Chapter 2: Methodology

8. The Budget Review Group's work was carried out through a series of five meetings held between December 2025 and January 2026. The purpose of these meetings was to provide an independent, cross-party examination of the 2026/27 budget proposals to test the soundness and realism of the proposals, and to identify areas where further assurance or improvement was required. The Group's examination was primarily based on the Cabinet's draft budget proposals approved for consultation on 10 December 2025, which formed the principal reference document for the review.
9. Key themes and questions the Group sought to explore included:
 - The progress of financial mitigation strategies arising from the various pressures on Council finances
 - The interaction, robustness and financial impact of the financial returns to the Council from Oxford Direct Services and OX Place business plans – including scrutiny of the ODS and OX Place Business Plans and their importance in relation to the financial sustainability of the Council
 - Specific consideration of the Council's planning regarding macroeconomic factors such as inflation and the cost-of-living crisis
 - The robustness of plans and risks to the Council's anticipated income streams, particularly relating to parking, commercial property and the Council's companies
 - The robustness of the HRA Business Plan
 - Assessment of overall strategy and individual proposals to mitigate lost income and to reduce costs, including the deliverability of proposals for income generation and savings
 - Planned borrowing levels and the impact of the changes arising from Minimum Revenue Provision
 - Levels of contingencies and earmarked reserves
 - Deliverability of the Capital Programme and its relation to previous iterations of the Medium-Term Financial Plan
 - The realism of optimism bias assumptions applied to the Capital Programme
 - The risk of slippage in the revenues projected from commercial properties if new lettings are delayed
 - Progress with, and opportunities to exploit further, emerging technologies such as Artificial Intelligence (AI) and Robotic Process Automation (RPA) to increase productivity/efficiency
 - The impact of the challenges faced in officer recruitment and retention on the ability to realise the MTFP (e.g., under-achievement of performance targets, unplanned expenditure on temporary staff, delivery of plans and increasing pressure on existing staff)
 - The impact of Government policies on local government finances and plans for Local Government restructure
 - The impact of budget proposals on service users and the wider community
10. The Group's findings and recommendations are informed by the evidence provided by senior Council officers during its meetings, together with detailed written

responses to questions submitted in advance by members. The full set of pre-submitted questions and corresponding responses is included as a confidential appendix to this report.

11. Contributors to whom the Budget Review Group offers its thanks:

- Richard Adams, Community Safety Service Manager
- Tim Bacon, Head of Development (OX Place)
- Helen Bishop, Director Communities & Citizens
- Tom Bridgman, Deputy Chief Executive – Place
- Emma Burson, Finance Business Partner
- David Butler, Director of Planning & Regulatory Services
- Lucy Cherry, Policy and Partnerships Officer
- Paul Concannon, Chief Operating Officer (ODS)
- Andrew Friar, Finance Business Partner
- Peter Gardiner, Interim Strategic Finance Manager (OX Place)
- Bill Graves, Landlord Services Manager
- Caroline Green, Chief Executive
- Emma Gubbins, Corporate Asset Lead
- Tom Hook, Deputy Chief Executive – City and Citizens' Services
- Simon Howick, Managing Director for Oxford Direct Services
- David Hunt, Commercial Manager
- Jason Jones, Finance Business Partner
- Nigel Kennedy, Group Finance Director
- Rocco Labellarte, Chief Information & Technology Officer
- Hagan Lewisman, Active Communities Manager
- Jonathan Malton, Committee and Member Services Manager
- Tina Mould, Environmental Sustainability Lead
- Nerys Parry, Director of Housing
- Clare Paterson, Strategic Finance Manager
- Malcolm Peek, Property Services Manager
- Paula Redway, Culture and Communities Development Manager
- Paul Swaffield, Finance Project Accountant
- Roger Thompson, Managing Director for OX Place
- Chris Urwin, Executive Director – Finance (ODS)
- Rupert Waters, Economy, City Centre and Green Transport Lead
- Richard Wood, Housing Strategy and Needs Manager

Chapter 3: Background and Context

12. The setting of the 2026/27 budget and MTFP has taken place against a backdrop of unusual uncertainty. At the point at which the draft proposals were developed, the Council faced the absence of a confirmed multi-year local government finance settlement, and the prospect of local government reorganisation within Oxfordshire. The budget, therefore, had been developed with careful and reasoned assumptions, and on the basis that the Council continues as an ongoing concern without making assumptions about the outcome or timing of LGR.
13. In this context, the Council sought to avoid a position that was unduly pessimistic – leading to unnecessary service reductions and avoidable concern for residents and the workforce; or unrealistically optimistic, relying on assumptions that may not materialise and creating risks for future years. Instead, a middle-ground approach was taken. Best described as cautiously realistic, with an aim to maintain stability all the while remaining responsive to changes once greater clarity emerged.
14. For the first time in this decade, local authorities expected to move towards a multi-year funding settlement. Announcements had come later than anticipated and as a result, the Council was required to prepare its budget without confirmation of its final level of core funding. This uncertainty was compounded by the anticipated introduction of Fairer Funding reforms and the resetting of business rates baselines. Whilst there was some degree of confidence that Oxford may benefit from aspects of these changes, the scale and distributional impacts were unclear considering they could have significant implications on the city's neighbouring districts.
15. Alongside funding uncertainty, the prospect of local government reorganisation presented further contextual factor. With final structure, geography, and governance arrangements still to be known, there is widespread expectation that change could occur within the planning period covered by the MTFP. Decisions taken now may therefore affect not only the remainder of the current Council's existence, but also any successor authority. To recognise the complexity of potential changes, the budget included provision for costs associated with preparatory LGR work.
16. The use of reserves has also been a key consideration in the development of the budget, with the MTFP allowing for use of up to £8 million over the term. However, while this enabled the budget to remain balanced in the short term, it was strongly emphasised that this would not be a sustainable position if continued indefinitely.
17. Continued pressures within the Housing Services, particularly the rising cost of temporary accommodation, remain a major driver of expenditure for the Council. Without intervention, these costs are forecast to increase even greater over the medium term. To that end, the budget sets aside £32 million, to reflect a strategic shift towards property acquisition, primarily through the Housing Revenue Account where borrowing is more affordable. This should reduce TA costs and limit the Council's exposure to costly TA markets, ultimately stabilising the spend over time.
18. Taking into account the wider economic environment, in which inflation is expected to slow, Inflation's cumulative impact continues to place upward pressure on pay, contracts, and construction costs. Interest rate assumptions also directly affect the affordability of borrowing. The budget had therefore been built on cautious economic

assumptions, including a council tax increase of 2.99% for 2026-27, the maximum permitted without a referendum, and thereafter to reflect these pressures.

19. Finally, the Council operates within an increasingly demanding regulatory and statutory framework, particularly in relation to social housing. Heightened regulatory requirements limit flexibility in some areas of spend and require investing in risk management and compliance. At the same time, the budget is underpinned by a continued commitment to address inequality within the city. It provides genuinely affordable housing, community grants, advice services, and continuation of the council tax reduction scheme for households on low incomes, with the poorest paying no council tax at all.
20. Taken together, these factors explain the overall shape of the 2026/27 budget and MTFP and is central to understanding the scrutiny work that followed.

Chapter 4: Findings and Recommendations

Place

Environmental Services

Packaging Extended Producer Responsibility (pEPR) and Simpler Recycling

22. The Budget Review Group sought clarity on the impact of forthcoming packaging reforms, including whether they are assumed to be revenue neutral for the City Council and what this means for working arrangements between the City (waste collection) and County (waste disposal) councils. The Group learned that the reforms are not expected to impose additional net costs on the City Council, though the Council is required to plan how it uses the funding allocated through the new system. Local government reorganisation may bring collection and disposal under one authority, but future operational decisions could still carry financial implications.
23. Members also queried the mandatory introduction of plastic film collections from March 2027, to which it was established that funding adequacy remains to be confirmed. This is because concerns about viable disposal options and the wider role of plastic film within the circular economy continue to require clarity.

Garden waste collection

24. The Budget Review Group highlighted that Oxford continues to levy one of the highest standard charges for garden waste bins nationally, prompting several questions from members.
25. Regarding the net impact on revenues, it was noted that a 10% reduction in the number of garden waste subscribers has occurred alongside a 10% price increase in 2025-26. The Group asked whether the council has reached a tipping point at which further price increases are driving cancellations thereby undermining overall revenue. The Group noted that the current budget assumes a further rise in charges and expressed concerns about the potential negative social impacts arising from reduced collections, particularly where this waste was ending up in landfill (green) bins when not disposed of in the garden waste (brown) bins.
26. The Group also queried whether recent missed collections arising from ODS reconfiguring its collection schedules may have contributed to the increases in terminations of the garden waste service. Members asked whether the Council held data on residents' reasons for discontinuing the service to understand better the drivers behind the decline in the numbers paying for garden waste collection.
27. It was confirmed that Oxford was indeed among the highest charging authorities for garden waste, adding that in the context of LGR, any garden waste diverted into residual waste streams could ultimately attract disposal costs for the incoming authority. Today, the Council does not incur disposal charges for garden waste but an increase in residual waste streams would expose the authority to escalating costs overtime.
28. Given the concerns raised around affordability, the Group recommended freezing the

concessionary rate and instead apply a modest additional increase of 0.2% to the proposed standard rate (of 5%), making this 5.2%. This is to reduce the risk of further cancellations and would mitigate potential social impacts, while still broadly preserving the income assumed in the budget.

Recommendation 1: To freeze the garden waste concessionary rate in this year and instead raise the standard rate by 5.2% (an additional 0.2% on the consultation budget) in order to cover the income that would have been generated by the proposed concessionary rate rise.

29. In parallel, improving data captured through the inclusion of reason-based tick boxes on garden waste (and other paid service) cancellation forms would enable the council to understand better whether declining usage is primarily driven by cost, service performance or other factors.

Recommendation 2: That the cancellation form for garden waste collection and other paid Council services include tick-boxes asking about reasons for discontinuing the service, to enable the Council to understand better the reasons behind the decline in use of the services.

Discounted compost bins

30. Whilst the Council cannot itself provide composting services, the Group discussed a potential offer of discounted compost bins as means of supporting residents to manage garden waste on their own premises. Members suggested that this option could form part of the Council's wider approach to reducing waste volumes and provide support to residents who feel they are priced out of the collection service.

Recommendation 3: To assess the cost of offering compost bins at a discounted rate to support residents in composting on their own site, particularly for those who find offsite collection services unaffordable.

Fly-tipping

31. The Budget Review Group queried the relative costs of providing bulky waste collections compared with clearing fly-tipping, and whether there is a clear link between bulky waste charges and fly-tipping levels.
32. Members were advised that free bulky waste collections previously cost the Council several hundred thousand pounds annually. Whilst fly-tipping incidents have increased, demand for bulky waste has remained broadly steady, suggesting limited sensitivity to current charging levels. It was noted that Oxford's charges sit broadly between mid-to-lower range in line with those of comparable authorities.
33. Highlighting a perceived correlation between HMOs and prevalence of fly-tipped mattresses, the Group explored how this issue might be addressed. Members suggested that HMO licensing fees include a pre-payment or levy to cover the disposal of bulky waste to help to offset some costs incurred by the Council in its effort to control fly-tipping. It was further suggested that a mechanism is introduced where the HMO licensing service notifies ODS of any forthcoming end-of-tenancy periods to allow timely collection of bulky waste, reducing instances of fly-tipped mattresses or broken furniture.

Recommendation 4: That HMO licence fees incorporate a pre-payment (or

a levy) to cover bulky waste disposal to help offset costs incurred by the Council to manage fly-tipping, and that a mechanism be introduced where HMO licensing services notify ODS of forthcoming end-of-tenancy periods. This allows timely collection of bulky waste and reduce instances of fly-tipping of mattresses and other broken furniture.

Street scene

22. The Group explored proposed budget affecting street scene services, particularly increased reliance on manual cleaning in certain parts of the city, particularly Broad Street and sections of Cowley, Banbury and Woodstock Roads which now require manual as opposed to mechanical cleaning due to changes in surface materials. Members learnt that a one-off £45k contribution from the County Council had been provided in respect of the additional work; discussions for longer-term support was currently being explored.
23. Members asked about proposals relating to weed spraying and graffiti removal, seeking clarity on health and safety considerations and the rationale for additional spend. The Group heard that unmanaged weed growth could present slip and trip hazards and that the proposed budget would fund additional treatments to maintain safe standards in these areas. The majority of these costs would be absorbed by ODS, with additional funding targeted at specific high risk locations.
24. On graffiti removal, it was clarified that the apparent reduction reflected the removal of a one-off budget allocation from a previous year rather than a reduction in core service provision, noting that offensive graffiti continues to be dealt with as priority.

Gritting of pedestrian and cycle paths

25. Given the recent cold spells, the Group expressed concerns about pedestrian and cyclist safety, noting a number of injuries caused by black ice on roads, pavements or cycle paths that are well used but not sufficiently gritted. Specific concerns were raised about the ring-road cycleway and southern bypass, which are key routes for commuters and present hazards during icy weather.
26. Noting the fragmented responsibility across different authorities, the Group supported joint working between the City Council, the County Council, neighbouring districts, and ODS to coordinate the salting or gritting of well-used pedestrian and cycle paths when icy conditions are forecast, particularly the ring-road cycleway and southern bypass, adding that any associated costs must be managed through the cooperation of authorities involved.

Recommendation 5: That the Council works jointly with the County Council (as the highways authority), neighbouring districts, and ODS to coordinate the gritting or salting of well-used pedestrian and cycle routes when icy conditions are forecast, including the ring-road cycleway and southern bypass, and manage the associated costs through cross-authority cooperation.

Planning and Regulatory Services

Recruitment challenges and enforcement capacity

27. The Budget Review Group sought reassurance that the Council has sufficient capacity to meet its statutory duties including delivery of biodiversity net gain. Members noted that recruitment remains challenging due to national shortages across planning, environmental health and ecology roles, though retention is stable and capacity has been strengthened through internal progression. The statutory 10% biodiversity net gain requirement was confirmed as non-negotiable.
28. The noted constraints in enforcement capacity, particularly in relation to EPC standards and HMO licensing, are being prioritised by level of risk. Members acknowledged that the Council now had external contractors supporting lower-priority inspections and that this is funded through selective licensing income.

Corporate Property

Lord Mayor's number plate

29. With the understanding that the Lord Mayor's number plate was gifted to the city by Lord Nuffield, the Group asked whether there were any conditions attached to the possible sale of this heritage item. In the similar vein, the Group asked whether the paintings that are currently in the city's possession came with conditions.
30. Members were advised that the number plate was almost certainly gifted to the first Lord Mayor of Oxford though no written record could be found to confirm this. Similarly, any conditions attached to it are unconfirmed. With regards to paintings, it was confirmed that a number of them were loaned to the city a hundred years ago however locating the paperwork to confirm the exact conditions was proving difficult. The Group was reassured that this was a project which is hoped to unravel further detail in due course.
31. In view of LGR, Members asked what would become of all the assets which currently belonged to the city given the likelihood that there will not be a sizeable Oxford City Council in the future. Members explored whether there was any benefit to having a strategy as an attempt to protect its assets for its own use. However, Members were informed that assets and liabilities of the incumbent council would be subsumed into the new authority, which would then take decisions on those assets.

Museum of Oxford and Town Hall Café

32. On the topic of the Town Hall, the Group queried the current exclusive catering arrangement with Elegant Cuisine, the venue's sole caterer. Members noted that whilst the arrangement may offer operational simplicity, exclusive arrangements could deter potential customers who may otherwise wish to hire the Town Hall but are less attracted by the fixed catering offer.
33. Members were informed that the catering contract was due for renewal later this year. Officers explained that previous non-exclusive arrangements where customers were directed to multiple caterers resulted in poor customer satisfaction and lower returns. By contrast, the current sole-caterer model has significantly increased income, generating approximately £115,000 per annum in commission, amounting to around 10% of Elegant Cuisine's annual turnover at the venue. It was noted that this

model has delivered a more streamlined booking system and better financial returns although, as Members noted, it does not suit all customers. With five years of post-Covid data now available, the Council is in the process of reviewing the contract, exploring options and other proposals.

34. Further to this, the Group heard that the Council was considering joint marketing and seasonal offerings with various organisations, which would be advertised to a list of partners in due course, to include Elegant Cuisine.
35. In the Group's view, the Museum of Oxford could benefit from offering paying customers a hot drink with their entry to the museum. This could see added benefit to the Town Hall Café through increased footfall in the vicinity. In addition, the Group suggested offering paying customers 10% discount on its range of products to make purchasing gifts at MOX more attractive than doing so in souvenir shops.

Recommendation 6: That the Museum of Oxford offers paying customers options to make entry more attractive. In particular, it could offer joint MOX/Café tickets that provide a hot drink as well as entry to the Museum to have the added benefit of increasing the number of customers at the café; in addition, that paying customers receive a 10% discount on purchases in the MOX shop with a wider range of products to make gift purchasing in the shop cheaper than in souvenir shops.

Overnight car parking charges

36. The Budget Review Group discussed overnight car parking charges, with Members drawing a distinction between late-evening parking linked to the nighttime economy and "true" overnight parking used by hotel guests or long-journey travellers. Members explored whether parking tariffs could reflect this distinction better, noting the concentration of hotels around the city centre with limited onsite parking.
37. Members also queried how overnight and longer-stay parking is currently managed at Park and Rides, especially for users travelling onward by coach (to London or airports, for example). The Group was informed that Park & Rides already offer multi-day tickets and are commonly promoted by hotels. These are priced competitively with tariffs rising incrementally and largely considered good value, with officers citing an external review of parking provision in support of this approach. Officers mentioned that whilst a dedicated overnight tariff in city centre car parks could be explored, operational and safety implications would need to be considered.
38. In its deliberation, the Group suggested introducing longer-stay Park and Ride tariffs, such as one or two week options, designed to encourage the use of Park & Ride outside the city centre, setting this pricing above the standard rates and adjustable if there proves to be more demand to manage the space taken by long-term users. The adjustable rates are meant to avoid displacing spaces needed for short-stay users.

Recommendation 7: That Council introduces a long-stay parking option at Park & Rides (i.e., one or two weeks), designed to encourage long-stay users such as tourists staying for several days in city centre hotels to park outside the city centre. Any such pricing should be set above standard short-stay charges, and for this rate to be adjustable if there proves to be a need to manage the spaces taken by long-term users to avoid displacement of spaces used by regular Park & Ride users.

Congestion charge impacts

39. The Group considered assumptions relating to car parking income and the early impacts of the congestion charge, noting that initial figures show income around £500k above budget, with higher Park & Ride revenues set against lower City centre revenues. Members questioned whether larger increases in parking charges in previous years might have generated additional income.
40. Officers stated that it was too early to draw firm conclusions as congestion charge has only recently been introduced, and available data remain limited. Early figures are likely to be distorted by factors including the Christmas period and temporary provision of free bus journeys. With that said, the Group was advised that initial usage data indicated that city centre car park ticket purchases are down by approximately 25%, and P&R usage has increased by around 8%.
41. Officers pointed out that preliminary figures suggested a significant reduction in income at some city centre car parks. For example, Oxpens typically generates around £150k per month, but income in November fell to approximately £67k. Worcester Street, which normally generate around £200k per month, was currently estimated to have earned between £130k and £150k for November.
42. In terms of budget planning, it was emphasised that forecasting was challenging at this early stage given the role of exemptions and permits. The Group was advised that updated projections, including any necessary adjustments or potential draw on reserves, will be reflected in the February budget report once there is clearer evidence available. It was also pointed out that the congestion charge is intended as a temporary traffic measure, to be superseded in due course by more permanent arrangements (traffic filters) under which some users of city centre car parks could access parking facilities without passing traffic filter cameras.
43. In the light of the emerging but still uncertain impacts on parking income, the Group considered potential short-term mitigations, including delaying the planned closure of Oxpens and Worcester Street car parks by one year to preserve revenue, unless development is imminent.

Recommendation 8: That the closure of the Oxpens and/or Worcester Street car parks is pushed back for one year to preserve revenue, unless development is imminent.

Union Street car park

44. The Budget Review Group queried the level of confidence attached to the projected income of £125k per annum over four years associated with the site in Union Street. Officers advised that this remains a higher risk assumption as the site is constrained and the preferred delivery option is not yet decided, with both housing and student accommodation still under consideration. The estimated income figure was based on a developer-led assessment from a number of years ago, and while a financial return is still expected, the changing market conditions mean that final figure may be lower. Accordingly, the income has been pushed to the later years of the plan.
45. The Group asked how any potential shortfall would be managed, to which they were advised that mitigation would not necessarily come from alternative uses of the site itself, but from identifying other opportunities across the wider Property portfolio.

Further work will be undertaken over the next year to identify and develop these options, to be informed by more recent appraisal of the site.

Capital investment in waterways

46. The Budget Review Group sought clarification on the proposed £3m capital investment in waterways, querying whether this was primarily focused on specific locations such as the Medley Marina area. The Group was informed that the investment was intended to address all council owned waterways and related assets rather than any single site. This includes rivers, tributaries, culverts and ditches as well as approximately 61 bridges for which the council has ownership or maintenance responsibilities. The programme is being informed by a series of surveys nearing completion and is driven in part by increased flooding risks associated with recent weather patterns and climate change. At this stage, the work remains largely at the planning and assessment phase, with capital projects expected to come forward over time, some of which may be urgent.
47. Members followed up with a question about waterways running through land not owned by the Council, particularly in areas where ownership sits with colleges or trusts. The Group was advised that effective management in these locations will require landowners to acknowledge and take responsibility for their assets, alongside improved regulatory oversight from the Environment Agency, which is beginning to strengthen its licensing role.

City and Citizens Services

Community Safety

48. In discussing the enlarged safety team managing antisocial behaviour and community safety services, the Budget Review Group asked whether the request for additional resources reflected an increase in the complexity of cases or a change in the enforcement approach.
49. Members noted that, traditionally, the service had been focused on environmental crime, noise and neighbouring nuisance, however growing numbers of tenants in temporary accommodation and an increase in engagement with adult homelessness pathway have driven more challenging and interlinked issues involving various teams within the Council. Officers from environmental enforcement, community response and investigation teams have been working together to manage cases via early intervention, relationship building, as well as partnership working, putting emphasis on supporting individuals within their accommodation and mitigating the risk of behaviour escalating. It was emphasised that enforcement powers are used only where necessary. Members acknowledged the approach which had been in place since the Coronavirus Pandemic is considered effective in handling the most complex of cases.

Housing Services

Temporary Accommodation

50. The Budget Review Group explored in detail the rising cost of temporary accommodation and the extent to which these costs are offset by rental income from households placed in TA, including those accommodated within the Council's own

stock. Members sought clarity on the scale of income recovery relative to gross expenditure. It was confirmed that the figures presented in the budget tables showed gross TA costs only with no offsetting income included. However, rental income from TA is significant, where at mid-year point approximately £500k had been collected, which indicated that income is likely to be around £1m over the full financial year (subject to fluctuations in placements and turnover).

51. Members noted that TA costs have risen sharply in recent years, and that historically, budgets have underestimated the scale of this pressure, raising a concern that the current year's budget may again be exceeded given that by the third quarter, spend was already approaching the full-year budget of £2.6 million. Officers acknowledged that, on current trends, a gross overspend is likely, though this may be partially mitigated by rental income and new TA stock coming on stream in the final quarter.
52. In response to a question about confidence in the forward projections, officers emphasised the inherent difficulty of forecasting TA costs. Members understood that demand is heavily influenced by external factors such as the wider economy, government policy, and homelessness pressures, while supply depends on the availability of both private and social housing, as well as the pace at which new TA units can be acquired or brought into use, with any small changes in these variables resulting in movements of hundreds of thousands of pounds in either direction.
53. In recognition of these risks, it was further explained that the MTFP includes substantially increased TA budgets in future years, alongside a comprehensive set of mitigations. These include the acquisition of additional properties, changes to homelessness assessment processes, and wider demand management and measures. It was established that without these mitigations, TA costs would escalate significantly further.
54. Turning back to historic overspend, Members questioned whether a more conservative approach should be taken by budgeting for even higher levels of expenditure. To which, it was confirmed that figures in the current budget reflected the best and most prudent assessment available, based on detailed joint work between the finance and housing teams. It was acknowledged that, while some risk of overspend remains, reserves are held precisely to manage this volatility, and the Council has neither understated nor overstated the anticipated pressure.
55. The Group was given reassurance that the TA programme is now subject to close and regular scrutiny at senior officer and corporate leadership level, with monthly monitoring of costs, income and delivery. The Group noted that, while the position remains high risk, significant work has been undertaken since Covid to move from reactive management of homelessness pressures to a more structured, long term approach aimed at bringing costs under greater control.

Procurement of TA accommodation

56. The Group also discussed the Council's use of hotel and bed-and-breakfast accommodation within the TA system, and whether recent procurement changes were expected to generate savings. Members heard that a new comprehensive procurement framework is now in place, allowing accommodation to be sourced from multiple providers according to client need, such as self-contained units for families or higher risk placements. This was driven primarily by the need for a more structured approach and legal compliance rather than to achieve cost savings.

57. Whilst the framework should ensure better value through fair and competitive pricing, any unit cost savings have largely been offset by rising demand for this type of accommodation. As a result, savings are not yet reflected in overall costs, but the Group noted that the council can be confident it was now securing appropriate accommodation at the best available price.

Culture

Twinning links

58. The Budget Review Group discussed the Council's approach to supporting international twinning links, noting a perceived reduction in officer capacity and hospitality, and concerns that community-led twinning groups often run by volunteers may be under increasing strain. Members queried whether clearer information could be provided on officer time and financial support devoted to twinning, and whether Oxford's offer compared unfavourably with that of partner cities.
59. It was explained to Members that twinning support is delivered across multiple teams rather than through a single budget line, thus making direct comparisons difficult. This included the civic office, events, grants and other officer involvement. Whilst the described model could maximise limited resources, it may also reduce efficiency and clarity for community groups seeking support.
60. Against this background, the Group recognised the ongoing value of twinning links but concluded that a modest but dedicated annual budget of £20k, to be managed by the Civic Office, could help counteract the loss of officer capacity and provide more direct support to volunteer-led groups.

Recommendation 9: That Council counteracts the loss of officer capacity for twinning by supporting voluntary groups maintaining vital twinning links by creating a £20,000 annual budget, managed by the Civic Office, to be used to support these links.

Leisure Services

61. The Budget Review Group discussed income projections from the Council's leisure contract with Serco and noted its open-book nature provided visibility over the Serco's performance, though some detailed information is still awaited. Members heard that recent data presented to Council showed improvements across leisure facilities, and officers are seeking further clarity on how this translates into income.
62. Members were reassured that financial risk largely rests with Serco, supported by a parent company guarantee. It was emphasised that whilst the contract structure limits the Council's ability to adjust income forecast mid-year, it allows for strong contract management and ongoing monitoring to ensure Serco's performance aligns with Council's expectations. The current "golden quarter" period, spanning from January to March, would provide a critical indication of actual income against projections.
63. Recognising wider sector issues around optimistic bidding and staffing pressures, Members were given reassurance that these risks are being actively managed.

ICT

64. The Budget Review Group examined ongoing cost pressures within the ICT budget, noting that expenditure has continued to exceed earlier assumptions. Officers explained that a significant driver remains a legacy data-centre contract Council entered into in 2016, with additional pressures arising from Microsoft licensing, which has seen increases of around 20% year-on-year alongside the introduction of new products and application-specific licences. The Group was advised that forecasting remains difficult given the number of contracts involved and the pace of change in supplier pricing models.
65. Members explored the shift to cloud-based systems and its implications for long-term cost control. It was clarified that, while cloud solutions remove the need for large upfront capital investment, they introduce continuous revenue costs, with particular variability linked to data storage volumes. Members were informed that while good data retention can help contain future cost growth, they do not materially reduce existing costs. Also the sector-wide move away from traditional data centres puts limit on alternative options.
66. Members were further briefed on the complex transition away from a legacy telephony contract, where “decoupling” issues are persistently being addressed are expected to complete within the first half of this year.

Local Government Finance Settlement 2026/27

67. Following the publication of Government’s provisional three-year local government finance settlement, the Budget Review Group received a brief overview from the Section 151 Officer explaining that, while the headline figures suggested increased funding nationally the vast majority of it is driven by assumed council tax rises rather than new grant funding.
68. For Oxford City Council, the settlement results in cash-terms zero increase in core spending power in 2026/27, which compares relatively favourably with several neighbouring districts though this still represents real-terms reduction once inflation is taken into account. Overall, the settlement aligns slightly better than anticipated with the assumptions built into the consultation budget, generating a modest favourable variance over the medium term, albeit with continued uncertainty beyond the three-year settlement period.
69. The Budget Review Group was advised that Oxfordshire will not proceed with forming a business rates pool following Government’s decision to reduce the levy from 50% to 10%. With limited upside and a potential downside of sharing losses should a pool enter the safety net, finance directors across the county agreed there was no longer a compelling case. Members were advised that a formal withdrawal from the pooling application will be made.
70. Members also discussed the wider funding context including core spending power and the revenue support grant. Officers cautioned that headline increases largely reflect assumed council tax rises rather than new government funding, and that only a small proportion representing genuine additional cash. Whilst the settlement was broadly positive against the Council’s budget assumptions, pressures remain, and any benefits are weighted towards the later years of the MTFP.

Council Tax Reduction Scheme

71. The Group explored proposed changes to the CTR scheme including the £75k income increase built into the budget. It was confirmed that this figure was a budget target derived from modelling different options, with affordability for the Council being the key constraint. Members noted that the City's share represented only a small proportion of the overall impact and that the majority is borne by the County Council and other preceptors.

Chapter 5: Conclusion

72. The Budget Review Group made a total of **9 recommendations** intended to strengthen the council's financial position by refining existing policies and targeting intervention where they can have the greatest impact.
73. **Recommendation 1** proposed a modification to a proposed approach to garden waste charging, balancing income generation with fairness and take-up. This was reinforced by **recommendation 2**, which sought to improve the evidence base on why residents disengage from paid services. **Recommendation 3** complements this by further exploring lower cost alternatives for residents who may otherwise be priced out of the service.
74. **Recommendations 4 and 5** address cost avoidance and reducing risk to the council by seeking to prevent fly-tipping and injury before they occur. They seek to ensure that costs, as well as responsibility, are shared appropriately across landlords, service providers and partner authorities rather than falling back on the Council alone.
75. **Recommendations 6, 7 and 8** relate to the more effective use of Council assets, museum and car parks, proposing modest and practical changes to preserve or increase revenues through flexible pricing, without undermining core service users.
76. Finally, **recommendation 9**, recognises the value of civic and twinning links, proposing a modest and transparent funding mechanism to offset the loss of officer capacity and empowering voluntary groups to continue that work sustainably.
77. The Review Group was grateful to officers for the hard work that went into preparing the budget proposals, despite some unknowns and uncertainties, and for supporting the Group in their work. In particular, the Group offer their earnest thanks to Nigel Kennedy, Group Finance Director, for his diligent work and his support throughout the review process year after year.