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Michael Gove MP
Secretary of State for Levelling Up,
Housing and Communities
House of Commons

29 June 2022

SENT VIA EMAIL

Dear Michael Gove

I write to you as Deputy Leader and Cabinet Member for Finance and Asset Management at Oxford City Council.

Our Council is committed to doing the very best for its residents, in spite of significant financial pressures. As you will be aware, governments since 2010 have steeply reduced local government funding, but in Oxford we have bent over backwards to work more efficiently, and have developed our own Oxford Model, drawing upon income from our wholly owned housing and direct services companies, which build much needed homes, and undertake valuable tasks for other public and private organisations, while also delivering a return to local taxpayers. We keep close track of our efficiency savings as well as income generated through the Oxford Model, and over the past four years alone these are worth some £12 million – a remarkable figure given the Council's net budget is just £27 million.

However, the Covid-19 pandemic hit us hard. We were grateful for government support, but are conscious that it was not sufficient to address shortfalls in income at the time. In particular, our Council has a historic commercial property portfolio – for instance, a Covered Market in the city centre dating back to the 18th Century. Rents from that could not be paid for much of the pandemic, yet we received no government support. Moreover, the impacts of the pandemic continue to be keenly felt, with reduced levels of commercial property income, a decline in car park income, and fewer bookings being made in buildings that we own, yet at this stage we are not aware of any government support being made available to local authorities to assist those of us affected. The government's commitment to do "whatever it takes" to assist local authorities to deal with the pandemic hasn't yet been fully delivered.

We now face new ongoing pressures: the rise in energy costs hits the Council directly and also affects our companies. Rises in construction costs pose a major challenge. Increases in interest rates affect our ability to invest to save. We face major uncertainty about future government funding, with promised multi-year settlements failing to materialise, and a worry that if anything, mooted "Fairer Funding" reforms will make our situation worse not better.



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This letter is not a request for special treatment for Oxford City Council. Rather, it is to draw attention to the fact the combination of fallout from the pandemic, rising energy costs, and other inflation-related pressures represent a huge threat to local authorities whose funding has already been sharply cut, and who have already made great strides forward in achieving efficiency – bluntly, the “low hanging fruit” has long been picked, and we cannot make further reductions in spending without adversely affecting local people. We would ask government to offer a financial settlement which fully reflects these pressures.

I would be very willing to meet with you to discuss these issues, if you would value such a meeting, please have your office contact Emma Mace (emace@oxford.gov.uk) to arrange a suitable time.

Yours sincerely

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