

Agenda

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Finance Panel (Panel of the Scrutiny Committee)

Date: **Wednesday 30 January 2019**

Time: **6.00 pm**

Place: **Plowman Room - Oxford Town Hall**

For any further information please contact:

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Finance Panel (Panel of the Scrutiny Committee)

Membership

Chair	Councillor James Fry
	Councillor Craig Simmons
	Councillor Mohammed Altaf-Khan
	Councillor Chewe Munkonge
	Councillor Roz Smith
	Councillor Tiago Corais

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AGENDA

PART ONE PUBLIC BUSINESS

	Pages
1 APOLOGIES Substitutes are not allowed.	
2 DECLARATIONS OF INTEREST	
3 NOTES OF PREVIOUS MEETING For the Panel to approve the record of the meeting held on 16 January 2019.	7 - 10
4 WORK PLAN For the Panel to note and agree its work plan	11 - 12
5 CAPITAL STRATEGY 2019/20 - 2023/24 To consider the Capital Strategy, which will be presented to the City Executive Board on 12 February 2019. <u>This report will be issued as a supplement to the agenda.</u> Aileen Carlisle, Senior Programme Manager, and Rocco Labellarte, Chief Technology and Information Officer, have also been invited to attend for this item, following a request from the Panel earlier in the year.	
6 TREASURY MANAGEMENT STRATEGY 2019/20 To consider the Council's Treasure Management Strategy, which will be presented to the City Executive Board on 12 February 2019. <u>This report will be issued as a supplement to the agenda.</u>	
7 REPORTS CONTAINING EXEMPT INFORMATION Please note that all of the appendices within the Council Tax Exemption Monitoring report are exempt from publication under the terms of Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972. Accordingly, to discuss the exempt information within these appendices, the Panel will be required to pass a resolution "That members of the public be excluded from the meeting on the grounds that their presence would involve the disclosure of exempt information."	
8 COUNCIL TAX EXEMPTION MONITORING The Finance Panel previously requested in May 2018 that a report be provided concerning the robustness of the Council's role in monitoring Council Tax Exemptions.	13 - 30

9 FUTURE MEETING DATES

Meetings are scheduled as follows:

4 April 2019

1 July 2019

5 September 2019

All meetings start at 6.00pm.

DECLARING INTERESTS

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licences for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those of the member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

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Minutes of a meeting of the FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE) on Wednesday 16 January 2019

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Committee members:

Councillor Fry (Chair)

Councillor Altaf-Khan

Councillor Munkonge

Officers:

Nigel Kennedy, Head of Financial Services

Anna Winship, Management Accountancy Manager

James Pickering, Welfare Reform Manager

Stefan Robinson, Scrutiny Officer

1. Apologies

Apologies were received on behalf of Councillors Smith, Corais and Simmons.

2. Declarations of interest

There were no declarations of interest.

3. Notes of previous meeting

The Panel approved the notes of the previous meeting.

4. Recommendation from the Companies Scrutiny Panel

The Panel agreed to schedule an item concerning the following recommendation, which was referred to the Finance Panel by the Companies Panel:

To look carefully at Oxford City Housing Limited's proposals and the Council's own housing programme, reviewing proposed borrowing and the impact on long term finances for both the Council and the Housing Revenue Account.

5. Council Tax Reduction Scheme 2019/20

James Pickering, Welfare Reform Manager, explained that proposals to change the Council Tax Reduction Scheme (CTRS) this year were small. Only two proposals for change to the Scheme were submitted for public consultation. Both proposals related to reviewing measures which were introduced this financial year; the income band scheme for residents on Universal Credit, and the minimum income floor for self-employed people.

The report proposed that the income bands, for those who benefit from Council Tax discounts, should be up-rated annually in line with changes to the National Minimum Wage and the Oxford Living Wage, and that the benefit cap be uprated in line with inflation.

The Panel asked what aspects of the CTRS were unique to Oxford. It was explained that Oxford City Council was relatively generous in its discount offering when compared to other local authorities. There were no surprises in the responses received to the public consultation. The Panel were content to note the contents of the report, which would go to the City Executive Board on 22 January 2019.

The Panel asked that the Department for Workplace Pensions spreadsheet concerning the social value formula be circulated to members, noting that some figures in the formula were now out of date. The Panel requested that James Pickering be invited back to answer any questions in the future if required.

6. Treasury Management Mid-Year Report

Nigel Kennedy, Head of Financial Services, provided an overview of the report. He explained that interest rates were expected to rise marginally in 2019, but that the UK's exit from the European Union may prompt volatility in the rates. It was highlighted that borrowing from the Public Works Load Board was forecast to increase in the coming years to finance the Council's Capital Programme. This included providing loans to the Council's Housing Company.

The tendering process for a treasury advice service had been completed, and Link Asset Services had been reappointed as the Council's advisor, and the contract would last for 3 years. In May 2018, the Council agreed to extend its existing loan to the Low Carbon Hub, which was repaid in November 2018.

The CCLA and Lothbury property investment funds had performed well in recent years, and the Panel asked if they could have more information on the breakdown of their investment portfolios. For example, residential, retail and office investment diversification. In relation to a recent Council Motion, Nigel was still awaiting a response from Barclays Bank concerning the Tar Sands issue.

In response to questions, Nigel explained that the Brexit vote had an impact on the value of the CCLA and Lothbury Funds, but he could not say whether the article 50 implementation would further affect the value of the investment portfolio. Answering further questions, it was explained that in comparison to other authorities in our benchmarking group, Oxford City Council had a high level of returns from its investments, when including the Council's property investments.

Nigel Kennedy highlighted that the £5 million invested in the National Homelessness Property Fund was, following discussions with the external auditors, now classified as a service investment. The Panel asked for further information regarding how the fund (which provides relatively low direct returns to the council) benefitted the Council's finances in other areas; specifically, from moving people out of temporary accommodation.

The panel resolved to note the contents of the report.

7. Work plan

The Panel noted their Work Plan, which included the following items at their next meeting on 30 January:

- The Capital Strategy
- The Treasury Management Strategy
- Council Tax Exemption Monitoring

8. Future Meeting Dates

The Panel noted their future meeting dates:

- 30 January 2019
- 4 April 2019
- 1 July 2019
- 5 September 2019
- 7 November 2019

The meeting ended at 7:00pm

Chair

Date: Wednesday 30 January 2019

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Finance Panel Work Plan 2018/19

30 JANUARY 2019 - PROVISIONAL REPORTS + BUDGET REVIEW GROUP

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Council Tax Exemption Monitoring	No	To consider a report on the effectiveness of council tax exemption monitoring, and understand how rigorous the process is.	Leader, Economic Dev and Partnerships	Tanya Bandekar, Service Manager- Revenues and Benefits
Capital Strategy	Yes	To consider the Capital Strategy, with an additional invitation to the Head of Housing Services and the Chief Technology and Information Officer.	Finance / Asset Management	Bill Lewis, Financial Accounting Manager
Treasury Management Strategy	Yes	To Consider the Treasury Management Strategy	Finance / Asset Management	Bill Lewis, Financial Accounting Manager

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4 APRIL 2018 – PROVISIONAL REPORTS

Agenda item	Decision	Description	CEB Portfolio	Report Contact
Quarterly Integrated Report, Finance & Performance Q3	No	Quarterly Integrated Report for Finance, Performance and Risk	Deputy Leader / Finance / Asset Management	Anna Winship, Management Accountancy Manager

1 JULY 2018 – PROVISIONAL REPORT

None

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To: Finance Panel
Date: 30th January 2019
Report of: The Head of Financial Services
Title of Report: The effectiveness of council tax exemption monitoring and how rigorous the process is

Summary and recommendations	
Purpose of report:	The Finance Panel requested a report to consider the effectiveness of council tax exemption monitoring, and understand how rigorous the process is.
Key decision:	No
Executive Board Member:	Councillor Nigel Chapman, Board Member for Customer Focussed Services
Corporate Priority:	An efficient and effective Council
Policy Framework:	None
Recommendation(s): That the Finance Panel resolves to:	
1. Note and comment on the report	

Appendices	
All appendices are exempt under Paragraph 3, Part 1, of Schedule 12A of the Local Government Act 1972.	
Appendix A	Council Tax Exemption Classes Granted at 31/10/18
Appendix B	Council Tax Discount Classes Granted at 31/10/18
Appendix C	Council Tax Discretionary Discounts and Premiums
Appendix D	Review timetable for Council Tax Discounts and Exemptions
Appendix E	Interim Report on SPD Rolling Review Project as at 30/09/18

Introduction and background

1. The Finance Panel has requested this report to examine the effectiveness of council tax exemption monitoring, and to understand how rigorous the process is. For completeness this report includes reference to council tax discounts too.

Council Tax

2. The net annual collectable debit for Council Tax is c£88.6m, which can fluctuate due to changes in property bands, discounts and exemptions etc.
3. Within Council Tax legislation there are also a number of discounts, exemptions, and reduction schemes available for the Council Tax payer to apply for. These are explained in more detail below.

Exemptions

4. Council Tax is not payable on exempt dwellings. Exemptions are prescribed by the Secretary of State.
5. The list of classes of exempt dwellings is listed at Appendix A.

Statutory Discounts

6. Council Tax is fundamentally a property tax, but there are a number of discounts available that could reduce the charge by 25% or 50%.
7. Any property that has only one adult resident can receive a 25% discount on their Council Tax, often referred to as the 'single person discount'.
8. There may be two or more persons in occupation eligible for a discount thus reducing the charge by 50%.
9. A list of the classes of discounts awarded is shown in Appendix B.

Discretionary Discounts and Premiums

10. A billing authority may reduce the liability of a Council Tax payer to such an extent as it sees fit (0-100%). This is known as a discretionary discount and can be for individual cases, or by determining a class of case.
11. The council tax charge for long term empty properties is increased by 50% after the property has been empty for more than 2 years. This is referred to as the Long Term Empty (LTE) Premium
12. The Government has announced changes to the Long Term Empty Premium from April 2019; a separate recommendation to increase this is being made to Council through the budget process.
13. The Council is at liberty to set its own Discretionary Discounts and Premiums. Those set by the Council are shown at Appendix C.

Reduction Schemes

14. In certain prescribed circumstances an eligible person can qualify for a one band reduction in their liability due to a disability. This is known as Disabled Band Reduction.
15. The Council Tax Reduction Scheme replaced the abolished Council Tax Benefit in 2013. The Council has retained the fundamentals of the scheme introduced in 2013 although some minor amendments were made to this scheme for the first time in 2018/19.

Costs of Discounts and Exemptions

16. Adjustments are made to the Council Tax Base calculations to take into account the numbers of discounts and exemptions anticipated in each financial year to arrive at the number of Band D equivalent properties in the City Council area.
17. The table below gives a brief overview of Reliefs, numbers and gross values. The Council Tax base is reduced due to the award of discounts and exemptions therefore it is important that our records are as accurate as possible. Further detail is shown in the appendices.

Table 1 : Council Tax exemptions and discounts		
Type of reduction	Numbers	£
Exemption Classes	4,615	£10,497,186
Single Person Discounts	16,620	£7,480,031
Discount Disregards	1,031	£682,925
Discretionary discounts (Old exemption class A & C)	108	£18,586
Disabled Band Reduction	208	£58,036
Empty Property Discounts	606	£914,065
Council Tax reduction scheme	8,560	£9,988,833
Totals	31,748	£29,639,662

Reviewing Discounts and Exemptions

18. Given that the value of council tax exemptions and discounts reduces council tax income by an estimated £29.6m per annum, the Financial Services Team undertakes detailed reviews based on a risk analysis. The reviews of each area are detailed in Appendix D which shows the review timetable for Council Tax discounts and exemptions
19. All Council Tax properties that are empty for more than 6 months are referred to the Empty Homes Officer for action

20. In 2016/17 the services of Oxford City Council Investigation team and Oxfordshire County Council entered in to a partnership to undertake a review of Single Person Discount (SPD) awards across the district. Previously reviews of Single Person Discount awards had been conducted by Capita PLC.
- 20 The review was carried out using an intelligent risk-based review of all 17,000 SPD awards in the district. The review was deemed a success, increasing the income generated while reducing the cost and improving its customer focus.
- 21 The Investigations team continue to review the awards of single person discount. The methodology has been refined and the risk assessment outcomes improved as result of the lessons learned from the previous review. A rolling review of SPD has commenced which will allow the increased income and reduced costs previously realised to be retained while vastly reducing the impact of the review on the teams affected and on customers who are deemed to be in the low risk category. A copy of the interim report on the success of the review can be found as Appendix E.

Fraud Investigation

- 22 Since February 2015 the Councils Fraud Investigation Team has deployed resources to assist with the review of discounts and exemptions. During this period the team have recovered £765,271 and saved £83,341 as follows:
- Council Tax Reduction Scheme (CTRS) overpayments identified for recovery £208,280
 - CTRS weekly incorrect benefit savings £83,341
 - Council Tax revenue increase from discounts / exemption removals £556,991
- 23 The Fraud Investigation team works closely with the Revenues Team. The team delivers Council-wide fraud awareness training to all staff to ensure high levels of vigilance throughout the authority. This results in high quality referrals to the team which detail suspicions of Council Tax fraud and irregularity.
- 24 Proactively, the team uses its own bespoke data matching software to conduct Single Person Discount reviews for the authority. A full review of all discounts was conducted in the financial year 2017/2018, and since then, a rolling review has been put in place which is less disruptive to customers, and results in a manageable amount of work for the Revenues team who effect the system changes.”

Conclusion

- 25 There is a robust process in place by both the Revenues and Investigations Teams to ensure discounts and exemptions are correctly awarded and appropriate action is taken against those that claim a discount or exemption fraudulently.

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