Minutes of a meeting of the FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE) on Wednesday 30 January 2019

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OXFORD CITY COUNCIL

Committee members:

Councillor Fry (Chair)
Councillor Roz Smith
Councillor Simmons
Councillor Corais

Officers:

Tanya Bandekar, Revenues and Benefits Service Manager
Aileen Carlisle, Senior Programme Manager
Bill Lewis, Financial Acccounting Manager
Nigel Kennedy, Head of Financial Services
Stefan Robinson, Scrutiny Officer

9. Apologies

Apologies for absence were received on behalf of Councillor Munkonge.

10. Declarations of interest

There were no declarations of interest.

11. Notes of previous meeting

The notes of the previous meeting were agreed as an accurate record.

12. Work plan

The Finance Panel noted its work plan with no amendments.

13. Capital Strategy 2019/20 - 2023/24

Bill Lewis, Financial Acccounting Manager, introduced the 2019/20 Capital Strategy. He explaind that the CIPFA 2017 Prudential Code introduced a requirement for Councils to prepare and approve a Capital Strategy, which includes consideration of non-Treasury investments such as investment properties and loans to other organisations. The Strategy had been reviewed to take account of this change.

The Council had a significant capital investment programme and had established a methodology for identifying, selecting and monitoring capital projects a few

years ago. This methodology had recently been reviewed and was still being refined.

Aileen Carlisle, Senior Programme Manager, explained that from April 2019, all capital schemes and major projects would be assessed and filtered by a new Project Management Office (PMO) prior to being passed through to the Operational Delivery Group or the Development Board, and then through to Corporate Management Team. These projects included ICT schemes. The premise of introducing the PMO was to strengthen the feasibility and idea development stage of projects, to improve the later delivery of the schemes. A focus would also be placed on governance, pricing and compliance in the early stage of project development. It was also explained that work was ongoing to strengthen the governance process around bids to Central Government.

The Panel noted that the PMO would include five new officer posts within the Council's workforce, and that the scoring guidance for capital bids needed revising. The Senior Programme Manager said that changes were being considered to the scoring criteria, and these could be considered at the appropriate time by the Panel.

In response to questions from the Chair, Aileen Carlisle explained that at present, approximately 70% of spend on the capital programme was being achieved each year. However, with the advent of the new PMO, there would be a target of 80% delivery in 2019/20 and 90% in 2020/21. Councillors remarked that this was an area that was in need of improvement.

The Panel noted that approximately 85% of the Council's property investments were in retail, and questioned the risks in light of recent high profile store closures nationally. Nigel Kennedy, Head of Financial Services, explained that measures would be taken in the near future to mitigate this risk. The Chair asked if time series data could be made available to the Panel on rent recovered from investment properties based on asset type (appendix 5 of the report).

In response to questions concerning ICT, Rocco Labellarte, Chief Technology and Information Officer, explained that ICT projects should be funded from capital. Accordingly, steps had been taken to improve accounting of project support as a capital, rather than revenue, commitment. Agency staff would be used more often to help with fluctuating project management demand in the Council's ICT team. The Panel championed the notion of giving ICT staff the opportunity to innovate to see how else services could be supported through smarter ways of working. Rocco explained that £100k had been awarded to the Council through Central Government funding, as well as to 14 other local authorities, to fund research into new ways of working. A partner had recently been commissioned, and the Panel asked for more information on which organisation was awarded the contract.

14. Treasury Management Strategy 2019/20

Bill Lewis, Financial Acccounting Manager, introduced the 2019/20 Treasury Management Report. He explained that the average value of investments made

by the Council during the calendar year to 31st December 2018 was £102.2m. All external debt as at 31 March 2018 (£198.5m) related to the Housing Revenue Account self-financing debt taken out in 2012. Over the life of the Council's Medium Term Financial Strategy, it was assumed that the Council would give loans to the Council's Housing Company to the value of around £48 million. It was noted that rates of return from investments made by the Council in other local authorities had improved since the previous year.

A brief discussion also took place surrounding the economic outlook for the UK, in light of issues surrounding Brexit, retaining international businesses locally and future interest rates. In response to questions, it was clarified that the Council charges services to Oxford Direct Services Limited at slightly above cost price. Some members of the Panel commented that the Strategy was good overall.

The Panel noted that the profile for capital expenditure over the medium term was decreasing. The Head of Financial Services, Nigel Kennedy, explained that capital expenditure would only increase if borrowing increased.
Councillor Fry, Chair of the Finance Panel, left the meeting during this item.

15. Reports containing exempt information

The Panel were not required to move into private session in this instance.

16. Council Tax Exemption Monitoring

Tanya Bandekar, Revenues and Benefits Service Manager, explained that the discounts offered through the Council Tax Reduction Scheme (CTRS) were significant in terms of the costs incurred by the Council. There were particular challenges for collection because of the large student population, and high turnover of residents. The main focus in recent years had been on monitoring the use of Single Person Discounts for people living on their own, and focussing on high risk areas that may be open to exploiting the CTRS.

The Panel asked to be provided with a breakdown of the exemption classes within table 1 at paragraph 17 in the report. It was clarified that approximately 15% of the gross council tax collection was provided to Oxford City Council, and the remainder was divided between Oxfordshire County Council and Thames Valley Police. A discussion took place on the various means by which investigators could understand whether more than one person was living in a property, for which a single person discount was being claimed. The meeting was encouraged to report circumstances where they expect people are committing fraud.

The Panel heard that in 2016/17, Oxford City Council's Fraud Investigation Team and Oxfordshire County Council worked in partnership to undertake a review of the Single Person Discounts offered to people living on their own, and this had been successful. Separately, the Panel offered the view that a greater council tax premium should be charged on empty second homes, and that appropriate recommendations should be made on this.

The Panel resolved to recommend to the City Executive Board that the Council:

1) Seeks to revive its joint working with Oxfordshire County Council to carry out an investigative review of Council Tax discounts offered to students and single persons.

2) Writes to Central Government, making the case for greater local discretion to increase Council tax premiums on empty second homes. The case should also be made for these premiums to come into effect earlier (i.e sooner than the current two year threshold). This could alternatively feature in a consultation response to Central Government if appropriate.

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18. Future Meeting Dates

The Panel noted their next meeting dates as follows:
4 April 2019
1 July 2019
5 September 2019

The meeting ended at 7.35 pm

Chair …….. **Date: Thursday 4 April 2019**