

Agenda

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Audit and Governance Committee

This meeting will be held on:

Date: **Wednesday 18 January 2023**

Time: **6.00 pm**

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

For further information please contact:

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Committee Membership

Councillors: Membership 7: Quorum 3: substitutes are permitted.

Councillor James Fry (Chair)

Councillor Dr Amar Latif (Deputy
Chair)

Councillor Tiago Corais

Councillor Duncan Hall

Councillor Anna Railton

Councillor Chris Jarvis

Councillor Roz Smith

Apologies and notification of substitutes received before the publication are shown under *Apologies for absence* in the agenda. Those sent after publication will be reported at the meeting. Substitutes for the Chair and Vice-chair do not take on these roles.

Agenda

		Pages
1	Apologies for absence and substitutions	
2	Declarations of Interest	
3	Risk Management Reporting as at 31 December 2022	7 - 20
	Report of: the Head of Financial Services	
	Purpose of report: to update the Committee on both corporate and service risks as at 30 December 2022	
	Recommendation: that the Committee reviews the risk management report and notes its contents.	
4	Statement of Accounts for the year ended 31 March 2022	
	Representatives from the external auditors, Ernst & Young, will present a verbal update to the Committee.	
5	Setting of Council Tax Base 2023/24	21 - 40
	Report of: the Head of Financial Services	
	Purpose of report: To set the “Council Tax Base” for 2023-24 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.	
	Recommendation: the Committee is recommended to agree:	
	1. That the 2023/24 Council Tax Base for the City Council’s area as a whole is set at 45,838.1 (as shown in Appendix 1).	
	2. That the projected level of collection is set at 98%.	
	3. That the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:	
	Unparished Area of the City 38,146.9	
	Littlemore Parish 2,012.0	
	Old Marston Parish 1,290.4	
	Risinghurst & Sandhills Parish 1,560.6	
	Blackbird Leys Parish 2,982.2	

	City Council Total	45,838.1	
6	Internal Audit Progress Report - January 2023		41 - 60
	<p>Report of: the Internal Auditor BDO</p> <p>Purpose of report: to inform the Committee on progress made against the 2022/23 internal audit plan.</p> <p>Recommendation: to discuss and note the report.</p>		
7	Internal Audit Follow Up Report - January 2023		61 - 70
	<p>Report of: the Internal Auditor BDO</p> <p>Purpose of report: to inform the Committee on the implementation of the recommendations from their previous internal audit reviews.</p> <p>Recommendation: to discuss and note the report.</p>		
8	Internal Audit - Income Generation		71 - 92
	<p>Report of: the Internal Auditor BDO</p> <p>Purpose of report: to provide information following the completed Income Generation internal audit as at December 2022.</p> <p>Recommendation: to discuss and note the report.</p>		
9	Matters exempt from publication and exclusion of the public		
	<p>If the Committee wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be necessary for the Committee to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>(The Access to Information Procedure Rules – Section 15 of the Council’s Constitution – sets out the conditions under which the public can be excluded from meetings of the Council).</p>		

10	Internal Audit - Income Generation - Confidential Annex to the Public Report	93 - 100
	<i>This item includes exempt information pursuant to Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. If Council wishes to discuss matters relating to the information set out in Appendix 3 to the report, it will be necessary for the Council to pass a resolution to exclude the press and public from the meeting (as set out at agenda item 9).</i>	
11	Housing Management System (QL) Project Progress Report	101 - 148
	<i>This item includes exempt information pursuant to Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. If Council wishes to discuss matters relating to the information set out in Appendix 3 to the report, it will be necessary for the Council to pass a resolution to exclude the press and public from the meeting (as set out at agenda item 9).</i>	
	Report of: the Head of Financial Services	
	Purpose of report: to provide an update on the implementation of the Housing Management System QL, the issues encountered and the work done to date to resolve these issues. The report additionally includes the outcome of a lessons learned report commissioned by the Executive Director of Communities and People.	
	Recommendation: to note the report.	
12	Minutes of the previous meeting	149 - 152
	To approve as a true and accurate record the minutes of the meeting held on 28 September 2022.	
13	Dates and times of meetings	
	The Committee is scheduled to meet at 6.00pm in the Town Hall on the following dates:	
	26 April 2023	

Information for those attending

Recording and reporting on meetings held in public

Members of public and press can record, or report in other ways, the parts of the meeting open to the public. You are not required to indicate in advance but it helps if you notify the Committee Services Officer prior to the meeting so that they can inform the Chair and direct you to the best place to record.

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- To follow the protocol which can be found on the Council's [website](#)
- Not to disturb or disrupt the meeting
- Not to edit the recording in a way that could lead to misinterpretation of the proceedings. This includes not editing an image or views expressed in a way that may ridicule or show a lack of respect towards those being recorded.
- To avoid recording members of the public present, even inadvertently, unless they are addressing the meeting.

Please be aware that you may be recorded during your speech and any follow-up. If you are attending please be aware that recording may take place and that you may be inadvertently included in these.

The Chair of the meeting has absolute discretion to suspend or terminate any activities that in his or her opinion are disruptive.

Councillors 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; licenses 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". 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 member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

To: Audit and Governance Committee
Date: 18 January 2023
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 31 December 2022

Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 31 December 2022
Key decision:	No
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	
Policy Framework:	
Recommendations: that the Committee reviews the risk management report and notes its contents	

Appendices	
Appendix A	Corporate Risk Register

Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix based on probability and impact. The methodology for scoring risks is set out below along with a copy of the scoring matrix or 'heat map'.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.

3. The risk prioritisation matrix is shown below.

Probability

Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Severe

Key:

Green	Amber	Red

Risk Identification

- 4. Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a periodic basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Executive Directors.
- 5. Service Risks** – Service Area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine whether they should be considered for inclusion in the Corporate Risk Register.
- 6. Project and Programme Risk** – The Council adopts the principles of Prince2 and agile methodologies in addition to recognised industry standards in construction for managing projects. Incorporated within these methodologies is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

Corporate Risk Register

- 7.** The Audit and Governance Committee receive information on risk on a quarterly basis. The Corporate Risk Register as at 31 December 2022 is attached at Appendix A.

Corporate Risk Register – 31 December 2022

The number of Red risks has remained at five.

8. Details of the Red risks are as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues.

The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via Real Lettings. In addition the Council's housing companies are in the process of constructing new affordable homes, the social housing elements will be purchased by the Council

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Whilst COVID 19 restrictions are currently lifted, the supply chain challenges relating to Brexit, the war in Europe, energy security and related inflationary issues are a heightened risk.

The Council is able to affect this risk through the delivery of the Oxford Economic Strategy & City Centre Vision Action Plan. This aims to stimulate recovery through targeted measures and the Council will work with Economic Growth Board & City Centre Task Force and engage with businesses to understand long term impact of COVID & EU Transition, taking action where possible. Macroeconomic impacts are outside the Council's direct control but the effects can be managed and mitigated at the local level.

- **Negative Impacts of Climate Change** – areas of concern are Flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat.

The Council does not have control over the global climate position but it can make changes and improvements within its sphere of influence. The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City. The Oxford Flood Alleviation Scheme (OFAS) scheme continues to progress. Work is ongoing through Zero Carbon Oxfordshire Partnership (ZCOP) to reduce carbon emissions across the City. Oxford City Council's Carbon Management Plan, ongoing work around flood mitigation, tree planting and partnership with the EA-led programme to deliver the Oxford Flood Alleviation Scheme. Control measures relating to advocacy, clear communication and negotiation over our land assets, in particular at Seacourt and Redbridge Park and Ride sites (Seacourt extension) are also employed.

- **Terrorism** – this relates to a potential terrorist incident in the city centre that adversely affects normal life in the city, including a negative impact on the Council's business or targets an individual event such as May Morning, St Giles' Fair. Dependent on nature of attack and where it occurs could result in lock down of buildings, including Council offices, severe travel disruption and a need to disperse large numbers of people to places of safety.

The Council cannot prevent a terrorist attack but working with partners, particularly the Police and County Council on the Crowded Places Plan, which includes mitigation interventions, it can hopefully help reduce the impact.

- **Delivery of Services by External Suppliers/Partners/Supply Chain** – this relates to the Council's arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties. Given the state of the leisure industry at present, the risk is that partner is manoeuvred into a position where they are unable to deliver on the contract and the Council will need to take back responsibility of delivering the services.

9. The table below shows the levels of Red, Amber and Green Corporate risks over the last 12 months.

Amber risks in summary relate to:

- **Business Improvement** – Customer Experience Strategy and the capacity to deliver the project on schedule due to insufficient resources.
- **Business Improvement** – Customer Experience Strategy and delays in related projects such as digital improvements, which could result in the strategy not delivered on schedule.
- **Business Improvement** – Recruitment and retention of the workforce. The proximity of Oxford to London, together with the high cost of housing, congested infrastructure and transport links has made the recruitment and retention of staff in some Service Areas a challenge.
- **Business Improvement** – Cyber Attack. A cyber security incident which impedes the operation of the business.
- **Business Improvement** – Business Continuity Planning and Disaster Recovery including ICT Recovery Plan. Preparing for, identifying risks and developing plans in order to provide a continuous service in the event of incidents and disruptions affecting business operations.
- **Financial Services** – Balancing and Delivery of the Financial Plan. Adverse financial impacts arising from the Covid-19 pandemic and the economic aftermath could result in being unable to balance the Mid Term Financial Plan

and hence deliver the Council's Corporate Plan priorities. It should be noted that the draft consultation budget is now complete.

- **Financial Services** – Resilience of Trading Models. If the Council companies are not successful and fail to deliver outputs and financial returns this will impact on the Mid Term Financial Plan and also result in a lack of delivery of dividends to the Council.
- **Corporate Strategy** – Local Government Reorganisation. Risk that the reorganisation or devolution is imposed to the detriment of the Council and City. The 2017 bid for an Oxfordshire –wide unitary authority has sat dormant since the Government made it clear that it had no appetite to pursue this while Future Oxfordshire Partnership partners deliver the Growth Deal. However, there has been an increase in uncertainty with the replacement of the Prime Minister and Cabinet. The collapse of the Oxfordshire 2050 plan has added to the uncertainty at an Oxfordshire level. At present it is not yet clear whether risks around Local Government reorganisation will increase or decrease.
- **Housing Services** – Buildings Health & Safety. Failure to comply with Health & Safety legislative requirements which ensures the safety of our buildings could lead to corporate manslaughter charges, HSE investigation and substantial fines, together with a loss of reputation.

Current Risk	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23
Red	3	5	5	5
Amber	11	9	9	9
Green	0	0	0	0
Total risks	14	14	14	14

Service Risk Registers – 31 December 2022

10. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.
11. The table below shows the number of service risks as at 31 December compared with the last 12 months.

Current Risk	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23
Red	7	6	9	8
Amber	48	47	42	42
Green	13	16	19	19
Total risks	68	69	70	69
New risks in quarter	0	1	1	0
Closed	0	0	0	1

12. One former Green Risk owned by **Law & Governance** has closed. This risk was in relation to the failure to hold effective meetings, resulting in a lack of democratic oversight and accountability. Physical meetings are kept under review to ensure appropriate arrangements are in place regarding venue, attendance and safety measures. A preferred hybrid meeting solution has also been identified to facilitate remote attendance by officers.
13. The number of Red risks has reduced to eight. Two former Red Risks relating to **Community Services** – Insufficient Resource and Service Standard & Quality Provision have reduced to Amber. One risk relating to **Planning** – New Partnership Challenges has increased to Red as a result of the current market instability and inflationary pressures.

Details of the Red risks are as follows:

- **Financial Services** – this relates to the Management effectiveness and employee ability to deliver services due to the Covid-19 pandemic. This has increased workloads and the volume of emails, which together with the many on-line meetings is placing excessive pressure and demands on staff and managers. This risk is entirely within the control of the Council, although it cannot be fully controlled within the service area itself.
- **Planning** – this relates to delays to Council projects caused by outside agencies. The probability of this risk occurring can only be influenced to a limited extent through greater collaboration on key projects but the impact can be influenced to a higher degree with a proactive approach to intervention and communications.
- **Planning** - this relates to Government legislation resulting in substantial changes to the planning system leading to the need to redesign processes and procedures. News of the Planning Bill is still awaited. The probability of this risk occurring is out of the Council's control, except through response to

consultations. However, the impact of the risk can be mitigated by maintaining responsiveness and plan for change.

- **Planning** - this relates to new partnership challenges such as being unable to secure agreements in order to deliver work plan commitments or reach agreement with partners which can potentially result in the partnership failing. The Council can liaise with partners and partner Councils and discuss potential resolutions, however the Council cannot entirely control this risk.
- **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis. Control measures include undertaking a review of the approach to temporary accommodation to ensure faster move-on, informed by the “Housing First” approach, undertaking work to look at options for stock rationalisation of temporary accommodation units and bidding for any further funding available from Department for Levelling Up, Housing and Communities (DLUHC) to help fund provision for rough sleepers
- **Regulatory Services** – this relates to Public Health Protection. With the continued presence of Covid-19, the importance of competent and experienced specialist staff; effective links with the CCDC and protocols for outbreak and control are a priority. The impact of Covid-19 has become business as usual.
- **Regeneration & Major Projects** – this relates to Staff Capacity. There is little capacity within the team to provide cover for other team members if required. Internal and external projects and programmes are running to similar timescales creating resourcing pressures. Staff resource and works needs to be carefully prioritised to handle demand.
- **Regeneration & Major Projects** – this relates to Project Delays due to unforeseen circumstances and external factors resulting in reduced performance and missed targets on capital projects which affect overall expenditure, MTFP spend or grant stipulations. The current market instability and inflationary pressures are causing issues and delays on several projects.

Business Continuity

14. As a result of Oxford City Council reviewing their own office requirements, as well as continuing to offer flexible working arrangements whereby staff can work from home or the office as suits them, subject to any specific requirements of their role, the Council has moved from St Aldate’s Chambers and relocated to offices within Oxford Town Hall. This was completed on the 5 December 2022.
15. The Councils plans for Restart, Recovery and Renewal is an ongoing process that helps anticipate, prepare, and respond to and recover from the impact of COVID-19. The Services continue to deliver and develop effective processes to help mitigate risks to the smooth running and delivery of services, ensuring they can best continue to operate to the extent required in the event of COVID-19 and beyond. These include:
 - Task and finish groups

- Identifying alternative strategies to mitigate further loss and assessing their potential effectiveness in maintaining ability to deliver critical and new - some unknown – service functions
- Contract variations
- New ways of working
- Staff well-being and resilience
- Service transformation (i.e. using skills and learning to create new structure)
- Budget review and re-prioritisation
- Generating new revenue
- Shielding the most vulnerable
- Healthy Place Shaping
- Strengthening and creating new partners
- Transforming the service business plan to help address new challenges and changing needs.

Risk Management

16. In order to monitor and ensure that there is a clear and consistent approach to the management of risk across the organisation, between services and between corporate and service levels, the Risk Management Group will be implementing the following action plan during 2022/23:-

1. Review of Corporate Risk Register – Risk Management Group (RMG) and Operational Delivery Group (ODG).
2. Sample check review of risks in connection with projects - RMG
3. Sample check review of service risks- RMG
4. Review of risk in companies and joint ventures – RMG
5. Review all Red Risks on a quarterly basis – RMG

17. The Risk Management Group met on the 7th November 2022. On the Agenda for discussion included:-

- Business Improvement and Housing Services Risk Register review
- A Fire Risk & Security survey of The Covered Market carried out by Zurich Insurance. The recommended risk improvement actions contained within the report have been passed to the Service Areas concerned to implement by the specified target date set by Zurich. This will be monitored by the Risk & Insurance Officer.
- Insurances for the Council & Companies to remain with Zurich Municipal for a further 12 months, with effect from 01 January 2023.
- Increase on Buildings sum insured for 2023. With the UK and Global economic outlook remaining uncertain with unprecedented inflationary

pressure together with the impact of materials shortage and labour shortage, this has resulted in a recommendation from Insurers to increase sums insured on all properties by 20% for 2023. The average increase each year is normally 6%. A full review of the Fire Reinstatement Value for all properties across the Council and Companies has been carried out by the Property Team and provided to Zurich Municipal for the insurance renewal on the 01 January 2023.

- Cyber Resilience. Zurich Resilience Solutions (part of Zurich Municipal) have been appointed to carry out a Cyber Health Check in conjunction with the Council's ICT department. The aim is to ascertain the level of resilience currently in place to prevent any potential cyber-attack and to provide recommendations where needed to enhance the cyber resilience of the Council.

The next Risk Management Group meeting is scheduled for 21 February 2023.

Climate Change/Environmental Impact

18. There are no specific impacts arising directly from this report

Equalities Impact

19. There are no equalities impacts arising directly from this report.

Financial Implications

20. There are no financial implications arising directly from this report.

Legal Implications

21. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of good corporate governance and good business management. There are some legal issues that may arise going forward in the business continuity process but these will be managed on a case by case basis.

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List of background papers: None.






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Corporate Risk Register



	Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Gross Impact	Gross Probab ility	Current Impact	Current Probab ility	Risk Score	Residu al Impact	Residu al Probab ility	Comments	Date Added	Control description	Due date	Control Status	Progress	
1	Business Improvement	<div><div></div>CE001</div>	Customer Experience Strategy 2019-2021	Capacity to deliver	T	Insufficient resources to deliver projects, and lack of prioritisation	Strategy not delivered to schedule	Helen Bishop	4	5	3	3	9	2	3		31/03/21					
2		CE001																Develop meaningful measures of success and identify benefits to be realised	28/02/20	Completed	100%	
3		CE001																Agree corporate governance, to include ownership at CMT & ODG and Transformation Board	31/10/22	In Progress	95%	
4	Business Improvement	<div><div></div>CE002</div>	Customer Experience Strategy 2019-2021	Delays in other related projects	T	Delays or non-delivery of customer-facing and digital improvements	Strategy not delivered to schedule	Helen Bishop	4	4	3	3	9	2	3		31/03/21					
5		CE002																Regular monitoring meetings and escalation were appropriate	31/10/22	In Progress	90%	
6	Regeneration & Economy	<div><div></div>CRR-001</div>	Economic Growth	Local, national or international factors adversely affect the economic growth of the City	T	New trading and immigration arrangements with the EU combined with structural changes in the labour market remain a challenge, as does recovery from pandemic business impacts. Supply chain challenges relating to Brexit, war in Europe, energy security and related inflationary issues are a heightened and ongoing risk.	Post-transition, this may affect vehicle manufacturing, logistics and wider import and export demand or capacity, and lead to business relocation/divestment decisions in extreme cases. It's likely many sectors may have labour shortages (health, logistics, research, manufacturing, hospitality, technical skills) and inflationary pressures to contend with. It is possible there will be some job losses in the sectors affected by trade/supply or inflationary issues. COVID19, Brexit and energy security related supply issues may hit consumption spending further, affecting the viability of business inc. restaurants, travel and tourism, events, creative and cultural sectors. Workers who lose jobs may not have the skills for new ones, creating greater training needs. Ongoing fiscal challenges may reduce public sector investment in infrastructure and services.	Tom Bridgman	5	4	5	5	25	5	5		01/06/18					
7		CRR-001																Deliver Oxford Economic Strategy & City Centre Vision Action Plan. Stimulate recovery through targeted measures. Work with Economic Growth Board & City Centre Task Force. Engage with businesses to understand long term impact of COVID & EU Transition, alongside issues of inflation linked to international events.	01/04/27	In Progress	15%	
8	Financial Services	<div><div></div>CRR-002</div>	Balancing and Delivery of the Financial Plan	Unable to balance the Medium Term Financial Plan and hence deliver the Council's Corporate Plan priorities	T	Reduced contribution from Council companies; Business Rates reform; Local Government finance reform; Unachievable savings and income; Adverse financial impacts arising from the covid-19 pademic and the economic aftermath	Increased use of balances to ensure that Council sets a balanced budget for next 4 years.Re-active action taken to bring budget back into line	Nigel Kennedy	4	3	4	2	8	4	2	Draft consultation budget now complete	01/06/18					
9		CRR-002																Ensure companies are on schedule to deliver returns to Council	31/03/23	In Progress	50%	
10		CRR-002																Review of transformation savings	31/03/23	In Progress	50%	
11		CRR-002																Regular monitoring of revenue and capital budgets and ensuring savings and increased income are on target	31/03/23	In Progress	60%	
12		CRR-002																Start budget setting early and drive savings in conjunction with members with a full budget reset in December	31/12/22	In Progress	70%	
13		CRR-002																Expenditure Restraint	31/03/23	Ongoing	100%	
14		CRR-002																Keep abreast of changes to Business rates reforms and Fair funding	31/03/23	Ongoing	100%	
15		CRR-002																Lobby Government	31/03/23	Ongoing	100%	
16	Housing Services	<div><div></div>CRR-003</div>	Housing	Failure to deliver the Council's key priorities around Housing including ensuring increased housing delivery and enabling sufficient affordable house building and investment,	T	Changes to Homes & Communities Agency's funding stream for housing development. Government policy changes affecting housing tenure, rental levels, LA borrowing ability. Economic recession, leading to instability in the housing market, and falling prices which could undermine site viability. Shortage of labour and materials. Increased uncertainty in the housing market linked to unknown speed of pandemic recovery and Brexit.	Insufficient housing in City Increase in homelessness Impact on residents Health and quality of life issues Adverse publicity Reputation Risk Perception of unfairness reinforces tensions around immigration	Stephen Clarke	5	4	5	4	20	4	3		01/06/18					
17		CRR-003																Continue to take forward opportunities to purchase S106 dwellings through the HRA.	31/03/22	Completed	100%	
18		CRR-003																Maximise access to alternative funding programmes - Homes for England, HIF and Housing Growth fund	31/03/23	In Progress	75%	
19		CRR-003																Continuing to work with Registered Provider partners to enable supply of more affordable housing	31/03/23	In Progress	75%	
20		CRR-003																Implement robust programme and project management arrangements for the Affordable Housing Supply programme, including working as client for the OCHL programme.	31/03/23	In Progress	75%	
21		CRR-003																Housing delivery test in Planning ongoing. Deliver the housing delivery test action plan in Planning.	31/03/22	Completed	100%	
22		CRR-003																Provide a clear and robust response to the governments planning changes through the consultation, changes which would significantly reduce S106 contributions in the city.	31/10/20	Completed	100%	
23		CRR-003																Delivery of regeneration schemes, including Blackbird Leys.	31/03/23	In Progress	40%	
24		CRR-003																Purchase of Council dwellings from Barton Park development.	31/03/25	In Progress	50%	
25		CRR-003																Deliver OCHL business plan to increase scale and speed of delivery.	31/03/23	In Progress	70%	
26		CRR-003																Revaluate financial appraisals of development sites and make any adjustment to ensure continued viability.	31/03/23	In Progress	80%	
27	Business Improvement	<div><div></div>CRR-004</div>	Recruitment and retention of the workforce	The challenge of recruitment and retention in some service areas, and ensuring succession planning exists for critical hard to fill roles.	T	- Proximity to London - High cost of housing - Congested infrastructure and transport links	Reduced capacity to deliver, especially in high profile projects	Heleen Bishop	3	4	3	3	9	2	3		01/06/18					
28		CRR-004																Develop and implement improved recruitment processes [incl. use of social media, 'staff stories' and other promotional material]	31/03/23	In Progress	25%	

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Gross Impact	Gross Probab ility	Current Impact	Current Probab ility	Risk Score	Residu al Impact	Residu al Probab ility	Comments	Date Added	Control description	Due date	Control Status	Progress	
	CRR-004																Develop employer brand	31/03/23	In Progress	25%	
	CRR-004																Develop greater understanding of reasons for staff leaving and obtain insight into their 'work experience' whilst at council	31/03/23	In Progress	40%	
	CRR-004																Development of 'talent pipeline' including work experience, apprenticeships, graduate placement, sponsoring students through qualification, etc.	31/03/23	In Progress	40%	
	CRR-004																Review of employment offer for hard to fill and specialist roles [pay, flexible working practices, employee benefits]	31/03/23	In Progress	40%	
Financial Services	<div><div></div></div> CRR-005	Resilience of Trading Models	The Council Companies are not successful and fail to deliver outputs and financial returns	T	Lack of skilled direction from Directors; Lack of capacity Lack of commercial focus Shortfalls in income forecasts Deficiencies in governance Housing Company sites not delivered to planned timescales Directors not recognising the control that a holding organisation properly has over their operations and outputs	Reputational damage of failing companies Reduced financial returns to the Council impacting on MTFP Lack of delivery of dividends to the Council	Nigel Kennedy	4	3	4	3	12	3	3		01/06/18					
	CRR-005																Update and improve ODS Operating Model	31/03/23	In Progress	30%	
	CRR-005																Delivery of Improved systems	31/03/23	In Progress	50%	
	CRR-005																Governance over all joint ventures and companies	31/03/23	In Progress	50%	
	CRR-005																Strategic Review of OCHL	31/03/23	In Progress	50%	
	CRR-005																Review dividend policy - OCHL	31/03/23	In Progress	70%	
	CRR-005																Internal audit of companies review by BDO	31/03/23	In Progress	80%	
	CRR-005																Presentation of updated business plan on a quarterly basis to shareholder -ODS & OCHL shareholders	31/03/23	In Progress	80%	
	CRR-005																Reporting to shareholder for Barton	31/03/23	Ongoing	100%	
	CRR-005																Reporting to shareholder for Oxwed	31/03/23	Ongoing	100%	
	CRR-005																Establish robust system of shareholder and scrutiny meetings for wholly owned companies. Changed the shareholder and scrutiny meeting arrangements earlier in the year.	31/03/22	Completed	100%	
Corporate Strategy	<div><div></div></div> CRR-006	Local Government Reorganisation	Risk that the reorganisation or devolution is imposed to the detriment of the Council and the City	T	The 2017 bid for an Oxfordshire-wide unitary authority has sat dormant since Government made clear it has no appetite to pursue this while Future Oxfordshire Partnership partners deliver the Growth Deal. The collapse of the Oxfordshire 2050 Plan reflects a widening gap in views among councils around the need for sustainable growth in housing, economy and infrastructure. There is also greater uncertainty about the future of the OxCam Arc. However, uncertainty is once again increased with the prospect of replacement of the Prime Minister and Cabinet, and a potential change in Government policy. Though, it is not yet clear whether risks around local government reorganisation - or in relation to the future of the Arc will increase or decrease.	If debate is reopened: - Significant distraction of resources and focus into making City's case in argument - Significant disruption to partnership working and loss of opportunities for significant infrastructure investment - Risk of weakened focus on Oxford's priorities in a single Unitary - Potential negative impact on community though loss of local accountability for investment and services Adverse impact on resourcing Adverse impact on the growth deal and partnership working	Mish Tullar	5	3	4	2	8	4	1		01/06/18					
	CRR-006																Ongoing partnership work through the Future Oxfordshire Partnership, bilaterally with Fast Growth Cities group partners and with our neighbours and across the Ox-Cam Arc	31/12/22	In Progress	There has been an increase in uncertainty with the prospect of replacement of the Prime Minister and Cabinet, and a potential change in Government policy. The collapse of the Oxfordshire 2050 Plan has added to uncertainty at an Oxfordshire level. However, it is not yet clear whether risks around local government reorganisation will increase or decrease. Partnership working - a key mitigation of those risks - continues regardless.	
	CRR-006																There has been an increase in uncertainty with the prospect of replacement of the Prime Minister and Cabinet, and a potential change in Government policy. However, it is not yet clear whether risks around local government reorganisation will increase or decrease. At the appropriate time we will seek a clearer understanding of new administration's view on devolution/unitary, Growth Deal, Ox-Cam Arc & seek levers to influence around Oxford Priorities. Maintain focus on delivering growth agenda & build consensual partnership governance. However, additional uncertainty at an Oxfordshire level with the collapse of the Oxfordshire 2050 Plan	31/12/22	In Progress	50%	
Business Improvement	<div><div></div></div> CRR-007	Business Continuity Planning and Disaster Recovery including ICT Recovery Plan	There is an adverse impact on continuous business operation due to unplanned events.	T	- Disruptive event hindering access to building -Disruptive event affecting full functionality of building. - Major technology incident (physical or cyber).	Non-delivery of business operation	Helen Bishop	3	3	3	3	9	3	2		01/06/18					
	CRR-007																Desktop review of BCP	31/03/23	Not yet started	0%	
	CRR-007																Re-establish Risk Management Group	20/02/19	Completed	100%	
	CRR-007																All Services to review and sign-off their BC plans to ensure up-to-date.	31/03/23	Ongoing	100%	
	CRR-007																CMT to approve software priority restoration list from all Services BC plans.	30/06/19	Completed	100%	
	CRR-007																Include ICT systems outages in business continuity plan tests.	01/10/18	Completed	100%	

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Gross Impact	Gross Probab ility	Current Impact	Current Probab ility	Risk Score	Residu al Impact	Residu al Probab ility	Comments	Date Added	Control description	Due date	Control Status	Progress
53																	Assure ICT backup and restore capabilities	31/03/23	Ongoing	100%
54																	Review existing ICT recovery plan to ensure up-to-date.	31/03/23	Ongoing	100%
55																	Implement alternative software to CITRIX to allow homeworking for own user devices	31/03/22	Completed	100%
56	Community Services	 CRR-012	Delivery of Services by External Suppliers/Partnerships / Supply Chain	The negative performance of suppliers has a direct impact on the Councils ability to achieve its goals	T	- Failure of key supplier (i.e. Fusion) or reductions in funding and/or financial pressures on the councils critical service partners may place additional burdens /demands on the council and poorer services outcomes for citizens and potential risks to our supply chain. - Cost of living crisis meaning memberships are canceled by our customers. Leading to reduced revenue for our leisure provider. - Significant and uncontrollable increases in utility costs.	- Lack of coordinated response or weak relationships with partners leads to withdrawal of services, increasing the burden on City Council services and poorer outcomes for communities.	Ian Brooke	3	3	4	4	16	4	4	Fusion continue to focus on embedding their new delivery model, which in summary is a reduction of staff in the Oxford contract, a concierge, cashless systems, they have exited their offices and reduced support services. The past month has remained difficult, continuing to try to balance Fusion's focus on embedding their new delivery model. Fusion are still finding it very challenging to recruit staff, which is also apparent in other sectors. However, positive recruitment to key posts in Oxford facilities have been made in recent weeks. When recruited, there is a requirement for safeguarding checks, induction and mandatory training to be completed before employees operationally starting duties. It's a delicate balance of carefully and constructively challenging Fusion and being clear about responsibilities, trying to nudge them forwards whilst trying to avoid a scenario where given the state of the leisure industry, that Fusion are somehow maneuvered into a position where they are unable to deliver on the contract and OCC get it back with all of the costs and risks anyway.	01/06/18			
57																	Work collectively and coherently with key partners to find solutions.Effective relationship management across partners will help to manage risks around service delivery and reputational risk. Closely monitor the impacts of the macro env on suppliers.	01/04/23	In Progress	70%
58	Corporate Strategy	 CRR-008	Negative Impacts of Climate Change	Climate Change leads to a number of adverse social, health and environmental impacts on the City	T	Oxford is prone to flood risk from fluvial or river sources (Cherwell and Thames/Isis) and in specific areas to pluvial or surface flooding from heavy rainfall. For fluvial flooding heavy rainfall upstream normally gives Oxford between 24-48 hours to prepare and respond with flood protection. There is no warning for pluvial flooding.	Flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat.	Mish Tullar	4	3	4	4	16	3	3		01/06/18			
59																	Oxford City Council's Carbon Management Plan, our work delivered through the Zero Carbon Oxford Partnership, and ongoing work around flood mitigation and treeplanting	31/03/24	In Progress	40%
60																	Partnership with the EA led programme to deliver the Oxford Flood Alleviation Scheme	31/03/23	In Progress	30%
61																	Control measures relating to advocacy and clear communication to residents, tenants and businesses around behaviours and measures needed for decarbonisation. Also consideration over use of our land assets for mitigation measures including renewables and tree planting.	30/12/22	In Progress	40%
62	Regulatory Services and Community Safety	 CRR-009	Terrorism	Terrorist incident in the city (most likely in the city centre) that adversely affects normal life in the city, including a negative impact on the Council's business, or targets an individual event (e.g. May Morning, St Giles' Fair, events in South Park)	T	Oxford is an internationally known city and is a more likely target than cities and towns of a similar size. There are several areas where large numbers of people congregate - primary shopping areas and tourist attractions, transport hubs - that may be conducive and prone to attack	Dependent on nature of attack and where it occurs. Could result in lock down of buildings, including Council offices, severe travel disruption, need to disperse large numbers of people (to places of safety). Non-delivery of Council services	Ian Wright	5	2	5	4	20	5	3		01/06/18			
63																	Work with partners, particularly the Police and County Council, on the Crowded Places Plan that includes mitigation interventions.	31/03/23	In Progress	75
64																	Council's emergency plan includes link to Crowded Spaces Evacuation Plan	31/03/23	Ongoing	100%
65																	Emergency plans for Council-operated buildings include dealing with a terrorist attack.(including building lock-down procedure)	31/07/22	In Progress	40%
66																	Physical barriers in place - temporary and permanent. County Council leading on design and development. Difficulties in getting progress updates from the County Council on the design commissioning. County have confirmed that they have commissioned a designer for the HVM interventions.	31/03/23	In Progress	50%
67	Business Improvement	 CRR-010	Cyber Attack	Cyber security incident which impedes the operation of the business	T	Global attack from outside the business Internal hacker	Non-delivery of business operation	Helen Bishop	3	4	3	3	9	3	2		01/06/18			
68																	Ensure any security breaches are dealt with appropriately, in line with policies.	31/03/23	Ongoing	100%
69																	Ensure PSN accreditation is achievable. Allocate funding as necessary to ensure remedial work can be delivered.	31/03/23	Ongoing	100%
70																	Carry out PSN remedial work.	31/03/23	Ongoing	100%
71																	Ensure cyber defences (firewalls, anti-virus, anti-malware, password protection, two-factor authentication) is in place	31/03/23	Ongoing	100%
72																	Ensure cyber security policies are in place.	31/03/22	Completed	100%
73	Housing Services	 CRR-011	Health and Safety - Buildings	Failure to comply with the various H&S legislative requirements which ensure the safety of buildings	T	Inadequate training, poor systems and procedures, failure to robustly monitor performance and address this. Inadequate resourcing and skills. Inadequate maintenance of buildings	Corporate manslaughter. HSE investigation and substantial fines. Loss of reputation	Stephen Clarke	4	4	4	3	12	3	2		01/06/18			
74																	Following CDM audit, implement revised and strengthened governance arrangements.	31/03/23	In Progress	50%
75																	Ongoing monitoring and surveillance of property to ensure compliance.	31/03/23	In Progress	60%
76																	Continued progress with tower blocks, ensuring remaining planned work is complete, including at Hockmore, and continued monitoring to identify and implement any further improvements needed.	31/03/23	In Progress	80%

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Gross Impact	Gross Probab ility	Current Impact	Current Probab ility	Risk Score	Residu al Impact	Residu al Probab ility	Comments	Date Added	Control description	Due date	Control Status	Progress
77	CRR-011																Health & Safety team have been allocated key areas of responsibilities and are progressing the area highlighted from FRA and Asbestos surveys are rectified to ensure OCC are fully compliant.	31/03/23	In Progress	80%
78	CRR-001																Lobby for government support to help businesses affected by energy costs and inflation	15/09/22	In Progress	

To: Audit and Governance Committee
Date: 18 January 2023
Report of: Head of Financial Services
Title of Report: Setting of the Council Tax Base 2023-24

Summary and recommendations													
Purpose of report:	To set the "Council Tax Base" for 2023-24 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.												
Key decision:	No												
Cabinet Member with responsibility:	Councillor Ed Turner, Deputy Leader (Statutory), and Cabinet Member for Finance and Asset Management												
Corporate Priority:	None												
Policy Framework:	None												
Recommendations: The Committee is recommended to agree													
<ol style="list-style-type: none"> 1. That the 2023/24 Council Tax Base for the City Council's area as a whole is set at 45,838.1 (as shown in Appendix 1) 2. That the projected level of collection is set at 98% 3. That the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows: <table border="1"> <tr> <td>Unparished Area of the City</td><td>38,146.9</td></tr> <tr> <td>Littlemore Parish</td><td>2,012.0</td></tr> <tr> <td>Old Marston Parish</td><td>1,290.4</td></tr> <tr> <td>Risinghurst & Sandhills Parish</td><td>1,560.6</td></tr> <tr> <td>Blackbird Leys Parish</td><td>2,982.2</td></tr> <tr> <td>City Council Total</td><td>45,838.1</td></tr> </table> 		Unparished Area of the City	38,146.9	Littlemore Parish	2,012.0	Old Marston Parish	1,290.4	Risinghurst & Sandhills Parish	1,560.6	Blackbird Leys Parish	2,982.2	City Council Total	45,838.1
Unparished Area of the City	38,146.9												
Littlemore Parish	2,012.0												
Old Marston Parish	1,290.4												
Risinghurst & Sandhills Parish	1,560.6												
Blackbird Leys Parish	2,982.2												
City Council Total	45,838.1												

Appendices	
Appendix 1	Oxford City Council Tax Base 2023-24
Appendix 2	Parish Councils' Tax Bases 2023-24
Appendix 3	Dwellings by valuation band as at 30 November 2022
Appendix 4	Risk Register

Introduction and background

1. Responsibility for setting the Council Tax Base for the City Council's area as a whole and for the individual parishes is delegated to the Audit and Governance Committee.
2. The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at 30 November 2022 and projections are then made for expected movements over the period 1 December 2022 - 31 March 2024. Separate calculations are required for a) the whole of the Authority's area and b) the individual Parishes and the Unparished area of the City.
3. The Tax Base is used by the Council to calculate the yield from Council Tax for 2023/24, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2023.

Council Tax Reduction Scheme

4. The City Council share of the cost of the Council Tax Reduction scheme arising from reduced council tax income is currently estimated at £1.9 million (based on a band D equivalent number of properties of 5,707.7 [the actual number of properties is 6,601.8] receiving support and a 2.99% Council Tax increase on the City band D charge [including Parishes] recommended for 2023/24). This has the effect of reducing the Council Tax precept income that the City Council can receive.
5. Oxford's caseload had been reducing prior to the pandemic, but had risen quite considerably since April 2020. This had a significant impact on the Tax Base in both 2020/21 and 2021/22, which was then reflected in the number of cases included in the 2021/22 and 2022/23 tax base (6,470.4 in 2021/22 and 6,852.7 in 2022/23). Since then, the caseload has started to reduce, and so a figure of 6,601.8 has been included as the estimated number of dwellings that will be eligible for Council Tax Reduction Scheme in 2023/24. This is higher than the levels included tax base calculation that was completed before the pandemic in 2020/21 (6,185.2).

Factors taken into account in the calculation of the Tax Base

6. The following factors are taken into account when calculating the tax base:

- **Dwellings:** The number of dwellings in each valuation band as at 30 November 2022 (see Appendix 3 attached).
- **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependent on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
 - The estimate of the number of dwellings that will be eligible for a 25% discount in 2022/23 (recently built or uninhabitable dwellings) is 24. This figure is shown in line 7 of Appendix 1 and is based on data as at 30 November 2022.
 - The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 19,279. This figure is shown in line 8 of Appendix 1 and is based on data as at 30 November 2022.
 - The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded) is 143. This figure is shown in line 9 of Appendix 1 and is based on data as at 30 November 2022.
- **Disability Reductions:** Where there is a disabled occupant, and adaptations have been undertaken for their benefit, the dwelling is treated as being in the band below the one in which it was actually valued (lines 4 and 5 of Appendix 1)
- **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2023/24 is 6,601.8 compared to 6,852.7 dwellings which was used for the tax base for 2022/23. The breakdown per band is detailed in line 13 of Appendix 1. Please also see the Risk Register (Appendix 4).
- **Long Term Empty Premium:** On 13 February 2019 the Council approved a Long Term Empty Property Premium from 1 April 2019 charging a 100% premium on those dwellings that have been empty for 2 years and over. At the same time it also approved a 200% premium on dwellings that have been empty for 5 years and over with effect from 1 April 2020, and from 1 April 2021 a 300% premium to be levied on dwellings that have been empty for 10 years and over. As at 30 November 2022 there were 132 dwellings that had been empty for 2 years plus. Of that figure, 17 had been empty for over 5 years including 9 that had been empty in excess of 10 years. The Council continuously monitors empty dwellings in the City and works with owners to bring them back into use. Where an owner is unable or unwilling to bring an empty dwelling back into use, Council officers may consider serving an Empty Dwellings Management Order under the Housing Act 2004, or compulsory purchase.

- **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:
 - (i) **Number of new properties built:** Appendix 3 is the statement issued by the Valuation Office Agency showing the Council's dwelling numbers for each Council Tax band as at 30 November 2022. This data is shown in line 1 of Appendix 1 and is the starting point for the calculation of the Tax Base. Our overall total of dwellings has increased from 62,576 on 30 November 2021 to 63,251 one year later, an increase of 1.08%. It should also be noted that the number of dwellings estimated to be exempt from Council Tax (line 2 of Appendix 1) has decreased from 6,744 in 2021/22 to 6,599 in 2022/23. In addition there are some building projects nearing completion and a figure of 41 new builds has been included for the remainder of 2022/23 (line 1a of Appendix 1). This number is net of the fact that some of those dwellings will be exempt or liable for a discount.

For 2023/24 an estimate of 178 new dwellings has been built into the calculation (line 1b) based on planning applications and an assessment from the Council's Revenues Team - a 50% discount has been assumed which allows for dwellings not being in the Valuation List for the entire period.
 - (ii) **Allowance for non-collection** – The Council is required to make an allowance for non-collection of Council Tax. Collection of Council Tax in 2022/23 has remained consistent with the collection performance of 2021/22 as taxpayers are getting back to normal since the pandemic. It is critical that the tax base is maintained to an optimum level to ensure Council Tax income is maximised. Consequently the Head of Financial Services has recommended that the allowance for 2023/24 remains at 2%.

Calculation method

7. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:
 - Number of dwellings in each of the valuation bands
 - Less:
 - Exempt dwellings
 - Disabled reductions
 - Discounts (25% and 50%)
 - Dwellings eligible for the Council Tax Reduction Scheme
 - Plus:
 - Long Term Empty Property Premiums
 - Convert to Band D equivalents
 - Adjust for projected collection rate

8. Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well as for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

Table 1 : Council Tax Bases				
	2023/24	2022/23	Change	
	Nos	Nos	Nos	%
Unparished Area	38,146.9	37,645.9	+ 501.0	+ 1.33
Littlemore	2,012.0	1,818.4	+ 193.6	+ 10.65
Old Marston	1,290.4	1,273.0	+ 17.4	+ 1.37
Risinghurst & Sandhills	1,560.6	1,547.5	+ 13.1	+ 0.85
Blackbird Leys	2,828.2	2,908.4	- 80.2	- 2.76
City Council Total	45,838.1	45,193.2	+ 644.9	+ 1.43

Reasons for the overall increases in the Council Tax Base

9. The reasons for the 1.43% overall increase in the Council Tax Base compared to the 2022/23 Tax Base are due to:
- The increase in the number of newly built dwellings. Particularly the developments in Bayhams Drive in Wolvercote, William Morris Close in Cowley and Armstrong Road in Littlemore. This can be seen in Table 2 below.
 - The reduction in the level of estimate Exemptions that will be applied in 2023/24. This reduction in estimated Exemptions has occurred due to a decrease in the number of properties in receipt of student exemptions, and will have an effect of increasing the overall Tax Base. This can be seen in Table 2 below.
 - Changes in the level of Discounts and properties eligible for Council Tax Reduction Scheme. This can be seen in Table 3 below.

Table 2 : Movement in Chargeable Dwellings	
Numbers (Band D equivalents after applying the 98% Collection Rate)	
Prior Year Dwellings Estimate	55,490.2
Movements	
Additional Properties	+ 255.7
Reduction of Exemptions	+ 160.8
Additional Disabled Relief	+ 1.2
Estimated total	55,907.9
Net Change	+ 417.7

10. Table 3 below shows the principal changes between the actual tax base for 2022/23 and that proposed for 2023/24, with the movement broken down by properties receiving discounts, premiums and paying the full charge.

Table 3 : Estimated change in Tax Base	
Numbers (Band D equivalents after applying the 98% Collection Rate)	
Prior Year Tax Base Estimate	45,193.2
Movements	
Reduction of properties eligible for Council Tax Reduction Scheme	+ 211.3
Reduction of properties eligible for Discounts	+ 390.7
Increase in properties subject to Long Term Empty Premium	+ 32.2
Increase in properties paying a full Council Tax Charge	+ 10.7
Estimated total	45,838.1
Net Change	+ 644.9

11. Tax Bases in the Parishes.

The biggest increase in Parish Tax Bases can be seen in the Littlemore Tax Base increase. This is almost entirely due to the new development at Armstrong Road. Old Marston and Risinghurst & Sandhills have seen a slight increase which is in line with the overall City Council increase. The only Parish to see a decrease in the Tax Base is Blackbird Leys. This is due to an increase number of Council Tax Reduction Scheme claimants within the Blackbird Leys Parish.

Risk Implications

12. A risk assessment has been undertaken and the risk register is attached at Appendix 4.

Equalities Impact Assessment

13. There are no specific Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.

Financial Implications

14. These are all included within the main body of the report.

Legal implications

15. The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30 November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31 January.

16. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914).

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Background Papers: None

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APPENDIX 1
SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR OXFORD CITY COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		3,111.0	9,930.0	19,576.0	16,139.0	7,474.0	3,076.0	3,338.0	607.0	63,251.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		2.0	6.0	13.0	11.0	5.0	2.0	2.0	0.0	41.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		9.0	28.0	55.0	45.0	21.0	9.0	9.0	2.0	178.0
2. Number of dwellings exempt 2023/24		728.0	872.0	1,209.0	1,715.0	1,287.0	319.0	264.0	205.0	6,599.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		2,394.0	9,092.0	18,435.0	14,480.0	6,213.0	2,768.0	3,085.0	404.0	56,871.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		3.0	13.0	63.0	50.0	23.0	15.0	10.0	6.0	183.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	3.0	13.0	63.0	50.0	23.0	15.0	10.0	6.0		183.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	3.0	2,404.0	9,142.0	18,422.0	14,453.0	6,205.0	2,763.0	3,081.0	398.0	56,871.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	5.0	0.0	5.0	6.0	4.0	1.0	1.0	2.0	24.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	1,262.0	4,858.0	6,046.0	4,199.0	1,668.0	653.0	565.0	28.0	19,279.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	1.0	15.0	7.0	38.0	27.0	13.0	8.0	21.0	13.0	143.0
10 Additional 50% discounts for new dwellings	0.0	9.0	28.0	55.0	45.0	21.0	9.0	9.0	2.0	178.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	27.0	15.0	23.0	21.0	8.0	7.0	4.0	1.0	106.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	3.0	8.0	4.0	2.0	0.0	0.0	0.0	0.0	17.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	1.0	2.0	1.0	3.0	1.0	0.0	1.0	0.0	9.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	2.0	1,082.0	4,224.0	12,250.0	10,150.0	4,490.0	2,085.0	2,480.0	352.0	37,115.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.3	502.3	2,275.4	2,629.6	919.6	237.6	27.9	8.9	0.0	6,601.8
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	2.18	1,608.90	5,671.60	14,267.13	12,480.14	5,543.36	2,570.06	2,922.57	384.00	45,449.93
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	1.21	1,072.60	4,411.24	12,681.89	12,480.14	6,775.21	3,712.30	4,870.96	768.00	46,773.55
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										46,773.55
19. At projected collection rate of 98%										45,838.1

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

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APPENDIX 2
**SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR LITTLEMORE PARISH COUNCIL**

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		263.0	485.0	1,513.0	330.0	176.0	78.0	10.0	6.0	2,861.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		1.0	3.0	6.0	7.0	2.0	1.0	1.0	0.0	21.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		5.0	16.0	32.0	27.0	12.0	5.0	5.0	1.0	103.0
2. Number of dwellings exempt 2023/24		5.0	8.0	20.0	5.0	3.0	1.0	0.0	0.0	42.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		264.0	496.0	1,531.0	359.0	187.0	83.0	16.0	7.0	2,943.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		1.0	0.0	8.0	2.0	0.0	1.0	0.0	1.0	13.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	0.0	8.0	2.0	0.0	1.0	0.0	1.0		13.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	263.0	504.0	1,525.0	357.0	188.0	82.0	17.0	6.0	2,943.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	117.0	272.0	438.0	89.0	42.0	21.0	1.0	0.0	980.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	0.0	0.0	3.0	13.0	1.0	0.0	1.0	1.0	0.0	19.0
10 Additional 50% discounts for new dwellings	0.0	5.0	16.0	32.0	27.0	12.0	5.0	5.0	1.0	103.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	1.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0	3.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	1.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	3.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	1.0	138.0	212.0	1,039.0	239.0	134.0	55.0	10.0	5.0	1,833.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.0	94.3	132.2	154.1	34.8	13.7	0.0	0.0	0.0	429.1
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	1.00	142.95	297.30	1,243.93	286.93	157.78	73.75	13.75	5.50	2,222.88
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.56	95.30	231.23	1,105.71	286.93	192.84	106.53	22.92	11.00	2,053.02
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										2,053.02
19. At projected collection rate of 98%										2,012.0

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

APPENDIX 2
**SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR OLD MARTSON PARISH COUNCIL**

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		92.0	46.0	358.0	787.0	159.0	25.0	75.0	3.0	1,545.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0	2.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		0.0	1.0	2.0	2.0	1.0	0.0	0.0	0.0	6.0
2. Number of dwellings exempt 2023/24		0.0	1.0	13.0	20.0	5.0	0.0	0.0	0.0	39.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		92.0	46.0	348.0	770.0	155.0	25.0	75.0	3.0	1,514.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		1.0	0.0	1.0	4.0	0.0	0.0	2.0	0.0	8.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	0.0	1.0	4.0	0.0	0.0	2.0	0.0		8.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	91.0	47.0	351.0	766.0	155.0	27.0	73.0	3.0	1,514.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0	2.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	43.0	20.0	149.0	211.0	46.0	5.0	15.0	0.0	489.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Additional 50% discounts for new dwellings	0.0	0.0	1.0	2.0	2.0	1.0	0.0	0.0	0.0	6.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	1.0	48.0	26.0	199.0	552.0	108.0	22.0	58.0	2.0	1,016.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.0	7.6	1.2	47.9	35.5	9.2	0.0	0.0	0.0	101.3
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	1.00	72.67	40.33	267.88	676.51	133.84	25.75	69.25	2.75	1,289.99
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.56	48.45	31.37	238.11	676.51	163.58	37.19	115.42	5.50	1,316.69
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,316.69
19. At projected collection rate of 98%										1,290.4

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR RISINGHURST AND SANDHILLS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		18.0	374.0	307.0	1,025.0	102.0	93.0	24.0	0.0	1,943.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		0.0	1.0	2.0	1.0	1.0	0.0	0.0	0.0	5.0
2. Number of dwellings exempt 2023/24		3.0	12.0	13.0	23.0	2.0	0.0	1.0	0.0	54.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		15.0	363.0	296.0	1,003.0	101.0	93.0	23.0	0.0	1,894.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		0.0	0.0	2.0	3.0	0.0	1.0	0.0	0.0	6.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	0.0	0.0	2.0	3.0	0.0	1.0	0.0	0.0		6.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	0.0	15.0	365.0	297.0	1,000.0	102.0	92.0	23.0	0.0	1,894.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	13.0	194.0	98.0	211.0	21.0	21.0	2.0	0.0	560.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
10. Additional 50% discounts for new dwellings	0.0	0.0	1.0	2.0	1.0	1.0	0.0	0.0	0.0	5.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	3.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	0.0	2.0	168.0	195.0	787.0	80.0	71.0	21.0	0.0	1,324.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.0	0.4	73.8	25.7	45.5	3.8	1.9	0.0	0.0	151.1
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	0.00	11.37	245.17	246.35	902.22	92.46	84.80	22.50	0.00	1,604.86
15. Ratio to band D	5/9	6/9	7/9	8/9	1.0	11/9	13/9	15/9	18/9	
16. Number of band D equivalents (line 14 x line 15)	0.00	7.58	190.68	218.97	902.22	113.01	122.49	37.50	0.00	1,592.45
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,592.45
19. At projected collection rate of 98%										1,560.6

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

APPENDIX 2
**SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR BLACKBIRD LEYS PARISH COUNCIL**

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		289.0	1,301.0	2,977.0	432.0	46.0	1.0	0.0	2.0	5,048.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		0.0	1.0	2.0	2.0	1.0	0.0	0.0	0.0	6.0
2. Number of dwellings exempt 2023/24		8.0	15.0	22.0	3.0	0.0	0.0	0.0	0.0	48.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		281.0	1,287.0	2,957.0	431.0	47.0	1.0	0.0	2.0	5,006.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		0.0	1.0	12.0	5.0	4.0	0.0	0.0	1.0	23.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	0.0	1.0	12.0	5.0	4.0	0.0	0.0	1.0		23.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	0.0	282.0	1,298.0	2,950.0	430.0	43.0	1.0	1.0	1.0	5,006.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	222.0	756.0	828.0	111.0	5.0	0.0	0.0	0.0	1,922.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0	3.0
10. Additional 50% discounts for new dwellings	0.0	0.0	1.0	2.0	2.0	1.0	0.0	0.0	0.0	6.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	0.0	1.0	2.0	1.0	0.0	0.0	0.0	0.0	4.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	0.0	60.0	539.0	2,117.0	316.0	37.0	1.0	0.0	0.0	3,070.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.0	131.1	478.4	521.8	80.9	15.9	0.7	0.0	0.0	1,228.6
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	0.00	95.43	630.65	2,224.23	321.34	25.37	0.35	0.50	0.50	3,298.36
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.00	63.62	490.50	1,977.09	321.34	31.01	0.50	0.83	1.00	2,885.89
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										2,885.89
19. At projected collection rate of 98%										2,828.2

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2023/24
TOTAL FOR UNPARISHED AREA OF OXFORD CITY COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30 2022		2,449.0	7,724.0	14,421.0	13,565.0	6,991.0	2,879.0	3,229.0	596.0	51,854.0
1a. Estimated new dwellings net of exemptions and discounts for Dec 01 2022 - Mar 31 2023		1.0	3.0	6.0	3.0	3.0	1.0	1.0	0.0	18.0
1b. Estimated new dwellings net of exemptions and discounts 2023/24		4.0	9.0	17.0	13.0	6.0	4.0	4.0	1.0	58.0
2. Number of dwellings exempt 2023/24		712.0	836.0	1,141.0	1,664.0	1,277.0	318.0	263.0	205.0	6,416.0
3. No. of chargeable dwellings for 2023/24 (lines 1+1a+1b -2)		1,742.0	6,900.0	13,303.0	11,917.0	5,723.0	2,566.0	2,971.0	392.0	45,514.0
4. Number of chargeable dwellings (line 3) subject to disabled reduction on 30 November 2022		1.0	12.0	40.0	36.0	19.0	13.0	8.0	4.0	133.0
5. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 4 after reduction)	1.0	12.0	40.0	36.0	19.0	13.0	8.0	4.0		133.0
6. Number of chargeable dwellings adjusted in accordance with lines 4 and 5 (lines 3-4+5)	1.0	1,753.0	6,928.0	13,299.0	11,900.0	5,717.0	2,561.0	2,967.0	388.0	45,514.0
7. Est. of number of dwellings in line 6 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	5.0	0.0	5.0	5.0	4.0	1.0	1.0	1.0	22.0
8. Number of dwellings in line 6 entitled to a 25% discount (Single Person or Disregards) on 30 November 2022	0.0	867.0	3,616.0	4,533.0	3,577.0	1,554.0	606.0	547.0	28.0	15,328.0
9. Number of dwellings in line 6 entitled to a 50% discount (All residents disregarded) on 30 November 2022	1.0	15.0	3.0	24.0	26.0	13.0	7.0	19.0	12.0	120.0
10 Additional 50% discounts for new dwellings	0.0	4.0	9.0	17.0	13.0	6.0	4.0	4.0	1.0	58.0
11. Dwellings subject to Long Term Empty Premium (100%)	0.0	26.0	13.0	19.0	18.0	8.0	7.0	4.0	1.0	96.0
11a. Dwellings subject to Long Term Empty Prem (200%)	0.0	2.0	7.0	1.0	2.0	0.0	0.0	0.0	0.0	12.0
11b. Dwellings subject to Long Term Empty Prem (300%)	0.0	0.0	1.0	0.0	3.0	1.0	0.0	1.0	0.0	6.0
12. Number of dwellings in line 6 assumed to be entitled to no discounts / premium (lines 6-7-8-9-10-11-11a-11b)	0.0	834.0	3,279.0	8,700.0	8,256.0	4,131.0	1,936.0	2,391.0	345.0	29,872.0
13. Est. number of dwellings eligible for Council Tax Reduction Scheme during 2023/24	0.3	269.0	1,589.8	1,880.3	722.9	195.1	25.3	8.9	0.0	4,691.7
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 7 x 0.75) + (line 8 x 0.75) + (lines 9 and 10 x 0.5) + (line 11 x 2.0) + (line 11a x 3.0) + (line 11b x 4.0) + line 12 - line 13]	0.18	1,286.48	4,458.15	10,284.74	10,293.14	5,133.91	2,385.41	2,816.57	375.25	37,033.84
15. Ratio to band D	5/9	6/9	7/9	8/9	1.0	11/9	13/9	15/9	18/9	
16. Number of band D equivalents (line 14 x line 15)	0.10	857.65	3,467.45	9,141.99	10,293.14	6,274.78	3,445.59	4,694.29	750.50	38,925.49
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2023/24										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										38,925.49
19. At projected collection rate of 98%										38,146.9

Notes

Line 2 - Exempt Dwellings - Data comes from the CivicaOpenRevenues Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 7 - Recently built or uninhabitable dwellings - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 10 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2023/24 comes from Planning's Housing Trajectory plan

Lines 11 & 11a - Dwellings subject to Long Term Empty Premium - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

Line 13 - Dwellings eligible for Council Tax Reduction Scheme - this data comes from the Civica OpenRevenues Council Tax system as at November 30 2022

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**Statement of Numbers and Bands
of all Properties shown in the
1993 Valuation List for the
Billing Authority Area
of Oxford
BA Code 3110
As at 30-NOV-2022**

Band	Numbers
A	3111
B	9930
C	19576
D	16139
E	7474
F	3076
G	3338
H	607
Grand Total of All Properties In Valuation List	63251

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Risk Register

Setting of the Council Tax Base 2023/24

As at: 18 January 2023
Risk Score (Impact Score): 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic
Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

Ref	Title	Risk description	Risk		Cause	Consequence	Date Raised	Owner	Gross		Current		Target		Comments	Control description	Controls			
			Opp/ threat						I	P	I	P	I	P			Due date	Status	Progress	Action Owner
Council Tax Base																				
1	Incorrect property numbers	A different level of Council Tax debit to the estimate could be raised.	O / T	An increase in the number of new properties or a reduction in the number of current properties than estimated in the remainder of 2022/23 and in 2023/24.	Unexpected surpluses or deficits in the Collection Fund. If there is a surplus, there will be an increased level of cash flow for the Council, resulting in increased investment opportunities. If there is a deficit, the City Council may have to take out borrowing to cover cash flow fluctuations.	12/12/2022			4	3	3	2	3	2		Assumptions used in the number of new builds are conservative. The estimate is reduced by 50% to allow for possible delays in these new properties being built and occupied in 2023/24.	Ongoing	Ongoing	100%	Ryan Taylor
2	Changes to exemptions, discounts and Council Tax Reduction Scheme	A different level of collectable Council Tax to the estimate.	O / T	An increase or reduction in the number of exemptions, discounts and tax payers eligible for Council Tax Reduction Scheme applied than estimated in 2023/24.	Unexpected surpluses or deficits in the Collection Fund. If there is a surplus, there will be an increased level of cash flow for the Council, resulting in increased investment opportunities. If there is a deficit, the City Council may have to take out borrowing to cover cash flow fluctuations.	12/12/2022			4	3	3	2	3	2		Council Tax Officers in Financial Services continually review existing exemption, discounts and Council Tax Reduction Scheme claimant cases to ensure these should still be granted. Assumptions are based on prior years/historical trends and take account of external impacts.	Ongoing	Ongoing	100%	Ryan Taylor
3	Incorrect Council Tax Collection Rate	An incorrect collection rate could result in a shortfall or surplus of cash received by the City Council and future Collection Fund surpluses or deficits.	O / T	Council Tax collection rate being higher or lower than anticipated.	Unexpected surpluses or deficits in the Collection Fund. If there is a surplus, there will be an increased level of cash flow for the Council, resulting in increased investment opportunities. If there is a deficit, the City Council may have to take out borrowing to cover cash flow fluctuations.	12/12/2022			4	3	3	2	3	2		We eventually collect over 98% of the collectable debit for each period. Council Tax officers in Financial Services carry out regular reminder runs in cases of non-payment followed by Magistrates Court proceedings (if necessary).	Ongoing	Ongoing	100%	Ryan Taylor
4	A change in the number homes marked as long term empty	If the number of homes marked as long term empty is incorrect, the overall tax base would be affected.	T	If the number long term empty homes is reduced, the overall tax base would also reduce.	Unexpected surpluses or deficits in the Collection Fund. If there is a surplus, there will be an increased level of cash flow for the Council, resulting in increased investment opportunities. If there is a deficit, the City Council may have to take out borrowing to cover cash flow fluctuations.	12/12/2022			4	3	3	2	3	2		A review of long term empty properties is constantly in review to ensure the correct number of properties is being reported.	Ongoing	Ongoing	100%	Ryan Taylor

Current Risk Score
This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and

Residual Risk Score
This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.

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INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

2022/2023

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SUMMARY OF 2022/2023 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2022/2023 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2022/2023 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of the 2022/2023 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- ▶ Sickness & Absence Management
- ▶ Treasury Management
- ▶ NNDR & Business Rates Pooling
- ▶ Income Generation - To be presented separately in a confidential session
- ▶ Follow-up Report.

Fieldwork is underway in respect of the following audits which we anticipate will be presented at the next Audit Committee meeting:

- ▶ Cyber Security
- ▶ Housing Rents
- ▶ Change Programme
- ▶ Planned Maintenance and Refurbishment
- ▶ Enforcement Restructure
- ▶ Contract Management & Procurement.

REVIEW OF 2022/20233 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: Car parking	Nigel Kennedy	Sept 22	✓	✓	✓	S	S
Audit 2: Income Generation	Nigel Kennedy	Jan 23	✓	✓	✓	L	L
Audit 3: Change Programme	Helen Bishop	Apr 23	✓				
Audit 4: Planned Maintenance & Refurbishment	Nerys Parry	Apr 23	✓				
Audit 5: Housing Rents	Nerys Parry	Apr 23	✓	✓			
Audit 6: Community Strategy	Stephen Gabriel	Apr 23	✓				
Audit 7: Enforcement Restructure	Ian Wright	Apr 23	✓				
Audit 8: Cyber Security	Helen Bishop	Apr 23	✓	✓	✓		
Audit 9: NNDR & Business Rates Pooling	Nigel Kennedy	Jan 23	✓	✓	✓	S	M
Audit 10: Sickness Absence Management	Nigel Kennedy	Jan 23	✓	✓	✓	M	M
Audit 11: Treasury Management	Nigel Kennedy	Jan 23	✓	✓	✓	S	S
Audit 12: Contract Management and Procurement	Nigel Kennedy	Apr 23	✓				



SICKNESS & ABSENCE MANAGEMENT

CRR 1: ENABLE AND INCLUSIVE ECONOMY

Design Opinion	M	Moderate	Design Effectiveness	M	Moderate
Recommendations	0	3	1		



SCOPE

BACKGROUND

- ▶ Oxford City Council (the Council) have a workforce of c750 staff across a variety of departments. The Council has an Attendance Management Policy which covers the employee's and line manager's responsibilities for managing sickness absence, including: notifying the line manager of sickness absence, maintaining contact with employees on long-term sickness absence and completing return-to-work meetings. Return-to-work meetings are required for each period of sickness absence
- ▶ The Council use the iTrent system for recording sickness absence cases, attaching documents such as medical notes to support the absence, and reporting on sickness absence performance. It has used iTrent for over 10 years however, the current contract is due to end in the next two years so the People Team have commenced initial procurement procedures to identify the specifications and requirements of the new HR system
- ▶ The Council's performance target of 6.5 days lost to sickness absence per employee was marginally missed in 2021/22 with 7.15 days lost to sickness absence. However, it is significantly lower than a decade ago where the figure was c12 to 14 days per employee per annum. Between 1 October 2021 and 30 September 2022 the Council lost 4,138 days to sickness absence with 1,196 days (29%) lost being caused by stress, depression, anxiety or mental health. Other significant causes of sickness absence were musculo-skeletal (11%), infections including cold and flu (10%), and Covid-19 (6%)
- ▶ The People Team provide central support and guidance on sickness absence management when required by line managers however, the onus is on line managers to effectively manage staff absence in accordance with the Attendance Management Policy. There are two HR Business Partners that work directly with service areas to provide general guidance, training and advice on managing sickness, including absence prevention methods.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed the Council's Attendance Management Policy and any supporting guidance documents to assess whether these were appropriate and clearly advised employees and line managers on their responsibilities regarding notifying the Council of absence and uploading information into iTrent
- ▶ We reviewed the arrangements in place to support, guide and advise line managers on how to undertake effective return to work interviews and manage long-term sickness absence amongst staff
- ▶ We reviewed 15 episodes of staff sickness to ascertain whether data was recorded correctly in iTrent, whether return-to-work interviews were completed and medical notes were obtained
- ▶ We reviewed five long-term sickness absence cases to assess whether adequate contact had been maintained with the employee and steps were taken to support a timely return to work
- ▶ We reviewed reporting on sickness absence rates and reasons to managers and Heads of Service to assess whether adequate information was provided to identify issues and trends
- ▶ We enquired to HR Business Partners about the support provided to managers on an ongoing basis for managing and reducing sickness absence. We also enquired to managers about



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Attendance Management Policy clearly outlines the roles and responsibilities of employees and managers in relation to notifying and recording sickness absence. Furthermore, whilst there were some areas for improvement with the Management Guidance - Attendance Management document (see Finding 1), the overall guide provided a step-by-step process on how to manage return-to-work interviews, long-term sickness and escalation procedures when certain thresholds are reached. Line managers were aware of how to access the guidance on the intranet
- ▶ There was a consensus amongst line managers we interviewed that there was sufficient support on sickness absence management from the People Team. Whilst we noted that line managers are responsible for managing the absence, the People Team are accessible to provide support, particularly on long-term sickness cases. Additionally, some managers informed us that the HR Business Partners were useful for providing specific guidance on absence cases
- ▶ Management reporting on sickness absence was adequate, with greater details on specific cases provided to managers and a higher level of performance reported to Heads of Service. The information provided allowed for trend analysis of reasons for sickness absence by department, the Bradford Factor or employees and the overall number of days lost to absence.



AREAS OF CONCERN

Finding	Summary of Recommendations	Owner	Due Date
<p>Finding 1 - Medium</p> <p>There was no evidence or records of a return-to-work meeting in nine of the 15 sickness absence cases reviewed (66%), of which three were long term sicknesses. The use of the word 'promptly' to describe when return-to-work meetings should be held requires clarification</p>	<p>a. The 'Management Guidance - Attendance Management' document should be updated to specify a precise timeframe for when return-to-work interviews should be completed. For example, 'on the day of the employee's return' or 'before commencing any duties'</p> <p>b. The People Team should email all line managers to remind them of the expectation that return-to-work interviews are completed after each sickness absence episode on the day that the employee returns, and that records of the discussion should be held on iTrent</p> <p>c. The People Team or the HR Team should review a sample of absences to assess whether the return-to-work interview had been completed and recorded on iTrent. Non-compliance identified from these checks should be raised with the relevant line manager. Where certain line managers are identified as consistently not recording the return-to work interview on iTrent this should be escalated to their Head of Service</p> <p>d. The People Team or the HR Team should ascertain whether they are able to extract data from iTrent on the completion of return-to-work interviews for closed absences. This data should be reported for each department to the Head of Service.</p> <p><u>Management Response</u></p> <p>a. It is agreed that it makes sense to update the guidance to reflect what it says in the policy.</p> <p>b. It is agreed that managers should be reminded of this, but best method of communication may</p>	<p>Simon Edginton, Operational Manager (HR & Payroll)</p> <p>Justin Thorne, People Services Delivery Manager</p>	31/01/23

	<p>not be by email. A useful approach will be to make sure senior managers and leaders are role modelling the right behaviours in managing absence and to set expectations in 121 discussions.</p> <p>c. Not agreed. Doing this would be a time intensive process and would require going into each record individually. A reminder to all managers about the correct process (as in point (b)) would be a better way to address this.</p> <p>d. We do not think this is possible but agree that this should be checked and if possible actioned as suggested.</p>		
<p>Finding 2 - Medium</p> <p>Medical notes were not provided in three sickness absence episodes that lasted more than seven working days, with another employee providing a hospital appointment letter but not a medical note. In a further two instances, medical notes were provided but did not cover the entire period of absence</p>	<p>a. All line managers should be sent a reminder email by the People Team that medical notes should be provided for any absence over seven working days, covering the entire period of absence and these should be attached to iTrent</p> <p>b. The People Team or the HR Team should review a sample of open absences that have lasted more than seven working days to check whether medical notes have been attached to the iTrent records. Any cases where the medical certificates are not attached or do not cover the entire period should be followed up with the line manager.</p> <p><u>Management Response</u></p> <p>a. It is agreed that managers should be reminded of this, but best method of communication may not be by email.</p> <p>b. Not agreed. Doing this would be a time intensive process and would require going into each record individually. A reminder to all managers about the correct process (as in point a) would be a better way to address this.</p>	Justin Thorne, People Services Delivery Manager	31/01/23
<p>Finding 3 - Medium</p> <p>Sickness absence end dates were not input into iTrent in a timely manner in eight of the 15 cases reviewed, resulting in payroll adjustments having to be processed in the following month to correct an over or underpayment to employees</p>	<p>The Management Guidance - Attendance Management document should be sent to all line managers by the Head of People highlighting the responsibilities of line managers, particularly around entering sickness absence information into iTrent. Other issues identified in Finding 1 and 2 could also be addressed through this communication and information on line managers not complying with this guidance should be escalated to heads of department.</p> <p><u>Management Response</u></p> <p>Agreed that a reminder about the guidance and where to find it should be given to managers, but the document does not need to be sent by email, or be sent by the Head of People. This should be combined</p>	Justin Thorne, People Services Delivery Manager	31/01/23

		with the recommendations in Finding 1 and 2.		
	Finding 4 - Medium Various issues with iTrent were raised to us, including the lack of detail in the return-to-work meeting notes box and inaccuracies with live data provided by the system	As part of the procurement exercise, the People Team should establish working groups or consultation sessions with line managers to obtain their perspectives on essential and desired functionality within the new HR system to support more effective sickness absence management. <u>Management Response</u> Agreed that managers will be consulted on this.	Simon Edginton, Operational Manager (HR & Payroll)	At an appropriate time in the procurement process



CONCLUSION

Overall, the Council have a moderate control design and effectiveness for the management of sickness absence, with three Medium findings and one Low finding raised.

We were informed of limitations in iTrent however, the system does provide dates of sickness absence to be recorded and for medical notes and return-to-work interviews to be attached. Our review of sickness absence cases identified significant non-compliance in obtaining medical certificates for absences over seven days, recording return-to-work meetings and entering the end date of the sickness absence. Therefore, this suggests that managers were not using the system effectively or in accordance with the Attendance Management Policy.

Performance reporting was adequate and tailored appropriately to the audience. For example, greater detail on specific staff absences was provided to managers, noting staff that had a score of more than 100 on the Bradford Factor scale which triggers escalation procedures.

The onus for managing sickness absence and recording data is on line managers which led to inconsistencies in approaches and higher levels of non-compliance in certain areas.

TREASURY MANAGEMENT

CRR 1: ENABLE AND INCLUSIVE ECONOMY

Design Opinion



Substantial

Design Effectiveness



Substantial

Recommendations



SCOPE

BACKGROUND

- ▶ Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meet its obligations while ensuring any surplus cash is managed within the council's appetite for risk and return
- ▶ Legislation requires local authorities to have regard to statutory proper practices in relation to treasury management, including CIPFA's Prudential Code and the Treasury Management Code of Practice, which provides guidance on recommended treasury management practices
- ▶ Oxford City Council (the Council) have a Treasury Management Strategy which outlines its approach towards borrowing and investing, setting limits for the amounts that can be borrowed and invested with each counterparty. Counterparty limits are set by the Council's treasury advisors, Link Group, based on the risk factor and credit ratings
- ▶ Interest rates set by the Bank of England have increased from 0.25% in January 2022 to 3% in November 2022, increasing the cost of the Council's future borrowings, as current borrowings are at a fixed interest rate. The Risk Register identifies key risks, which are reported in the Annual Treasury Management Report and the Mid-Year Report. These are provided to Cabinet and the Finance & Performance Committee for member oversight
- ▶ The Treasury Manager is responsible for managing the treasury function, including daily dealing, completing reconciliations and treasury reporting. All investments, money market funds (MMFs) and borrowings are recorded on the Daily Treasury spreadsheet and reviewed by a separate officer. Payments to counterparties are processed by the Management Accountants Team
- ▶ We have previously reviewed the Council's Treasury Management function in 2020/21 providing Substantial assurance for both the control design and effectiveness. Only one Low finding was raised around the timeliness and review process for bank reconciliations for the General Fund Account.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed the Treasury Management Strategy and assessed whether it has been approved by Cabinet and relevant Committees, complies with statutory requirements and sufficiently outlines the approach and limits for investments and borrowing for the Council
- ▶ We reviewed a sample of five investments, five MMF transactions and six borrowing transactions to assess whether these were processed in accordance with the limits set in the Treasury Management Strategy, with counterparties approved by Link Group and with appropriate levels of approval
- ▶ We reviewed whether treasury management performance reports and cash flow forecasts are presented to management and Members regularly, and in compliance with CIPFA's Prudential Code, to support effective oversight and scrutiny of treasury performance
- ▶ We reviewed all treasury reconciliations for 2022/23 to assess whether these are accurate, complete and reviewed by a separate officer in a timely manner
- ▶ We reviewed risk management arrangements, including risk registers and oversight of key risks by management and Committees, to assess whether risks are identified and managed effectively.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council's Treasury Management Strategy for 2022/23 was approved by Cabinet on 9 February 2022 and then by Full Council on 16 February, as required by the Prudential Code. The Treasury Management Strategy, and the Investment Strategy and Borrowing Strategy within it, complied with the Prudential Code requirements and clearly outlined the Council's approach and risk appetite for investing and borrowing
- ▶ Treasury performance was reported to the Finance & Performance Panel twice per year, in accordance with the Prudential Code. The Annual Report and Mid-Year report provide clear information to the Panel on the performance of each type of investment fund and an overview of its borrowing plans. It also provides the Panel with forecasts of interest rates, and the interest income from its investing activities
- ▶ Monthly reporting to the Financial Management Manager was robust, including the overall Loans List and investment performance for the period. Cashflow trajectories for the month are reported to support decision making on future treasury activities
- ▶ We reviewed five investments and MMF transactions which were all reviewed by two separate officers, with a separation of duties maintained between the dealer and the officer processing the payment to the counterparties. All of the investments and MMF transactions reviewed were within the counter party limits set by the Link Group, although there was one instance identified where an MMF was recorded against the incorrect counterparty on the Loans List (see Finding 1)
- ▶ In all six borrowings from other local authorities since March 2022, no more than £30m or 30% of the overall portfolio was borrowed from each counterparty, which was compliant with the Treasury Management Strategy. These borrowings, or rollovers of existing loans, were approved in advance by the Financial Accounting Manager
- ▶ Reconciliations between the dealing database and Agresso, the finance system, were completed monthly and subject to a separate review. Investments for each fund and interest income/expenditure was reconciled to Agresso accurately for August and September 2022.



AREAS OF CONCERN

Finding	Summary of Recommendations	Owner	Due Date
Finding 1 - Low The Treasury Risk Register provided to the most recent Finance & Performance Panel was a previous version which reflected the risk of a decline in interest	The updated version of the Risk Register should be reported to the Finance & Performance Panel at its next meeting, noting that the version reviewed at the December meeting was a previous version, to ensure the Panel has sufficient oversight of the key treasury risks. <u>Management Response</u> An older version of the risk register was incorrectly used for the mid-year report which did not include the updated narrative in respect of the risk relating to interest rates. This was an oversight and was a one-off occurrence due to the updated register having been saved with the draft treasury strategy for 2023/24. Management will ensure that the risk register being used for future reports is the latest one available.	Bill Lewis, Financial Accounting Manager	Immediate
Finding 2 - Low There was one MMF transaction for £7.46m that had been recorded against the wrong fund on the Loans List, creating a risk of future trading with that fund which exceeds the counterparty limit. Although, in this instance, the MMF was within the counterparty limit	The wording of the section for confirming that there has not been a breach of counterparty limits on the Stage 2 Checklist should be amended to include a check that the MMF transaction or investment has been added to the correct fund on the Loans List. <u>Management Response</u> The stage 2 checklist has been updated to incorporate this additional check.	Paul Jeffery, Treasury Manager	Implemented

**CONCLUSION**

Overall, the Council have a substantial control design and effectiveness for its treasury management function, with two Low findings raised.

Local authority treasury management practices are governed by CIPFA's Prudential Code and Treasury Management Code of Practice. We identified that the Council's arrangements were compliant with the requirements of these documents. Its Treasury Management Strategy outlined its approach for treasury management and had been approved by Full Council, as required by the codes. Furthermore, with support from its treasury advisors, the Link Group, the Investment Strategy and Borrowing Strategy identified counterparties whose risk factors aligned with the Council's low risk appetite for risk and return.

However, the Treasury Risk Register presented to the Finance & Performance Panel at its most recent meeting was a previous version which omitted key risks over rising interest rates which could impact the cost of future borrowing.

A separation of duties between dealing, reviewing and making the payment for investments and MMFs were maintained, and these transactions were with approved counterparties, within the limits set.

NNDR & BUSINESS RATES POOLING

CRR 1: ENABLE AND INCLUSIVE ECONOMY

Design Opinion	 Substantial	Design Effectiveness	 Moderate
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Recommendations	 0	 2	 1
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SCOPE

BACKGROUND

- ▶ Oxford City Council (the Council) receive business rates (NNDR) from commercial properties. Business rates are a tax on the occupation of non-domestic properties such as shops, offices, pubs, warehouses and factories
- ▶ The Valuation Office Agency (VOA) calculate a rateable value for each commercial property every five years. To calculate an occupier's business rates liability a multiplier is applied to the rateable value. For properties with a rateable value over £51,000 the higher multiplier of 51.2% is used and for properties below £51,000 the lower multiplier of 49.9% is used. These multipliers have remained stable since 2020/21
- ▶ The Council collected £78.955m in NNDR in 2021/22 with a collection rate of 89.8%. This was down on 2020/21 where the collection rate was 95.8%, albeit only £49.641m was collected by the Council. The 2021/22 figures were understated due to a VOA valuation reduction of £10m on a property receiving 80% mandatory relief, which was received on 31 March 2022 but not processed until 1 April 2022 resulting in the overall billing being shown as higher than it should have been by c£1m. Additionally, due to the higher reliefs and exemptions in 2020/21 caused by legislative changes to help businesses manage the impact of the pandemic, overall billing in 2020/21 for NNDR was c.£36m lower than the following year. The Council's collection target for NNDR is 95.5% for 2022/23, with performance monitored monthly at a profiled rate throughout the year. As at 31 October 2022, the profiled collection was 60.34% which is on target to meet the overall annual collection rate target
- ▶ The Council implemented the new Civica Open Revenues system in September 2021 to manage NNDR billing. Previously, it used the Capita system. The Council's cash receipting system is transferring to Civica Pay however, this is being phased in so the backend of the system is still operated by PARIS
- ▶ Whilst the data conversion from Capita to Civica Open Revenues has not resulted in any known instances of incorrect billing of occupiers, it has caused issues relating to the reporting of legal/court costs for arrears. Arrears notices to occupiers do not break down the NNDR arrears and the court costs payable which has led to financial reporting issues for the Council. Only the opening balance was affected by this during the data conversion so new arrears are not impacted
- ▶ During the Covid-19 pandemic the Council had a moratorium on debt recovery of arrears however, it has now recommenced its formal debt recovery procedures. The wording used in reminder letters was softened to promote a more cooperative approach with occupiers. However, the Council has managed to book its first court slot in 18 months for January 2023 therefore it has issued summons' to occupiers that have reached their final notice.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed the Council's policies and procedures for managing NNDR valuations, billing and discounts to assess whether these were adequate and up to date
- ▶ We reviewed the reconciliation process between Civica Open Revenues and the VOA's valuation listing to assess whether these were completed regularly and accurately
- ▶ We reviewed 15 commercial properties to assess whether occupiers had been billed accurately and in a timely manner and that payments had been received from customers
- ▶ We reviewed 10 commercial properties where reliefs/exemptions had been applied to assess whether the relief/exemption had been appropriately applied and that the discount had been calculated accurately

- ▶ We reviewed 15 occupiers in NNDR arrears to ascertain the debt recovery actions taken to pursue the debt and assess whether these were appropriate to ensure arrears were recovered in a timely manner
- ▶ We reviewed the arrangements for reconciling Agresso and Civica Open Revenues to assess whether these were completed accurately and in a timely manner
- ▶ We reviewed the arrangements for reconciling Agresso and PARIS to assess whether these were completed accurately and in a timely manner
- ▶ We reviewed management reporting on NNDR collection rates and against KPIs to assess whether there was adequate oversight and monitoring of performance
- ▶ We reviewed the actions taken by the Council to resolve the financial reporting issues on legal costs caused by the data conversion to Civica Open Revenues to assess whether these were reasonable.



AREAS STRENGTH

OF

We identified the following areas of good practice:

- ▶ The Council has a page on its website providing information and explanatory notes on NNDR billing and the types of exemptions and reliefs available to businesses. This provides clarity and transparency over its NNDR policies
- ▶ Weekly reconciliations between the VOA property list and Civica were completed, with a separation of duties between the preparer and reviewer. We reviewed five reconciliations between April and August 2022 and noted variances between the VOA's listing and Civica were investigated, and mainly caused by timing differences
- ▶ We reviewed 15 new NNDR liabilities between 1 April and 30 September 2022, where the occupier of the property had changed in the year, and found that in all instances the new occupier had been billed on the day that the Council became aware of the change. Furthermore, the annual bill had been correctly apportioned based on the number of days remaining in the year. When the liability start date is entered into Civica, the system automatically calculates the liability based on the property's rateable value and the number of days remaining
- ▶ The Council use Destin to monitor the eligibility of reliefs for retail relief and small business rates relief applications. The system uses freedom of information data supplied by local authorities to identify occupiers that hold commercial properties in other areas, making them ineligible for the relief if they exceed the maximum thresholds. This is an effective preventative measure for fraudulent relief claims for certain types of relief
- ▶ The Counter Fraud team also use Destin to provide ongoing monitoring of occupiers receiving small business rates relief and retail relief to confirm they remain eligible. It periodically uploads data from Civica for all properties receiving reliefs to identify whether the ratepayers occupy properties on other local authority databases. Matches are assessed to ascertain whether the occupier was fraudulently claiming a relief or if it was claimed in error. For example, where an occupier was already claiming retail relief with the Council before occupying another property, exceeding total portfolio's rateable value limit for relief, this may be considered an error which is passed to the Senior Revenues Officer to manage with the occupier
- ▶ Occupiers are automatically sent a first reminder in Civica 14 days after falling into arrears then a final notice if it remains unpaid 14 days later. A liability order is then raised for the Recovery team to pursue the debt. We reviewed 15 occupiers in arrears and identified a proactive approach by the Recovery team. Regular communication was maintained with occupiers and sufficient records of correspondence were retained on the Civica diary notes. As the Council has been able to book its first court hearing date for January 2023, summons' were issued to occupiers on their final notice
- ▶ We reviewed the monthly reconciliations between Agresso and Civica for April to August 2022 and noted that these had been completed with a separation of duties and reviewed in a timely manner
- ▶ Collection rate performance was reported to the Revenues Manager monthly for oversight of performance against the profiled target. Additionally, the Recoveries Team Leader provided detailed monthly reports to the Revenues management team on the recovery performance, with comparisons to previous year
- ▶ The Revenues Manager reported monthly to the Head of Financial Services and the Portfolio Holder for Citizen Focused Services on revenues performance, including NNDR. We reviewed the Portfolio reports between June and September 2022 and noted that adequate detail was provided over the collection rates and any issues relating to NNDR.



AREAS OF CONCERN

Finding	Summary of Recommendations	Owner	Due Date
<p>Finding 1 - Medium An instance was identified in our review of 10 exemptions/reliefs where a community interest company was given charity relief of over £11,000, despite not being eligible and one occupier was eligible for over £1,000 of retail relief but this was not applied. There were also five instances where charity relief was applied but there was no evidence that the officer had confirmed that the occupier was a registered charity</p>	<p>a. The Revenues team should be reminded by the Senior Revenues Officer in a minuted discussion or via email to ensure that the charity number is recorded on the occupier's diary note on Civica for those receiving charity relief. For the next quarter, the Senior Revenues Officer should review a sample of occupiers receiving charity relief to assess whether compliance has improved</p> <p>b. The Revenues team should consider whether it would be appropriate for the Senior Revenues Officer to check all new applications for charitable relief discounts to assess whether the occupier is eligible. Alternatively, if this is considered too time-consuming due to the volume of discounts, guidance and training should be prepared for the Revenues team to outline eligibility criteria for charity relief.</p> <p><u>Management Response</u></p> <p>a. Agreed - an email will be sent to all Revenues Officers and a team meeting in the new year to remind the team to record the charity numbers on the Civica diary note. The meeting will be for staff to discuss the email and raise any concerns or issues around training. A sample will be reviewed each month by the Senior Revenues Officer to check that this is being complied.</p> <p>b. The sample check will be around 10-20% of all charity reliefs awarded in the month.</p>	Phil McGaskill, Revenues Manager	31/01/23
<p>Finding 2 - Medium The procedure notes to support staff with NNDR processes were out-dated, with screenshots and instructions relating to the Capita system which the Council no longer use</p>	<p>The Revenue team's procedure notes should be updated with screenshots and instructions on how to complete the processes on Civica. These should be saved in a central folder to ensure they are accessible to staff.</p>	Phil McGaskill, Revenues Manager	28/02/23
<p>Finding 3 - Low Daily reconciliations between PARIS and Agresso were not reviewed by a separate officer to confirm the accuracy of the reconciliation</p>	<p>Daily reconciliations between PARIS and Agresso should be retrospectively reviewed after it has been submitted. The initials and date of the review should be recorded on the reconciliation spreadsheet.</p>	Partially agreed - a review will be taken at the end of each calendar month for reconciliations in that month. All daily reconciliations for a month are in a single reconciliation spreadsheet, so these will be reviewed for the overall month within 10 working days of the	31/01/23

			month end, as with other monthly reconciliations	
--	--	--	---	--



CONCLUSION








Overall, the Council have a substantial design of controls and moderate control effectiveness for the management of NNDR billing and collection, with two medium findings and one low finding raised.





While issues were identified over the recording of eligibility checks for charity relief applications, discounts were calculated accurately. New occupier's bills were also apportioned correctly and issued in a timely manner.



There were robust processes around arrears recovery through proactive engagement with occupiers by the Recovery team and now that it is able to issue court summons' to debtors, this should improve collection.

Following the Council's move from Capita to Civica, there have been challenges around procedures and data integration on the breakdown of legal costs on the court summons. However, we identified compliance across the main NNDR functions.

KEY PERFORMANCE INDICATORS





QUALITY ASSURANCE	KPI	RAG RATING
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	This KPI will be updated during the course of the year based upon the results from the client satisfaction surveys. However, so far we have had two survey response in 2022/23 where the respondent 'Agreed' or 'Strongly Agreed' that the final report was clear and concise	
Frequent communication to the customer on the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.	Sector updates will be provided within the Audit Committee progress report and/or in appending reports.	
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings so far have been attended, including Audit Committee meetings, pre-Audit Committee, scoping meetings and meetings during audit fieldwork.	
Information is presented in the format requested by the customer.	No requests to change the BDO format.	
Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.	We have received two survey responses for 2022/23 where we had an average score 4.5 for audit satisfaction. We will continue to issue surveys for each audit as it is finalised.	
External audit can rely on the work undertaken by internal audit (where planned)	To be clarified at year end once we have met with the new external auditors	
Positive result from any external review	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS).	
This is the highest of the three ratings categories.		

REPORTING ARRANGEMENTS	KPI	RAG RATING
Draft report to be produced 3 weeks after the end of the fieldwork	Draft reports have been produced within 3 weeks in the year to date.	
Management to respond to internal audit reports within 2 weeks	We have received management responses within 2 weeks for all audit reports so far in 2022/23, with exception to the Income Generation report which required cross-departmental responses, therefore, we set up a meeting with all stakeholders to obtain an agreed response.	
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of management comments for all reviews so far in 2022/23.	
90% recommendations to be accepted by management	All recommendations have been agreed with management prior to release of the final audit report and have been accepted in full.	




DELIVERY	KPI	RAG RATING
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	Progress against the audit plan is reported at every Audit Committee, against original planned dates. All audits have been completed in line with the actual days agreed, with some dates moved back at the request of the Council.	
At least 60% input from qualified staff	Audits undertaken in 2022/23 have been undertaken by qualified staff.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS REVIEW FROM	EFFECTIVENESS OPINION	FINDINGS REVIEW FROM
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

61 Oxford City Council
2022/2023

IDEAS | PEOPLE | TRUST

IBDO

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SUMMARY

2022/2023	Total Recs	H	M	L	To follow up	Complete		Moved to Medium		Overdue		Not Due	
						H	M	H	M	H	M	H	M
										-	-	-	-
Business Continuity & Disaster Recovery	4	-	2	2	1	-	1	-	-	-	-	-	1
Private Rented Sector	21	17	4	-	10	6	2	2	-	-	-	-	-
Total	25	17	6	2	11	6	3	2	-	-	-	-	1

SUMMARY

2021/2022

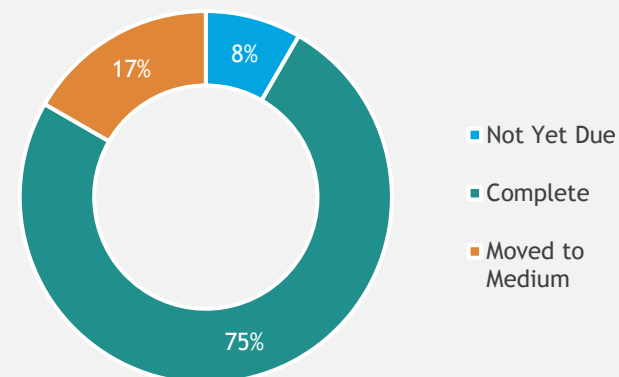
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2022/2023.

- ▶ Six High and two Medium recommendations from the Private Rented Sector review have been implemented, including a review of all 977 property lets to verify that all documentation is held on the central filing system. A further two High recommendations have been downgraded to Medium as progress has been taken towards implementing the recommendations, reflecting the reduced risk.
- ▶ One Medium recommendation from the Business Continuity & Disaster Recovery review has been implemented.
- ▶ All recommendations that have a revised due date or not due will be followed up as they fall due at subsequent Audit & Governance Committee meetings.




REQUIRED AUDIT COMMITTEE ACTION:





We ask the Audit Committee to note the progress against the recommendations.



2022/2023 Cumulative implementation



RECOMMENDATIONS: COMPLETE



AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22. Private Rented Sector	A file should be created for each letting within a centralised location on the Private Rented Sector network and all checks undertaken per property including the assessment of the landlord should be retained on file (subject to relevant retention policies).	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022	Management Comments: Centralised files, on the M Drive, have been created for all 977 property lets with all documentation relating to the properties saved on it. Internal Audit Comments: We observed the file structure through a screenshare and confirmed that it had been established and that documentation had been saved on it.
2021/22. Private Rented Sector	The file should retain the following documents as a minimum: <ul style="list-style-type: none"> Confirmation that a prosecution check was completed Declaration/approval that the landlord is fit and proper Signed and dated Code of management Completed property conditions checklist Tenancy agreement Approval to register the landlord within Private Rented Sector	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022	Management Comments: All 977 property let cases have now been checked. Of these, 313 have been completed with all documentation, 352 require more information from the landlord or tenant and 278 tenancies have now ended. For the 352 requiring further information, landlords have been contacted to obtain any missing documentation. The team have a tracker in place for each property recording the documentation that remains outstanding. Internal Audit Comments: We confirmed that the review of all 977 property lets has been completed and observed a small sample of files to confirm that the relevant documentation was stored on it.
2021/22. Private Rented Sector	Existing landlords on the Private Rented Sector register should complete a self-declaration confirmation annually this should be signed, dated by the landlord and checked by an appropriate officer prior to being retained on file	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022	Management Comments: From the check of 977 property let cases, the 313 that have all documentation include a fit and proper self-declaration. Where these are missing in the 352 cases where full documentation has not been obtained, the landlord has been contacted for the self-declaration. To have a successful application a signed self-declaration form must be provided. The team have a tracker in place for each property recording the documentation that remains outstanding. Internal Audit Comments: We confirmed that the review of all 977 property lets has been completed and observed a small sample of files to confirm that the fit and proper declaration was stored on it. We also reviewed emails issued to landlords requesting the documentation.

2021/22. Private Rented Sector	SharePoint access should be created between the Private Rented Sector team and HMO enforcement (Post the Office 365 implementation) team whereby the HMO team publish a list of rogue landlords and those subject to financial penalties monthly. Subsequently, the Private Rented Sector team should check the listing against their current landlords.	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022	<p>Management Comments: Licences required to access environmental health enforcement action records have been acquired. The team have read only access.</p> <p>Internal Audit Comments: We undertook a walkthrough of the SharePoint drive via a screenshare and confirmed that the access had been provided and that the team can access the necessary records.</p>
2021/22. Private Rented Sector	Tenancy agreements should be signed by both parties and retained on the property file	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/12/2022	<p>Management Comments: From the check of 977 property let cases, the 313 that have all documentation include a signed tenancy agreement. Where these are missing in the 352 cases where full documentation has not been obtained, the landlord has been contacted for the signed agreement. The team have a tracker in place for each property recording the documentation that remains outstanding.</p> <p>Internal Audit Comments: We confirmed that the review of all 977 property lets has been completed and observed a small sample of files to confirm that the tenancy agreements were stored on it. We also reviewed emails issued to landlords requesting the documentation and the tracker that is used to monitor the outstanding documentation for each property.</p>
2021/22. Private Rented Sector	Up to date tenancy agreements should be retained on file for all occupancies made	HIGH 	James Pickering, Welfare Reform Manager	30/06/2022 31/12/2022	<p>Management Comments: All signed tenancy agreements are held on the centralised filing structure.</p> <p>Internal Audit Comments: We confirmed that the review of all 977 property lets has been completed and observed a small sample of files to confirm that the tenancy agreements were stored on it. We also reviewed emails issued to landlords requesting the documentation and the tracker that is used to monitor the outstanding documentation for each property.</p>
2021/22. Private Rented Sector	The guidance should be reviewed for duplication and ensure there are consistent messages throughout all guidance available. The guidance notes should be aggregated to form consistency and one overarching guidance on the private rented sector schemes	MEDIUM 	James Pickering, Welfare Reform Manager	30/06/2022 31/12/2022	<p>Management Comments: Guidance is now in place via the property checklist which includes details of what documentation needs to be provided. This is used and saved to the property file for each new case.</p> <p>Internal Audit Comments: We reviewed the property checklist and confirmed that it is in place, creating consistency across the documentation required from landlords/tenants.</p>

2021/22. Private Rented Sector	The Council should update the guidance ensuring it reflects current practices and policies should be reviewed annually	MEDIUM 	James Pickering, Welfare Reform Manager	30/06/2022 31/12/2022	<p>Management Comments: Guidance via a checklist is in place for all new cases and the template will be reviewed annually. There has been a recent change in the structure of the Private Rented Sector team a Task & Finish Group have been set up to review documentation and templates.</p> <p>Internal Audit Comments: We reviewed the checklist that is in place for new properties and were informed that this document would be reviewed annually.</p>
2021/22. Business Continuity & Disaster Recovery	<p>Management should look to implement a unified Disaster Recovery Plan that is aligned to and supports the Council's priorities and includes, but not limited to:</p> <ul style="list-style-type: none"> • The recovery procedures for the Council's IT infrastructure, hardware and systems • The procedures for invoking the Council's • IT Disaster Recovery plan • The contact details for all key members of IT, the Council, Oxford direct Services and Third Party suppliers (to include in the DR plan as well) • The location of alternative sites • This should also include a unified list of systems which are to be restored in order of priority and should be subject to review on an annual basis in line with the annual review of the business continuity plan. 	MEDIUM 	Rocco Labellarte, Chief Technology Officer	30/11/2022	<p>Management Comments: The Disaster Recovery Plan was updated in November 2022 with a list of systems and sites included in the appendices to the document. Additionally, the Cyber Incident Response plan identifies the Cyber Incident Response team and their responsibilities in the event of an incident.</p> <p>Internal Audit Comments: We reviewed the updated Disaster Recovery Plan and the Cyber Incident Response Plan and confirmed that the items listed in the recommendation had been included within these documents.</p>

RECOMMENDATIONS: MOVED TO MEDIUM

These recommendations have been moved from High to Medium as progress has been made against the recommendation which has reduced the risk.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22. Private Rented Sector	Landlord payments reports should be extracted via the relevant systems (Agresso or QL) and checked quarterly to ensure they are in line with the payments outlined on the tenancy agreement		James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022 31/03/2023	<p>Management Comments: The checks of the 977 cases have been prioritised therefore, the checks of all 2021 payments is ongoing. Resources have been allocated for the full check of 2021 payments to be completed. Now, all payments are verified that they are being issued to the correct individual and, in 10% of cases, an extra check is undertaken to ensure a tenancy agreement is in place. This process has been in place for several months.</p> <p>Internal Audit Comments: We reviewed the payment checking documentation and confirmed that the relevant checks had been undertaken.</p>
88 2021/22. Private Rented Sector	There should be an automated process where the Private Rented Sector team are alerted when the tenant is no longer residing within the property prior to reaching the end of their tenancy agreement term		James Pickering, Welfare Reform Manager	30/06/2022 31/10/2022 31/03/2023	<p>Management Comments: The Private Rented Sector team have liaised with the QL Project team to assess the viability of developed an automated process for noting the end of a tenancy agreement. This is currently being investigated to be set up.</p> <p>Internal Audit Comments: We were satisfied that there had been progress in implementing this recommendation due to the communication with the QL Project team, to create automatic alerts in the system to notify the end of a tenancy agreement term.</p>

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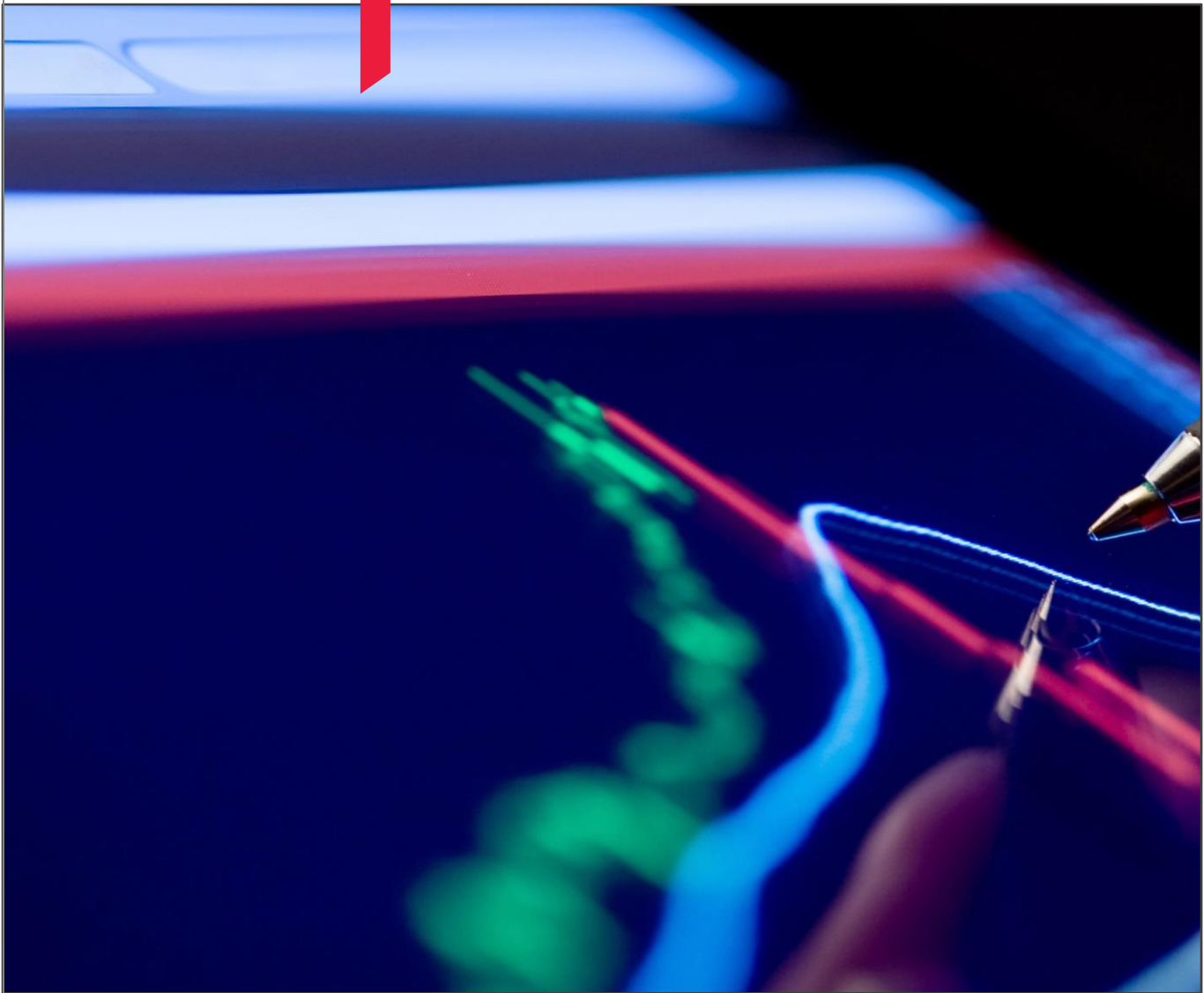
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OXFORD CITY COUNCIL

INTERNAL AUDIT REPORT - FINAL

INCOME GENERATION
DECEMBER 2022

Design Opinion	● Limited
Design Effectiveness	● Limited

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DISTRIBUTION

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Jane Winfield	Head of Regeneration & Major Projects
Christopher Wood	Corporate Asset Manager
David Hunt	Commercial Manager
Emma Gubbins	Corporate Asset Lead
Neil Markham	Income Team Leader
Scott Warner	Counter Fraud Manager






BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS

Auditors:	Max Armstrong - Assistant Manager Greg Rubins - Partner
Dates work performed:	8 July - 2 September 2022
Draft report issued:	16 September 2022
Final report issued:	12 December 2022

EXECUTIVE SUMMARY

CRR REFERENCE: ENABLE AN INCLUSIVE ECONOMY

Design Opinion	 Limited	Design Effectiveness	 Limited
Recommendations	 3	 2	 2

SCOPE

BACKGROUND

- ▶ Oxford City Council (the Council) have adopted the ‘Oxford Model’ which is to generate greater levels of income to offset reductions in central government funding so that it can maintain investment in the services it delivers to customers. The Council has seen a £7m reduction in funding as part of the Government’s austerity programme and now no direct grant funding from the Government for its core activities. Over the past four years, the Council has delivered £12m of savings and income
- ▶ In 2018, the Council set up Oxford Direct Services (ODS) consisting of a Teckal Company (ODSL) delivering refuse and recycling, building maintenance, highways and street cleaning services to the Council and a trading company ODSTL, Oxford Direct Services Trading Ltd undertaking commercial contracts for highway works, construction and trade waste collection. Surpluses made in each company are returned to the council in the form of dividends. Additionally, it has commercialised to other services which are charged to other local authorities and private sector organisations. The Council’s Counter Fraud team are national leaders in counter fraud management.
- ▶ The Council’s other main sources of income are from:
 - Business rates
 - Council tax
 - Council Housing and Commercial Rent, the latter being the main focus of this report
 - Car Parking
 - Town Hall lettings.
- ▶ The Council have a commercial property portfolio of 215 properties generating c£13.04m in rent per annum. Commercial property leases are negotiated with tenants by the Property & Asset Management team, who send the tenancy information to the Income team via a change note process. The Income team are responsible for billing tenants. The property management database used by the Property & Asset Management team is Uniform which does not interface with Agresso, the finance system.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed 40 commercial rent accounts to assess whether customers were billed accurately and in a timely manner

- ▶ We reviewed whether there were reconciliations between the rent billed on Agresso and Uniform to ascertain whether the data was consistent and customers had been billed correctly
- ▶ We reviewed 10 arrears accounts to assess whether adequate actions were taken to recover the monies owed to the Council in a timely manner
- ▶ We reviewed a sample of business cases to assess whether there was adequate consideration of the 'invest to save' principle
- ▶ We enquired about and reviewed arrangements for income generation through the Investigations and Town Hall Lettings services
- ▶ We enquired about the arrangements in place to oversee ODS's and OCHL's income generation arrangements, particularly in relation to commercial opportunities, through formal channels.

The scope of the review was limited to the areas documented above. All other areas were considered outside of the scope of this review.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Investigations team have a clear marketing strategy to generate income through the provision of counter fraud services to other local authorities and organisations. Its website, brochure and attendance at conferences act as effective promotional activity to increase sales
- ▶ The Town Hall team have invested c£20k in its website over the past 12 months. This has resulted in a user-friendly website that clearly outlines the pricing structure for letting rooms in the Town Hall
- ▶ We reviewed 10 event bookings at the Town Hall for 2022/23 and noted that in all instances the customer had been billed accurately on Agresso, invoices were approved appropriately and customers had paid invoices in a timely manner. In the three instances where the customer had not paid the invoice by the due date, they had been issued reminder letters at the appropriate intervals
- ▶ Oversight mechanisms for monitoring the income generation plans for the ODS and OCHL were appropriate with the Shareholder & Joint Venture Group dedicating sufficient resource to monitoring the financial performance and the dividend payments regularly. Furthermore, the Head of Financial Services meets monthly with the ODS Finance Director and the OCHL Strategic Finance Manager to discuss performance. ODS has recently declared a dividend payment to the Council of £600k dividend for 2020/21 and will declare a further dividend for 2021/22 when its accounts have been audited, subject to meeting profit targets.



AREAS OF CONCERN

We found:

- ▶ We identified instances where tenants were undercharged rent for the use of commercial properties, partly due to the Property & Asset Management team not completing a Change Note in full which resulted in a delay in collection of £1.1m of income, but the invoice has been subsequently paid. In a separate instance, the Income team incorrectly suspended a rent subscription resulting in a customer not being billed for two consecutive quarters, for £558k which has not yet been paid to the Council but the Income team and Property & Asset Management Team are actively chasing the customer (Finding 1 - High)

- ▶ Uniform, the asset management system, and Agresso, the accounting system are not reconciled increasing the risk of inaccurate billing, as identified in Finding 1, not being identified (Finding 2 - High)
- ▶ There was not a proactive approach towards recovering overdue rent from customers, driven in some instances by inactivity from the Property & Asset Management team and a failure to respond to queries made to it by the Income team. Furthermore, there were five instances identified in our testing of 40 commercial properties where the tenant had not paid consecutive invoices, some dating back to 2020, and significant arrears had been built up, although this has also been impacted by the Commercial Rent (Coronavirus) Act 2022. Yet, from the Customer Notes on the Arrears spreadsheet, it was unclear that there had been activity undertaken to reduce the arrears or remove the tenant (Finding 3 - High)
- ▶ The Change Note process for communicating amendments to billing amounts, frequency or tenants is susceptible to human error as, where there is a stepped rent agreement it is reliant on the Income team remembering to increase the billing. Also, the Income team and Property & Asset Management team use different property identification numbers which increases the risk of the incorrect property being billed (Finding 4 - Medium)
- ▶ The Property & Asset Management team did not always complete Change Notes in sufficient detail, resulting in them being returned by the Income team and delays and/or incorrect billing to customers (Finding 5 - Medium).



CONCLUSION

Overall, we have provided Limited assurance on both the control design and effectiveness of the Council's income generation, mainly due to the High significance findings for the billing of commercial properties (NB we are aware that the Council has taken immediate action as a result of our findings to bill and recover lost income). Other key issues were identified over the Change Note process and the recovery of arrears from commercial properties.

Consistently poor communication was identified between the Property & Asset Management team and the Income team which occasionally resulted in rent not being billed and delayed recovery of income to the Council. We also noted that high arrears have built up on commercial properties over the pandemic, and the Income team are not being fully utilised to support the recovery process. This is partially due to queries raised by the Income team not being responded to in a timely manner or at all by the Property & Asset Management team.

Better arrangements were in place for income generation through the marketing and promotion of counter fraud services by the Investigations team and managing booking for the town hall. Furthermore, effective channels were in place to oversee the income generation plans for the Council's wholly-owned companies through the Shareholder & Joint Venture Group and monthly meetings between the Head of Financial Services and counterparts at the companies.

DETAILED FINDINGS

1 TENTANTS WERE UNDERBILLED DUE TO CHANGE NOTES NOT BEING COMPLETED

TOR Risk:	Commercial properties are not billed or are inaccurately billed leading to rent not being paid in a timely manner
Significance	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-right: 5px;"></div> High </div>



FINDING

The Council have a property portfolio of 215 commercial properties which are leased out to tenants who, in return, pay rent. The Property & Asset Management team negotiate leases and manage lease renewals with tenants, which includes setting the rent for the property. Leases are usually negotiated to cover a five- or 10-year period, with some historic leases lasting far longer. For 10-year leases, rent reviews are normally conducted after five years. Tenancy data, including the lease end date, the rent and the billing frequency is stored in Uniform, the asset management system. Bills are issued to tenants through Agresso, the finance system, by the Income team.

To inform the Income team of a new tenant, lease termination or a change in rent (following a rent review), the surveyor responsible for the property completes an Agresso Change Note. These are sent to the Property Information Officer who uploads the data into Uniform and then circulates the Change Note to the Income team. The Income team create or amend the customer account to set the amount that the tenant is billed and the billing frequency into Agresso, using the data provided on the Change Note. The Property & Asset Management team have self-service access to Agresso to review customer accounts but it is not a standard part of the process for them to review these to confirm the tenant is being billed correctly.

We reviewed 40 commercial properties selected from the asset database on Uniform to assess whether the tenant had been billed on Agresso in accordance with the lease agreement or any subsequent rent review memorandums. We identified four instances where there were issues with the billing. These were due to Change Notes not being received following rent reviews for changes to the lease agreement, Change Notes not being administered or subscriptions being suspended on Agresso. The details of these cases were:

UPRN	Customer ID	Issue/Finding
11100278	36806716	<p>A Deed of Variation was agreed with the tenant in February 2021 to set the rent at the initial rate of £500.4k plus an additional rent at a stepped decrease over the following five years. The additional rent was £1,008,000 in 2021/22, £633k in 2022/23 and £625k per annum between 2023-2026. So, for example, total rent for 2022/23 should be £1,133,400.</p> <p>The Property & Asset Management team issued a Change Note to the Income team in February 2021 detailing the additional rent but the Change Note details on the supplier were incomplete and so was returned in May 2021 with a request for further information to be completed on the form. A second Change Note for an amendment to income was then sent to the Income team in</p>

		<p>August 2021 (3 months later) which specified that the annualised rent of £500.4k for the property should be charged quarterly.</p> <p>Therefore, the Council failed to bill additional rent of £833k for 2021/22 and £317k for Q1 and Q2 of 2022/23 due to the Income team not being informed of the increase in rent. We understand that a Change Note was subsequently completed on 2 August 2022, following our finding of the variance, and that the additional rent from 2021/22 and the first two quarters of 2022/23 has been charged to the tenant. The Council have now received payment for the additional rent.</p>
11100263	36806929	<p>The tenant is billed £279.25k per quarter for rent. However, the rent subscription was suspended on Agresso for no apparent reason by the Income team and so the customer was not billed for Q1 or Q2 of 2022/23. We raised this issue to the Income team who have subsequently raised an invoice for £558.5k for these two quarters on 5 August 2022. Payment has not yet been received for this but the Council are actively chasing the customer for the debt</p>
11100144	36800994	<p>The Lease Agreement states that the annual rent charge to the tenant should be £25k. However, the tenant was billed annualised rent of £17k. Therefore, the tenant was billed £8k less than they should have been. A Change Note was sent to the Income team in 2016 for the rent uplift but it appears it was missed and has not been enacted in Agresso. Furthermore the Income team did not have a copy of the Change Note retained on its records. The Income team have since billed the tenant and the Property & Asset Management team will agree a payment plan with the tenant to recover the amount.</p>
11100188	N/A	<p>The Lease Agreement, signed in 1956, sets rent at £65 per annum. However, the tenant has not been set up as a customer on Agresso and has not been billed any rent for the property resulting in an underbilling of approximately £4,290. This has been charged to the tenant but not yet been paid so will be escalated through the monthly Income team and Property & Asset Management team meetings if it falls overdue.</p>

Inadequate communication between the Property & Asset Management team and the Income team could lead to significant losses in income owed to the Council.



RECOMMENDATION

- a. A spreadsheet/database should be set up between the Property & Asset Management team and the Income team with the following details:
 - The surveyor completing the change note should record the date that it was sent to the Property Information Officer

- The Property Information Officer should record the date that the change note was issued to the Income team
 - The Income Officer should record the date that the change note was received and actioned, emailing the Property Information Officer when it has been actioned
 - Once the email has been received, the surveyor should review the rent/billing details in Agresso and confirm that these align to the change in rent/new tenant, etc.
- b. At the monthly meetings between the Property & Asset Management team and the Income team, the spreadsheet/database should be reviewed to prompt action on any change notes that have not been actioned or where the surveyor has not confirmed that they have checked Agresso
 - c. The Property & Asset Management team and the Income team should complete an immediate reconciliation of the entire commercial property portfolio to confirm that rent is being charged/billed correctly for all commercial properties
 - d. We understand that the Council are considering procuring a new asset management system therefore, it should be investigated whether a new system could interface directly with Agresso to reconcile the rent billed to tenants with the property management database.




MANAGEMENT RESPONSE

- a. Agreed - a spreadsheet will be kept in a shared folder on the M Drive.
- b. Agreed
- c. Agreed - this is underway but is challenging due to the two separate systems. The Council is in the process of specifying requirements for an Asset Management system which included within the functionality will be the requirement for more automation of the change note process between the Assets team and the Income Team. This will significantly mitigate any reconciliation differences between the rent agreed and the rent charged.
- d. Agreed - this is underway as we are liaising with ICT re. interface.

Responsible Officer:	<ol style="list-style-type: none"> a. Chris Wood (Corporate Asset Manager) and Neil Markham (Income Team Leader) b. Chris Wood (Corporate Asset Manager) and Neil Markham (Income Team Leader) c. Emma Gubbins (Corporate Asset Lead) and Neil Markham (Income Team Leader) d. Emma Gubbins (Corporate Asset Lead) and Malcolm Peek (Property Services Manager)
Implementation Date:	<ol style="list-style-type: none"> a. 01/11/2022 b. 15/10/2022 - date of next meeting c. 01/11/2022 d. 01/01/2023

2 COMMERCIAL RENT CHARGES ARE NOT RECONCILED BETWEEN UNIFORM AND AGRESSO

TOR Risk:	Commercial rent charges are not reconciled between Agresso and the asset management system resulting in inaccurate billing to customers
Significance	 High



FINDING

The Property & Asset Management team use Uniform to record tenancy details. When a surveyor has completed a lease negotiation or renewal they will issue a Change Note to the Property Information Officer who then circulates it to other departments, including the Income team. They will also update Uniform with any changes to rent or the lease period. All commercial properties on Uniform have a unique property reference number (UPRN). The billing to tenants for rent is undertaken by the Income team on Agresso using the data provided on the Change Note. Each property on Agresso has an Agresso Property ID, which differs to the UPRN.

However, the Uniform database and Agresso are not reconciled regularly to verify that the income being billed to customers is consistent with the tenancy details recorded by the Property & Asset Management team on Uniform. Our review of 40 commercial properties (18.6% of the Council's portfolio) identified that there were some properties where the amount of rent billed did not reconcile to the Uniform database of the rent that should have been charged (see Finding 1).

There is a risk that incorrect billing to tenants or tenants being billed for the incorrect property is not identified and addressed without regular reconciliations between Uniform and Agresso.



RECOMMENDATION

In accordance with Recommendations 1c and 1d an immediate reconciliation should be completed between Uniform and Agresso and stored in shared folder between the Property & Asset Management team and the Income team. At a minimum the information that should be reconciled is:

- Pre-VAT annualised rent charge to the tenant
- Periodic (ie monthly, quarterly, half-yearly or annually) bill charged to the tenant depending on the lease agreement
- Frequency of billing per Agresso and Uniform
- Tenant/customer for each property.

The Property & Asset Management team and the Income team should then undertake a quarterly check between subscriptions on Agresso and the asset management database prior to billing to identify any variances between the two systems which should be amended as identified.




MANAGEMENT RESPONSE

Agreed and this is underway but challenging due to separate systems. As above the specification for the new Assets system should include sufficient automation to mitigate the potential for differences between rent agreed and rent charged.

Responsible Officer:	Emma Gubbins (Corporate Asset Lead) and Neil Markham (Income Team Leader)
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Implementation Date:	01/11/2022
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3 RENT ARREARS WERE NOT RECOVERED IN A TIMELY MANNER DUE TO RESPONSES/INSTRUCTIONS ON RECOVERY NOT BEING SENT TO THE INCOME TEAM


TOR Risk:	Arrears, for rent and other income sources, are not recovered using the Council's debt recovery procedures and/or in a timely manner	
Significance		High



FINDING

This has been reported in a separate confidential report due to the content containing sensitive commercial data.

4 THE CHANGE NOTE PROCESS CURRENTLY USED IS SUSCEPTIBLE TO HUMAN ERROR

TOR Risk:	Commercial properties are not billed or are inaccurately billed leading to rent not being paid in a timely manner
Significance	 Medium



FINDING

New tenants, amendments to rent and termination/cessation of leases are notified to the Income team via Change Notes from the Property & Asset Management team. For example, where there is a rent review on a Lease Agreement resulting in an increase or decrease in rent charged to the tenant a Change Note is sent to the Income team detailing the new rent amount and the date from which the rent increase/decrease is to be applied from, as well as other tenant details.

Whilst we understand the Change Note process has been in place for a number of years to communicate rent changes, we noted several issues which are susceptible to human error that could increase the risk of incorrect rent being billed and/or the tenants being billed for the incorrect property. These were:

- When a stepped rent is negotiated in a lease with a tenant, the Property & Asset Management team issue a single Change Note at the start of the lease period to the Income team showing the annual increases in future years. However, Agresso does not have the facility for the Income team to input future billing amounts to commence from a certain date and they are therefore reliant on remembering to increase the billing charge at the specified intervals. The Property & Asset Management team used to send separate change notes at each interval to inform the Income team of the stepped rent increase but this procedure no longer exists. The Income team do maintain a spreadsheet of all change notes that require future stepped increases in rent
- The Income team and the Property & Asset Management team use different reference numbers for properties which could cause tenants to be billed for the wrong property when the Income team receive a Change Note. The Property & Asset Management team use the unique property reference number (UPRN) from Uniform whereas the Income team use the Agresso Property ID. Furthermore, we were informed that the Agresso Property ID section on change notes are often not completed by the Property & Asset Management team, which we noted on our testing of 40 commercial properties.

All Change Notes are reviewed and authorised by the Income Team Leader to ensure the rent calculations are correct, particularly where there is a mid-period changeover in tenancy and therefore the rent needs to be apportioned. However, this control would not necessarily prevent either of the issues identified above. Furthermore, as reconciliations between Agresso and Uniform are not completed (see Finding 2) it is unlikely that incorrect billing would be identified unless the tenant were to raise it to the Council when billed.

If Change Note processes are inadequate and are not followed, this could result in tenants not being billed correctly or stepped rent increases not being implemented, resulting in underpayments to the Council.



RECOMMENDATION

- a. The Property & Asset Management team should set rent review reminders into Uniform for stepped increases in rent so that, when the rent review report is run this will identify

all tenancies where the rent should be increased. The Property & Asset Management team should then contact the Income team to remind them to implement the stepped rent increase in the billing

- b. A central database should be collated between the Property & Asset Management team and the Income team to reconcile each property UPRN to the Agresso Property ID. The Property & Asset Management team should refer to this database when completing a Change Note to ensure the Agresso Property ID is quoted on the document. Any future properties added to the Council's portfolio should be included on the spreadsheet with the UPRN and Agresso Property ID.



MANAGEMENT RESPONSE

- a. Agreed - the reporting system in uniform is not ideal for this but it will form part of the new Asset Management System requirements.
- b. Agreed. This will require support from ICT.


Responsible Officer:

- a. Emma Gubbins (Corporate Asset Lead)
- b. Chris Wood (Corporate Asset Manager) and Neil Markham (Income Team Leader)

Implementation Date:

- a. 01/01/2023
- b. 01/01/2023

5 CHANGE NOTES WERE NOT COMPLETED WITH ALL RELEVANT DETAILS

TOR Risk:	Commercial properties are not billed or are inaccurately billed leading to rent not being paid in a timely manner
Significance	 Medium



FINDING

The Agresso Change Note templates are used by the Commercial Property team to inform the Income team of a change in rent for an existing tenant, for a new tenant or for the cessation of a lease with a tenant. The Change Notes are bespoke dependent on what change is being requested but it generally includes:

- Surveyor name
- Description of event, ie. lease in/out/increase
- Company coming in/out and their address and billing address
- Agresso property reference
- Uniform property reference
- Property address
- Annualised rent charge
- Cost centre to allocate income to
- Frequency of billing, ie. annually, half-yearly, quarterly or monthly and in advance or arrears
- Date to commence/cease billing from.

However, we were informed by the Income team that these are often not completed accurately with sufficient detail and therefore, have to be sent back to the Commercial Property team before the information can be updated on Agresso. The Income team maintain a log of all change notes received from the Property & Asset Management team with a column for any queries raised and dates that they were made. We reviewed the Change Note Logging Sheet at 25 July 2022 and noted that there were five outstanding queries sent to the Property & Management team raised between January and March 2022. Furthermore, a log is retained within the Income team showing the email queries and change note queries raised by them to the Property & Asset Management team.

We reviewed 40 commercial properties to assess whether change notes were completed correctly with sufficient information, where required. We found:

- There was one instance (UPRN: 11100262) where a Deed of Variation was agreed with the tenant for a rent increase however, the customer notes on the Arrears Log states that the tenant's new billing address was not recorded correctly on the Change Note and therefore, the customer did not receive their invoice. This led to the customer falling into arrears for one quarter's rent
- There was another instance (UPRN: 11100130) where the section on the Change Note stating whether VAT is applicable to the rent was not completed by the Property & Asset Management team. Subsequently, VAT was not charged on the rent
- For one property, referenced in Finding 1, where additional rent was to be charged following a Deed of Variation (UPRN: 11100278) the initial change note in February 2021 for the additional rent did not specify whether the tenant was a new or existing customer, the UPRN or Agresso Property ID, the existing net annual rent charge or Agresso customer reference. As a result the Income team had to request further information from the Property & Asset Management team in May 2021. A separate Change Note for a new tenant was sent to the Income team in August 2021 which referenced the rent as £500.4k without mentioning the additional rent

leading to confusion from the Income team and the tenant not being charged the additional rent.

There is a risk that tenants are not billed correctly if change notes are not completed appropriately, with information provided for all relevant sections of the Change Note.



RECOMMENDATION

- a. The Income team should hold a training session for all officers in the Property & Asset Management team to outline the expectations and requirements for the completion of change notes. This training session should be recorded so that any new officers joining the team can refer to it at a later date
- b. The Income team should create a Change Note guidance document to share with the Property & Asset Management team. This should signpost what information should be completed in each section and where the data can be obtained from. For example, the Agresso Property ID will be available from the central database of commercial properties (see Recommendation 3b)
- c. Following the training session, the Income team should monitor the quality of completion of change notes and report back to the Corporate Asset Manager and the Senior Estates Surveyor at the monthly meeting, identifying areas that are completed poorly or not at all.



MANAGEMENT RESPONSE

- a. Change notes inform other teams within the Council. Suggest Corporate Assets runs a training session for newer members of the team.
- b. To be produced by Corporate Assets with input from Incomes.
- c. Agreed but ideally any inconsistencies would be flagged upon receipt.

Responsible Officer:

- a. Chris Wood (Corporate Asset Manager)
- b. Chris Wood (Corporate Asset Manager)
- c. Chris Wood (Corporate Asset Manager) and Neil Markham (Income Team Leader)

Implementation Date:

- a. 31/12/2022
- b. 31/12/2022
- c. Date of next meeting

6 THE TOWN HALL LETTING TEAM'S KPIS WERE NOT SMART

TOR Risk:	Income opportunities in service areas such as Investigations and Town Hall Lettings are not identified and plans are not developed to generate additional income through these sources
Significance	<div> <div></div> <div>Low</div> </div>



FINDING

The Council's Town Hall, located in the city centre, is used by the Council for meetings. However, it is also booked out to customers who can rent out the rooms for office space or events. There are 13 commercial function rooms available for hire for weddings, awards ceremonies, conferences, parties, dinners, away days, etc. Rooms are hired out at an hourly rate dependent on the size but the Sales team have the authority to offer discounts or promotional prices to customers. Rooms are booked on a first-come-first-served basis. For Fridays and Saturdays the minimum spend is £2.5k and there are no wedding ceremonies booked after 3pm. There is part of the building that is leased to Oxford Innovations until 2025 with an agreement of a 50% profit share with the Council. Additionally, the Council receive 10% of profits from the café in the Town Hall.

The Town Hall team have a Sales & Marketing Plan 2022/23 which outlines its financial targets and KPIs. The overall revenue target for 2022/23 for the Town Hall team is £808k. This has been reduced by £250k from £1.058m due to the uncertainty around Covid restrictions in Q1 leading to a loss in bookings. However, the target will be reset to £1.058m in 2023/24 and then remain stable for the next few years. Additionally, there are five KPIs that the team is monitored against covering both financial and operational performance.

However, we noted that these targets were not SMART (specific, measurable, achievable, realistic, time-bound). For example, the 'Customer Feedback' target 'to achieve a high percentage and positive reviews' does not explain what would be considered a high percentage and where the customer feedback will be collected from, ie. the Survey Monkey results, online feedback or direct contact from customer

Vague performance targets could lead to difficulties in monitoring performance, which could have a knock-on effect on the quality of service provided to customers and therefore income generation if sales are not achieved.



RECOMMENDATION

The Commercial Manager should, with agreement from the management team, revise the KPIs in the Sales & Marketing Plan to ensure they are SMART. These should then be monitored through the monthly Head of Service reports on CorVu.




MANAGEMENT RESPONSE

New performance targets to be created and monitored on a monthly basis.

Responsible Officer:	David Hunt (Commercial Manager)
Implementation Date:	31/12/2022

7 WEBSITE USAGE DATA IS NOT UTILISED BY THE TOWN HALL LETTINGS TEAM TO GENERATE HIGHER SALES

TOR Risk:	Income opportunities in service areas such as Investigations and Town Hall Lettings are not identified and plans are not developed to generate additional income through these sources
Significance	 Low



FINDING

The Council have developed a separate website for Town Hall Lettings to advertise the venues and promote sales to customers. In 2021/22 it invested £20k to improve the functionality of the website to make it more user-friendly, including setting out a clear price schedule for customers on the costs of its rooms. The annual marketing budget for the Town Hall team is £20k, therefore, it was a clear focus in 2021/22 as a way of generating more sales and income.

We were informed by the Commercial Manager that the website receives c5k views per month. However, the Town Hall team have limited use of the data output from the website. For example, it has not investigated whether it is possible to review the conversion rates from views to enquiries.

The lack of data around conversion from enquiries to bookings limits the Town Hall team's understanding of which events are more popular amongst customers or which events convert views into booking more often. This information could help tailor the Sales & Marketing Plan to deliver more tactical advertising/marketing on certain events that are viewed more often or where views are converted into bookings.

The Council is looking to revamp its website, with the project commencing in 2023. As part of the implementation the Council should seek to exploit the use of the updated website to ensure increased efficiency when undertaking Town Hall bookings.



RECOMMENDATION

The Town Hall team should liaise with the IT team and the Business Improvement team to explore the potential data outputs that can be obtained from the website, for example:

- Conversion rate of webpage views to enquiries/bookings
- Regularly visited pages on the website
- Enquiry type, ie. for business events, weddings, etc.
- Enquiries to sales rate including objection handling.

If this data can be extracted, the Commercial Manager should review it monthly to support the Council's marketing strategy.



MANAGEMENT RESPONSE

1. Improving booking process records to capture enquiry date
2. Reports to show details of enquiry through to sale or rejection.

Responsible Officer:	David Hunt (Commercial Manager)
Implementation Date:	31/12/2022

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ Commercial properties are not billed or are inaccurately billed leading to rent not being paid in a timely manner
- ▶ Commercial rent charges are not reconciled between Agresso and the asset management system resulting in inaccurate billing to customers
- ▶ Arrears, for rent and other income sources, are not recovered using the Council's debt recovery procedures and/or in a timely manner
- ▶ Business cases developed and agreed for new projects do not consider the 'invest to save' opportunities and/or do not outline these opportunities in detail
- ▶ Income opportunities in service areas such as Investigations and Town Hall Lettings are not identified and plans are not developed to generate additional income through these sources
- ▶ There is inadequate oversight of income generation arrangements at the Council's trading companies, ODS and Oxford City Housing Ltd (OCHL) leading to reduced dividends.

SCOPE & APPROACH


The following areas will be covered as part of this review:

- ▶ We will review a sample of 40 commercial rent accounts to assess whether customers have been billed accurately and in a timely manner
- ▶ We will review reconciliations between Agresso and the property management system to confirm that these are completed and reviewed in a timely manner
- ▶ We will review a sample of 10 arrears to assess whether adequate actions are taken to recover the monies owed to the Council in a timely manner
- ▶ We will review a sample of business cases to assess whether there is adequate consideration of the 'invest to save' principle
- ▶ We will enquire and review arrangements for income generation through the Investigations and Town Hall Lettings services
- ▶ We will enquire about the arrangements in place to oversee ODS's and OCHL's income generation arrangements, particularly in relation to commercial opportunities, through formal channels.

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO



using secure methods as agreed between the parties. BDO will utilise the data in line with the General Data Protection Regulations 2016 (GDPR) and the Data Protection Act 1998, and shall only share Personal Data on an anonymised basis and only where necessary.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Minutes of a meeting of the Audit and Governance Committee on Wednesday 28 September 2022

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Committee members present:

Councillor Corais	Councillor Jarvis
Councillor Latif (Vice-Chair, in the Chair)	Councillor Munkonge
Councillor Fouweather (for Councillor Roz Smith)	

Officers present for all or part of the meeting:

Lucy Tyrrell, Committee and Member Services Officer
Nigel Kennedy, Head of Financial Services
Bill Lewis, Finance Accounting Manager (remote attendance)
Emma Griffiths, Lawyer (remote attendance)
Simon Howick, Managing Director, ODS Group (remote attendance)

Also present:

Greg Rubins, Internal Auditor, BDO
Max Hastings, Internal Auditor, BDO
Catherine Pridham, Non-Executive Director, ODS Group (remote attendance)
Maria Grindley, External Auditor, Ernst & Young (remote attendance)
Francesca Keates, External Auditor, Ernst & Young (remote attendance)

Apologies:

Councillors Fry and Roz Smith sent apologies.
Substitutes are shown above.

15. Declarations of Interest

There were no declarations of interest received.

16. Annual Governance Statement 2021/22

Emma Griffiths, Lawyer, introduced the report which asked the Committee to review and approve the 2021/22 Annual Governance Statement, and to consider whether it properly reflected the risk environment and supported assurances, taking into account the internal auditor's opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Emma Griffiths drew the Committee's attention to the second recommendation, referencing the Action Plan for 2022/23, not included within the report. She advised that no action plan had been required for the 2022/23 financial year as the 2021/22 action plan had not been taken forward. The Committee agreed and noted the report and attached appendix.

Councillor Fouweather joined the meeting.

In response to Members' questions, Greg Rubins, Internal Auditor, BDO, responded that the moderate level of assurance is the same as that reported in the previous years.

The Committee were **resolved to:**

1. **Approve** the Annual Governance Statement for the 2021/22 financial year.
2. ~~**Note** that the Action Plan for 2022/23 will be reported to a future meeting.~~

17. Risk Management Report: Quarter 2 30 September 2022

Bill Lewis, Financial Accounting Manager, introduced the report which updated the Committee on both corporate and service risks as at 30 September 2022 and answered Members' questions as follows:

- As requested at the last Committee meeting, ambers risks have been included within the report.
- The time limit for most public liability insurance claims is 3 years for personal injury and 6 years for property damage.
- Terrorism remains at a red risk, due to the devastation that would be caused, however Nigel Kennedy, Head of Financial Services, agreed to request ODG reconsider this rating.
- Although there have been challenges with ICT, most notably the implementation of the new QL system, ICT remains at an amber risk rating due to the number of systems that, when reviewed together, remain at amber at a corporate level.

In response to a question regarding the red risk rated against Leisure and Community Services, Bill Lewis advised that he would review the rating with the Head of Service, circulating any response to the Committee.

The Committee noted the report.

18. External Audit: Draft Audit Results Report for the year ended 31 March 2022 - verbal update

Maria Grindley, External Auditor, Ernst & Young, provided a verbal update to the Committee which highlighted the delayed start to the audit caused by the implementation of the QL system. To ensure efficiency and cost effectiveness to the Council, the Council Finance Team and the EY external audit team agreed to stand down the audit which will recommence on 31 October 2022.

Nigel Kennedy, Head of Financial Services reassured the Committee that this was an expected outcome of an implementation of a new financial system, and significant testing has been taking place to ensure it is ready for use by mid-October.

Councillor Corais joined the meeting.

In response to Members' questions, Maria Grindley and Nigel Kennedy advised that there was no additional cost to the audit at this stage as works had ceased, and

therefore no costs accrued. Maria Grindley assured the Committee that additional resource will be deployed to ensure that the audit is completed in a timely manner, and are working closely with Council Officers to ensure the audit is carried out effectively. As a result of Covid-19, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 No 263, in force since 31 March 2021, an extended timescale is provided to complete and submit the audit for this year, and many Councils are in a similar position.

The Committee noted the update, and requested that the position be reviewed at the next Committee meeting.

19. Internal Audit: Progress Report September 2022

Greg Rubins, Internal Auditor (BDO) presented the internal audit progress report which informed the Committee on progress made against the internal audit plan and the outcome of their reviews, and highlighted the following:

- The Redmond Review into the Local Government Audit recommendation of Independent Audit Committee Members which has not yet been legislated by the government, will come into force at some stage, and require formal consideration by the Committee.
- The Global Risk Landscape 2022 paper advises the Committee of the key risks surrounding supply chains.

In response to Members' questions, Greg Rubins advised that regarding the appointment of an Independent Member, it would be for the Council to determine the level of expenses payable and level of powers given. He further advised that the role is to advise the Committee, and it is not usual to give voting powers. Nigel Kennedy, Head of Financial Services, advised the Committee that the appointment would be taken following legal advice, and would be subject to review through the Constitution Working Party for final decision at Full Council.

Max Hastings, Internal Auditor (BDO) highlighted the audit findings relating to car parking and advised that of the two findings identified, both related to parking enforcement. In response to Members' questions, he advised that following discussions with Officers, both incidences were found to be outliers, however operating controls have been reviewed.

Catherine Pridham, Non-Executive Director for Oxford Direct Services presented the report for the summary of work at the companies and advised that the internal audit plan was amended due to the QL system which had impacted the company's ability to process invoices, and detailed the manual processes put in place to enable obligations to be met.

The Committee noted the report.

20. Internal Audit: Follow Up Report September 2022

Greg Rubins, Internal Auditor (BDO) introduced the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. He highlighted that ten high recommendations have been implemented, which included nine from the private sector rented review.

The Committee noted the report.

21. Local Authority Audit Benchmarking Report

Greg Rubins, Internal Auditor (BDO) introduced the report which provided comparative information across the company's Local Authority clients relating to the internal audit assurance opinions provided in 2021/22. He advised that due to Covid-19, benchmarking outcomes across local authorities were largely similar.

In response to a question from the Committee, he advised that a report showing mainly substantial assurances could indicate that the area of audit focus has been misdirected, and a report which identifies controls improving year on year is more valuable for audit purposes.

The Committee noted the report.

22. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 27 July 2022 as a true and accurate record.

23. Matters exempt from publication and exclusion of the public

The Audit and Governance Committee 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 the press and members of the public on the grounds that Oxford City Council, Town Hall, St Aldate's Oxford OX1 1BX their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

24. Confidential Minutes of the previous meeting

The Committee agreed to approve the confidential minutes of the meeting held on 27 July 2022 as a true and accurate record.

25. Dates and times of meetings

The Committee noted the dates and times of future meetings.

The meeting started at 6.00 pm and ended at 7.00 pm

Chair
January 2023

Date: Wednesday 18

When decisions take effect:

Cabinet: after the call-in and review period has expired

Planning Committees: after the call-in and review period has expired and the formal decision notice is issued

All other committees: immediately.

Details are in the Council's Constitution.