

Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Tuesday 21 January 2025

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Committee members present:

Councillor Fry (Chair)

Councillor Jarvis

Councillor Smowton

Officers present for all or part of the meeting:

Celeste Reyeslao, Scrutiny and Governance Advisor

Nigel Kennedy, Group Director Finance

Laura Bessell, Benefits Manager

40. Apologies

None

41. Declarations of Interest

None.

42. Chair's Announcements

None.

43. Notes of the previous meeting

Approved as an accurate record

44. Finance and Performance Panel Work Plan

The work plan was noted and agreed.

45. Council Tax Reduction Scheme 2025-2026

The Local Tax and Benefits Service Delivery Manager presented the briefing paper to the Panel which outlined the recommendations for the 2025/26 Council Tax Reduction Scheme. The Panel were informed that the recommendations were reviewed through an external consultant who identified an anomaly which had not been accounted for. As such, those on universal credit have been unintentionally receiving preferential treatment, thus creating an inequality within the scheme by ensuring a higher rate of council rate reduction for those receiving Universal Credit. If the bands within the

scheme remained the same, the Council would save around £3m through council tax collection, however the recommendation is to alter this which would incur only a £90,000 saving. The change within the recommendation seeks to make the most minimal impact on case load as possible. The Panel is advised that an anomaly has occurred, it has been addressed, and these are the recommendations for solving the problem going forwards.

The Head of Financial Services notified the Panel that the report, including these recommendations, will go to Cabinet in February for sign off. Clarity on the implications of both recommendations was given to the Panel and it was explained that to address the anomaly, the scheme must be changed.

The Chair outlined his views on both options and agreed that the anomaly should be corrected. In reference to option 2, he noted that it reduces the number of households which are in the band that receives a 100% council tax reduction and increases those in bands 3 and 4. It was then suggested that a uniform rate of 50% was used alongside raising the upper limit of the band receiving 100% in order to achieve a desired revenue target. He noted concern that the option could be criticised for impacting those which receive the full council tax reduction the hardest. In comparison to the existing scheme and option 1, option 2 is somewhat regressive.

The Chair sought to clarify whether his suggestion of standardising the bands to 50% and altering the limits of the lowest income band could be feasible. The Local Tax and Benefits Service Delivery Manager confirmed that currently there are 5 bands to work around an issue called 'cliff edge'. She explained that if there were fewer bands but more scope, then more people would experience a significant change. During the modelling process, grouping was assessed utilising categories of round numbers for public understanding. The Chair noted his understanding but commented that he was anticipating potential criticism.

The Chair also asked for those who are paid weekly, if there is a possibility of smoothing out erratic incomes and using a measure of averages. The Local Tax and Benefits Service Delivery Manager confirmed that per current regulations that this would not be possible and explained that there is currently case law awaiting the Court of Appeal regarding the 4-week salary model as people on this are being detrimentally affected.

The Panel noted the briefing paper, there were no recommendations.

46. Dates of future meetings

The Panel noted the dates of future meetings.

47. Matters Exempt or part exempt from publication and exclusion of the public

The Committee resolved that under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during consideration of the 'Budget 2025/2026 – Draft Report of the Budget Review Group' on the grounds that their presence would involve the likely disclosure of exempt information as described in Paragraph 3 of Part 1 of Schedule 12A of the Act.

48. Exempt notes of the previous meeting

The notes of the previous meeting were approved, subject to a minor amendment.

49. Budget 2025/2026 - Draft Report of the Budget Review Group

The Panel received the draft report of the Budget Review Group, comments were made for the Scrutiny and Governance Advisor to review ahead of publication as part of a supplementary agenda for the Scrutiny Committee on 29 January 2025.

The meeting started at 6.00 pm and ended at 6.41 pm

Chair

Date: Monday 7 April 2025

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.