

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the
Finance and Management Overview & Scrutiny Committee
held in Committee Room 1, Council Offices, Woodgreen, Witney, Oxon
at 2.00 pm on **Wednesday 28 November 2018**

PRESENT

Councillors: Derek Cotterill (Chairman); Alex Postan (Vice-Chairman); Alvin Adams, Alaa Al-Yousuf, Julian Cooper, Charles Cottrell-Dormer, Pete Dorward, Duncan Enright, David Harvey, Ed James, Kieran Mullins and Geoff Saul.

Also in Attendance: Councillors Rosa Bolger and Toby Morris.

43. MINUTES

RESOLVED: That the minutes of the meeting of the Committee held on 3 October 2018 be approved as a correct record and signed by the Chairman.

44. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

There were no apologies for absence or temporary appointments.

45. DECLARATIONS OF INTEREST

There were no declarations of interest from Members or Officers in matters to be considered at the meeting.

46. PARTICIPATION OF THE PUBLIC

There were no submissions from members of the public in accordance with the Council's Rules of Procedure.

47. MAIN POINTS FROM THE LAST MEETING AND FOLLOW UP ACTION

The Committee received and noted the report of the Chairman, which gave details of the main points arising from its meeting held on 3 October 2018.

RESOLVED: That the report be noted.

48. COMMITTEE WORK PROGRAMME 2018/19

The Committee received and considered the report of the Head of Democratic Services, which provided it with an update on the Work Programme for 2018/2019.

48.1 Rural Broadband Project

Councillor Cotterill advised Members that some areas did not appear on either the Gigaclear or BT maps and were being missed. Councillor Postan commented that in creating the Brize Norton Neighbourhood Plan it was found that 941 homes and 16 businesses were not receiving the speeds BT had promised. Councillor Cotterill advised that if any Member was aware of similar problems they should contact Phil Martin, the Group Manager, Business Support.

48.2 Publica

Councillor Cotterill advised that a meeting of the Publica Liaison Group had been held earlier that day, and the future plans of Publica had been set out.

48.3 Treasury Management Activity and Performance

The Chief Finance Officer advised that external support had been commissioned in respect of Treasury Management in view of the uncertain future as regards the UK leaving the European Union, and that a report was expected in December which would be submitted to the next meeting of the Committee, on 30 January 2019.

48.4 Investment Property Review

The Chief Finance Officer advised that Officers were undertaking a review of the investment portfolio and further information would be presented to the Committee in due course.

RESOLVED: That progress with regard to the Committee's Work Programme for 2018/2019 be noted.

49. CABINET WORK PROGRAMME

The Committee received and considered the report of the Head of Democratic Services which gave Members the opportunity to comment on the Cabinet Work Programme published on 13 November 2018.

Arising from the item seeking approval for an increase in the Long Term Empty Council Tax Premium expected to be submitted to Cabinet in January 2019, several Members commented that there were properties in their Wards which had been empty for many years and asked what could be done. The Group Manager for Customer Services advised that an Officer was now in post who was investigating this type of issue. In some cases owners were irate at what they considered to be interference. Officers were now taking a different tack by suggesting that if the properties were leased to the Council it could be mutually beneficial, giving the owners an income and removing people from the waiting list. However, there was nothing the Council could legally do if an owner chose to leave a property empty, unless it was in a state of serious disrepair.

RESOLVED: That the content of the Cabinet Work Programme published on 13 November 2018 be noted.

50. BUDGET 2019-2020

The Committee received and considered the report of the Chief Finance Officer, which sought consideration of the initial draft base budgets for 2019/20, draft fees and charges for 2019/20 and the latest Capital Programme for 2019/20 revised and future years.

The Chief Finance Officer advised Members that this was the first budget report and was a chance for the Committee to make comments to Cabinet. The Capital Programme had been increased from a five to a ten year programme. Cabinet had received the Budget Parameters report in September and those parameters had been applied to the detailed budgets set out in Appendix A. There were a number of pieces of the jigsaw still to come together including the estimates for business rates which would be completed in January but the Council had entered into a bid to become a pilot for the 75% Business Rates Retention Scheme and a decision on that bid was expected when the Local Government Provisional Settlement was announced early in December.

Some dividend from the Business Rate pool for next year had been taken into account and this was being used to fund some of the costs in the Ubico contract. It was expected that Ubico would take action to reduce costs, and these were one-off costs.

The Local Government Provisional Settlement was expected to confirm Revenue Support Grant and Rural Subsidy Grant as per the existing Medium Term Financial Strategy (MTFS). The New Homes Bonus had been left as per the MTFS as the Government had announced that changes would be made to the scheme. Once the Local Government Provisional Settlement was received the New Homes Bonus allocation would be amended.

The Chief Finance Officer advised Members of other matters which would impact the budget process in future years, namely the Spending Review 2019, the Local Government Fairer Funding Review, changes to the Business Rate Retention Scheme and the Review of New Homes Bonus.

Section 3.12 of the report set out the Budget pressures for 2019/20, the most significant of which was the Waste Contract and further details of these costs were set out on page 4 of the report. These figures represented the worst case scenario and discussions with Ubico were ongoing.

Councillor Cotterill commented that this was a major point, which stood out. Ubico had been awarded the contract as they were expected to be the least expensive according to the cost estimates, but since then there seemed to have been increase after increase in various areas, and these needed to be challenged. The Chief Finance Officer commented that some of the costs were matters Ubico had to address as they were Health and Safety type matters and some were due to there being more recycled items than had been anticipated.

In terms of other one off items the cost of the transformation programme had come through as set out in paragraph 3.19. It was possible that the figure would be reduced. There were also efficiency savings as set out in paragraph 3.20 and the detailed savings would be included in the next budget report.

The Chief Finance Officer indicated that Council Tax was likely to increase by £5, which was the maximum amount it could do so before a referendum would be required. Even with that increase, some general fund balances would be required to be used.

Councillor Harvey had considerable concerns over Ubico and asked what the current costs overrun was since they had taken over the contract. The Chief Finance Officer stated that in the current financial year the figure was approximately £175,000 at the end of Quarter 2 and that she would advise Councillor Harvey of the figure for the previous year. Councillor Harvey added that the need for a further £783,000 should be viewed in terms of the total overrun since they took over the contract because the costs were running into millions of pounds and it might show that there was a deficiency in how the contract was procured in the first place. The Chief Finance Officer pointed out that there were some issues that Ubico would not necessarily have been able to foresee as it was a change to the service itself which meant that there were some unknowns and assumptions which had to be made when preparing the costings. The actual output was now coming through, but she acknowledged Councillor Harvey's point.

Councillor Cottrell-Dormer asked whether the additional houses being collected from had impacted the costs and the Chief Finance Officer replied that there was an element of that, as well as an increase in the number of garden waste customers.

Councillor Enright was pleased to see that the Green Bin Charge would be unchanged. He asked whether there were any rules around penalty notices which were set out on pages 45 & 46 in Appendix B as these seemed to be remaining static and he felt there could be a case for some of these to be increased, particularly with regard to dog fouling which his

residents would be happy to see increase although he did see it could be difficult to identify particular owners. The Chief Finance Officer replied that the fees and charges had been put together in consultation with the various Service Managers who had a greater understanding of what could be charged in the context of various rules and regulations and also what would be fair and equitable. She added that she would be happy to check back to see if anything could be done if Members would like to make a recommendation to Cabinet. Councillor Cotterill considered that would be useful.

Councillor Morris, Cabinet Member for Resources, commented that when the budget process was commenced it was clear that Ubico was a significant issue. He had looked at this and he felt that if any of the other tenders had been taken up it was likely that they would have come back with additional charges in contract variation but without the ability for the Council to have dialogue with the provider to mitigate against that. This would be something for Environment Overview and Scrutiny Committee to take up. With regard to the comments by Councillor Enright he would be more than happy to take that up to see if some penalties could be increased, where possible and appropriate.

Councillor Morris continued that the budget had been put together as a first draft and it had come to this Committee with a high amount of unknowns. It was anticipated that Council Tax could be increased by a maximum of £5 without a referendum, and reiterated that some use of general reserves would still be required. It was almost a case of setting the budget without knowing what the income streams would be. He commented that he was currently minded to write to Government to say that the Council had a four year settlement but only for 0.2%, which guaranteed £180,000 of income from a £12.2 million budget. The Council should be able to have a bigger proportion of that settled. The budget should not be coming to this Committee in the absence of knowing half of the revenue stream. He asked whether Members would be minded to support this course of action, and the Committee indicated that it was.

Councillor Cooper commented that an issue with Ubico had been identified and he asked how it would be carried forward through the scrutiny process. He asked whether Environment Overview & Scrutiny Committee would investigate it as he felt that there was an estimate of what it would cost Ubico and now it was quite a variance from what it should have been. He considered that someone from Ubico should come before the Environment O & S Committee. Councillor Cotterill pointed out that the report would be considered at that Committee at its meeting on 6 December.

The Chief Finance Officer commented that it needed to go to that Committee in terms of the budget context for comment and that the Committee might wish to add an item to its Work Programme to look at the matter in detail and to call in the Managing Director of Ubico to explain and answer questions. Councillor Harvey indicated that his instinct was that was almost certain to happen.

Councillor Al-Yousuf made a suggestion, which he thought could be taken up by this Committee or by Environment or both if deemed appropriate, to seek to benchmark Ubico against its peers using professional, independent and impartial persons or bodies to advise how Ubico performed in a granular analysis and he wondered if that would be possible.

The Chief Finance Officer commented that Claire Locke, Group Manager, Council Advisory Services, would be able to respond direct to that question as it was something she was looking at with colleagues who were also Ubico clients.

Councillor Harvey asked whether Ubico were experiencing similar problems with other contracts and was advised that they were. Councillor Harvey added that that made him more worried as it was not a one off problem and he felt that it arose from the tendering process. The Chief Finance Officer confirmed that it was not a one off problem, but stated that the Group Manager would be better placed to answer and confirmed that she would be attending the Environment O& S Committee on 6 December.

RESOLVED: That the comments set out be submitted to Cabinet in respect of

- (a) The initial draft base budget for 2019/20 totalling £11,801,083 as summarised in Appendix A;
- (b) Draft fees and charges for 2019/20 at Appendix B; and
- (c) The latest Capital Programme for 2018/19 revised and future years at Appendix C

51. REVISED MEDIUM TERM FINANCIAL STRATEGY

The Committee received and considered the report of the Chief Finance Officer, which invited it to consider the annual refresh of the Council's Medium Term Financial Strategy (MTFS).

The Chief Finance Officer advised Members that Appendix A showed the MTFS as approved in February and the first section of the report set out the context for the approved strategy. Section 4 detailed the External Environment pressures. In terms of Business Rates appeal, there were still a lot of appeals in the system going back to the 2010 list. Slow progress was being made in resolving those appeals, so the provisions which were in place were being maintained and rolled forward, and the Government's assumption of the appeals success rate had been used in forecasting. It currently remained a significant unknown.

The Chief Finance Officer highlighted at Section 4.27 the significant capital items likely over the next 10 years. In terms of the financial implications, she commented that the MTFS did not look as healthy as it had the previous year due largely to the impact of the Ubico contract cost pressures. In order to assist Members as to what post 2020 could look like three scenarios had been modelled as set out in Section 5.2 - these were "best guesses" and should thus be treated as being indicative only.

She continued by saying that some form of contingency planning would need to be carried out in 2019 and some options open to the Council in respect of delivering additional savings were set out in Section 5.10, but added that there was no need to act precipitately at this time.

Councillor Enright commented that extending to a 10 year programme gave a clear picture of major capital outlays but it did not have a refresh of leisure facilities in Witney, his view being that the Council should be investing in three sites across Witney to provide leisure. He accepted that other people were thinking about the replacement of the Windrush as one major site, nevertheless he would have expected that to be visible in a 10 year time frame. He added that there also did not seem to be any mention of Section 106 payments or other alternative income to pay for capital projects. The Chief Finance Officer replied that they were not specifically mentioned at this stage, but she took his point regarding the leisure sites. There was already significant investment in leisure but she was happy to take his comments and discuss further with the Group Manager, Council Advisory Services.

Councillor Morris commented that in some ways 10 years did give a clearer picture but there were still uncertainties around funding and it was important to remember that there was still a need to look after the available resources. The Council was in a good and healthy financial position and would be able to deal with whatever uncertainties there might be over the next two to three years, meaning that there was no need for rash decisions. The picture may change as new funding formulas were announced and those impacts would need to be considered and the best way to deal with them identified at that time.

Councillor Postan asked whether it would be possible to specify what unexploited assets the Council may own and to look at these in the coming year to potentially be added to the budget in the future. The Chief Finance Officer agreed that there needed to be a review of all the Council's assets, and added that there had been an Asset Management Group in the past and that she was keen to reinstate that in order to have those discussions, including how best to utilise them.

In response to a query from Councillor Al-Yousuf regarding the chart showing the use of reserves, the Chief Finance Officer referred to Appendix B to the report which showed that the revenue balances over the 10 year period had remained stable.

Councillor Al-Yousuf then asked whether the fact that the balances were flat over that period caused any concerns. The Chief Finance Officer replied that the final version of the budget would contain a full statement about the adequacy of the reserves and also looking at some of the risks within the budget and what would happen if some of those risks came to fruition and so there was a fuller risk assessment at that stage. In terms of the level of general fund balances the Chief Finance Officer advised that for a Council of this size they were very robust compared with some neighbouring authorities and she had no concerns about that aspect.

Councillor Saul felt that the additional required savings of between £1.3 and £2.5m seemed eye watering and said that one way of achieving this would be through discretionary services. He asked what were the largest areas of discretionary services that were funded and which might have to be reduced.

Councillor Morris replied that Tourism was a discretionary service that could be looked at if necessary, but also stated that the Council had been successful in looking at additional ways to generate income, such as via the leisure contract, which had brought an additional £600,000 into the Council. He considered that generating additional income should be looked at first.

Councillor Cotterill commented that Tourism generated an unquantifiable amount of money. By way of an example, he felt that closing the Burford Visitor Centre would have a negative impact which would be damaging to the Council.

RESOLVED: That the comments of the Committee on the revised Medium Term Financial Strategy, spending targets and principles supporting it, as set out in the Appendices, be passed to Cabinet.

52. COUNCIL TAX SUPPORT SCHEME FOR 2019/2020

The Committee received and considered the report of the Group Manager, Customer Services, which presented the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1 April 2019, and was intended to give the Committee the opportunity to submit comments to Cabinet on the included recommendations.

RESOLVED: That Cabinet be advised that this Committee was supportive of the following recommendations being made:

(a) That Council be recommended to support the amendment of the current Council Tax Support scheme in relation to Working Age claimants for 2019/20, including any uprating, as follows:

i) The introduction of a banded scheme which would see a simple flat rate percentage discount awarded, depending on a person's total weekly 'net' income as follows:

Household weekly net income	% council tax support available
£0 - £125.99	100%
£126 - £187.99	75%
£188 - £290.99	50%
£291 - £384.99	25%
£385 +	0%

ii) All child maintenance payments being ignored when calculating weekly income.

(b) That Council be further recommended to support the proposal that those defined as disabled and those in receipt of War Widows Pension and/or War Disablement Pension, be protected from the above proposed changes.

53. COUNCIL TAX EXEMPTION FOR CARE LEAVERS

The Committee received and considered the report of the Group Manager, Customer Services, which requested consideration of the motion proposed at the meeting of the Council held 24 October 2018.

The Business Service Manager referred to the background to the report and referred to the options set out in Section 4. At present there was no data sharing protocol in place with the County Council, and the Council did not know the number of care leavers that would come into the scheme and how much it could cost.

The Group Manager for Customer Services commented that the Council already had discretion under Section 13(A) of the Local Government Finance Act 1992 but that identifying the numbers was important. He indicated that the numbers were likely to be minimal.

Councillor Cotterill commented that a similar issue was students who were exempt from Council Tax and asked whether there were more of these than care leavers. The Business Manager confirmed that there were a great deal more students.

Councillor Al-Yousuf asked whether it was possible to know, as well as the numbers, how the scheme would be administered and whether it would be fool proof in order to ensure that the benefit was targeted and reached the intended recipient. The Business Manager replied that the benefit would be credited to the Council Tax account and evidence that the applicants were actually care leavers would be required before an application could be approved.

Councillor Bolger thanked the Committee for the opportunity of contributing to the meeting as she was not a member of the Committee. She referred to one aspect in the report regarding shared housing as she felt it was very important to consider a discount for

that person's proportion of the Council Tax bill for the household rather than just considering heads of household as most young persons, whether care leavers or not, would probably be living in shared housing.

Councillor Cotterill asked whether that suggestion was possible and was advised that it was.

Councillor Saul felt that anything that the Council could do to show support would be beneficial. He felt that, for the sake of simplicity and taking into account the likely low numbers, a full exemption should be given for those in their own homes and a discount for those in shared accommodation.

Councillor Bolger referred to the report suggesting that the County Council and Thames Valley Police should be requested to share the costs of the scheme. She felt that in view of the likely small costs involved the District Council should consider absorbing the costs as the County Council was already struggling with its Children Services.

RESOLVED: That it be recommended that Council, in principle, agree to exercise its discretion under Section 13A (1)(c) (Local Government Finance Act 1992) to apply a new Care Leavers Council Tax Discount Scheme; and that in the event of the Council agreeing the principle, it is recommended:

- (a) To instruct Officers to seek to enter into an appropriate data sharing agreement with Oxfordshire County Council to enable that authority to share information about care leavers residing in the District;
- (b) To request Oxfordshire County Council and Thames Valley Police to agree to fund their share of the cost of any discount scheme;
- (c) To request subsequent recommendations from Cabinet as to the detail of a proposed scheme, taking into account both the options set out in the report and the as yet unknown financial implications.

54. QUARTER TWO PERFORMANCE INDICATORS 2018/19

The Committee received and considered the report of the Group Manager, Council and Company Support, which provided information on the Council's performance as at the end of Quarter 2 2018/2019.

RESOLVED: That the report be noted.

55. MEMBERS' QUESTIONS

There were no questions from Members relating to the work of the Committee.

The meeting closed at 3:35pm

CHAIRMAN