

Agenda



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Date: 7 September 2018

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A meeting of the

Scrutiny Committee

will be held on Monday, 17 September 2018 at 7.00 pm

Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Members of the Committee:

Councillors

Debby Hallett (Chairman)

Chris Palmer (Vice-chairman)

Mike Badcock

Matthew Barber

Robert Hall

Vicky Jenkins

Sandy Lovatt

Ben Mabbett

Judy Roberts

Preferred Substitutes

Yvonne Constance

StJohn Dickson

Anthony Hayward

Dudley Hoddinott

Simon Howell

Chris McCarthy

Emily Smith

Reg Waite

Catherine Webber

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A handwritten signature in black ink, appearing to read "M Reed".

Margaret Reed

Head of Legal and Democratic

Agenda

Open to the Public including the Press

Council's Vision

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Apologies for absence

To record apologies for absence and the attendance of substitute members.

2. Minutes

(Pages 4 - 12)

To adopt and sign as a correct record the Scrutiny Committee minutes of the meetings held on 9 and 26 July 2018 (attached).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Public participation

To receive any questions or statements from members of the public that have registered to speak.

REPORTS AND ISSUES FOR THE CONSIDERATION OF THE SCRUTINY COMMITTEE

6. 5 Councils contract changes and action plan

(Pages 13 - 18)

To consider the report of the head of partnership and insight (attached).

7. Capita performance: HR, payroll and IT

(Pages 19 - 21)

To consider the report of the head of partnership and insight (attached).

8. Financial outturn 2017/18

(Pages 22 - 35)

To consider the report of the head of finance/senior business partner (Capita) (attached).

9. Council tax reduction scheme 2017/18

(Pages 36 - 41)

To consider the report of the head of finance (attached)

10. Self-assessment questionnaire

To consider the responses to the self-assessment questionnaire.

11. Work schedule and dates for all South and Vale scrutiny meetings

(Pages 42 - 45)

To review the attached scrutiny work schedule. Please note, although the dates are confirmed, the items under consideration are subject to being withdrawn, added to or rearranged without further notice.

Minutes

of a meeting of the

Scrutiny Committee

held on Monday, 9 July 2018 at 7.00 pm

at the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Open to the public, including the press

Present:

Members: Councillors Debby Hallett (Chairman), Chris Palmer (Vice-Chairman), Mike Badcock, Matthew Barber, Robert Hall, Vicky Jenkins, Sandy Lovatt, Ben Mabbett and Judy Roberts

Officers:

Andrew Down, Ron Schrieber, Mark Stone and David Wilde

Also present:

Councillor Roger Cox. Clare Dorey and Jo Leith, Capita

Sc.10 Apologies for absence

None.

Sc.11 Declarations of interest

None.

Sc.12 Urgent business and chairman's announcements

The chairman reminded the committee that the reports before them related to the performance of the five councils' partnership contracts and that governance issues were not within this committee's remit.

She reported that, following the publication of the report, correspondence had been received from Capita and UNISON and their comments had been tabled.

The chairman asked those committee members who had not already done so, to complete and return their self-assessment questionnaires as soon as possible.

Sc.13 Public participation

The following members of the public and councillors had registered to address the committee.

Paul Mayhew-Archer asked a number of questions:

- a) How many public scrutiny meetings had Capita attended since being awarded the Five Council's Partnership contract?

In response, the head of partnership and insight reported that this was the first time that a Capita performance report had been submitted to the scrutiny committee but that such reports had been considered by the Five Councils' Partnership scrutiny committee.

- b) Why, in view of Capita's unsatisfactory performance, had the council not cancelled the IT contract and why were the five councils paying Capita compensation?

In response, the chief executive reported that officers did not believe that Capita's level of performance, which had improved in recent months, required the council to take back control of the IT contracts. The council was not paying Capita compensation. Renegotiation of the contract had resulted in increased costs to the council which would be set out in the accounts

- c) He asked about the level of financial benefit to the council from the contract, what future contract problems had been identified and what safeguards had been put in place to ensure that these problems were neutralised?

In response, the chief executive reported that the savings to the council were set out in the committee report. Capita would be working with the council to make further improvements to the contract.

- d) Who had authority to scrutinise the partnership?

In response, the head of partnership and insight reported that a performance report had gone to Five Councils' Partnership joint scrutiny committee in May 2017, and that the committee had subsequently been disbanded as it had no executive function and it was felt that local scrutiny was the appropriate forum for discussion of local issues. The council's scrutiny committee and/or the South and Vale joint scrutiny committee, had the authority to scrutinise contractor performance at any time as part of its planned programme.

- e) Was there was a culture of secrecy in the council?

In response, the chief executive reported that there was no culture of secrecy and that Capita's performance had been monitored and would continue to be monitored at meetings of scrutiny and joint audit and governance committee which were open to the public.

Jim Halliday asked if there were contractual penalty clauses that could be invoked by the council to obtain compensation from Capita and how much longer would the council put up with a sub-standard service?

Vale of White Horse District Council – Scrutiny Committee minutes

In response, the head of partnership and insight reported that there were three stages of contractual remedy 1) an agreed rectification plan, 2) the appointment of an independent remedial adviser, and 3) step-in. Stage 2) had been reached and the council was working with Capita to avoid further escalation.

The chief executive added that Capita had made significant improvements to the IT service in recent months.

Councillor Emily Smith asked who should be held accountable for the outsourcing of services and who was now responsible for trying to recoup costs and bringing services back in house?

In response, the chief executive reported that officers were responsible for the operational performance and he bore ultimate responsibility.

Councillor Bob Johnston asked a number of questions:

- a) Were officers aware of the council's poor performance in supplying information to the Oxfordshire Local Pension Board?

In response, the chief executive reported that he was aware of particular issues and that not all of them were Capita's responsibility.

- b) Were officers aware of how chaotic the expenses system was and was this due to a lack of resources?

In response, the chief executive reported that payroll performance had not been acceptable but was now improving. He undertook to look into particular problems experienced by Councillor Johnston.

- c) Was there any possibility of taking the IT contract back in house?

In response, the chief executive reiterated previous comments about Capita's improved performance and the renegotiation of the contract.

Sc.14 Capita performance: HR, payroll and IT

The committee considered the report of the head of partnership and insight and head of corporate services on the performance of the council's contractor, Capita, in the delivery of HR, payroll and IT services.

Andrew Down, head of partnership and insight, introduced the report. Also present to answer questions were Councillor Roger Cox, Cabinet member for partnership and insight, Mark Stone, chief executive, David Wilde, IT consultant, and Clare Dorey and Jo Leith, Capita.

The report detailed the milestone dates assigned to the key points in transforming each service from the model in operation at service commencement date to the new way of working agreed by the councils for each service and, where applicable, the key performance indicators (KPIs). As the new way of working (the target operating model) had not yet been achieved for the IT service, the performance indicators were not currently

enforceable, so limiting the council's ability to influence performance improvements at this time.

However, the committee was advised that, although the provision of the HR and payroll service was still not meeting required performance standards, the service was improving. With regard to IT, officers believed that Capita was now more positively engaged in resolving the current problems and the council had a structured plan to move the service forward, which included engaging the support of a leading IT consultant.

In addition, correspondence from Capita to the chief executive had been tabled. This stated that Capita were pulling together a high level options appraisal addressing areas of the contract identified as requiring change and proposing a further committee meeting in six to eight weeks' time in order to present proposed changes.

In response to members' questions, the chief executive reported that there were no problems with some of the services contracted out to Capita and that the HR, payroll and IT services were improving.

Following further discussion, it was

RESOLVED: Scrutiny recognises that some areas of internal performance delivered through the five councils' contract fall below the excellent standards the council expects. It notes that the excellent work by staff has ensured that there has been no significant impact on public services.

Scrutiny welcomes the work by Cabinet and senior officers to ensure improved performance and requests a detailed update on remedial actions being put in place to be presented to Scrutiny, covering the areas minuted, at the earliest opportunity.

Sc.15 Five councils' partnership - finance update

The committee considered the report of the head of partnership and insight on the financial position of the Five Councils' Partnership contracts.

Andrew Down, head of partnership and insight introduced the report. Also present to answer questions were Councillor Roger Cox, Cabinet member for partnership and insight and Mark Stone, chief executive.

The committee was informed that the financial benefit originally expected from the contracts had been considerably reduced by events since the contracts went live. The chief executive confirmed that he and his team now believed the Five Councils' contract would break even at best.

In response to members' questions, the chief executive reported that:

- The original estimates of savings were overly ambitious.
- It was not possible to disaggregate the contract costs.
- Officers were liaising with the council's external auditors to discuss the means by which more detailed financial information regarding the contracts might be presented.

RESOLVED: to note the report.

Sc.16 Budget Task Group update

Chris Palmer, chairman of the Budget Task Group gave a brief update on its work to date.

Sc.17 Work schedule and dates for all South and Vale scrutiny meetings

The committee noted its work programme.

The meeting closed at 9.10 pm

Minutes

of a meeting of the

Scrutiny Committee

held on Thursday, 26 July 2018 at 7.00 pm

at the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB



Open to the public, including the press

Present:

Members: Councillors Debby Hallett (Chairman), Chris Palmer (Vice-Chairman), Mike Badcock, Robert Hall, Sandy Lovatt, Ben Mabbett, Yvonne Constance (In place of Vicky Jenkins) and Emily Smith (In place of Judy Roberts)

Officers: Dylan Evans, Suzanne Malcolm, Ron Schrieber, Sally Truman and Jodie Wales

Also present: Councillors Alice Badcock, Roger Cox, Mike Murray, Helen Pighills and Elaine Ware. David Chong-Ping, Mel Research.

Sc.18 Apologies for absence

Councillors Matthew Barber, Vicky Jenkins (substituted by Yvonne Constance) and Judy Roberts (substituted by Emily Smith), submitted apologies.

Sc.19 Minutes

The minutes of the meeting held on 14 June 2018 were agreed as an accurate record and were signed by the Chairman.

Sc.20 Declarations of interest

None.

Sc.21 Urgent business and chairman's announcements

The Chairman reported that:

- As the chief executive was unable to attend tonight's committee, she had agreed to defer consideration of agenda item 9, self-assessment questionnaire, to a future meeting.
- Subject to the committee's agreement, agenda item 8, Abingdon redevelopment - Charter area, would be taken in confidential session in order that the committee could consider the relevant confidential individual Cabinet member decision.

Sc.22 Public participation

None.

Sc.23 Vale of White Horse Residents' Survey 2018

The committee considered a report and presentation from MEL Research summarising the findings of the Vale of White Horse Residents' Survey 2018.

Councillor Roger Cox, Leader of the council, introduced the report and presentation. Also present to answer questions were David Chong-Ping, MEL Research, Sally Truman, customer engagement manager, and Jodie Wales, community engagement officer.

The committee was informed that residents' attitudes towards the work of the council were generally positive and much better than national averages. However, there were a number of areas where the reputation of the council had decreased with the largest drop in satisfaction regarding the council providing value for money. The committee noted that, whilst two thirds of residents agreed that they felt informed, residents aged 55 to 64 were less likely to feel informed than those in other age groups.

In response to a member's question, Councillor Cox reported that one of the purposes of the survey was to identify issues where the council needed to do more.

The committee discussed a number of issues arising from the survey, including:

Affordable housing: Given the high cost of local housing, members were surprised that 51% of residents agreed that they could buy or rent housing that met their needs in the Vale of White Horse. As a proportion of respondents would be homeowners who were not looking to move, it was suggested that the question should be amended to ask about "your or your family's needs".

Enforcement: Street parking should be added to the list of issues for which the importance of the council pursuing enforcement is asked.

Waste: Whilst residents' satisfaction with the waste and recycling service was still very high, it had reduced since the last survey.

Timing: Consideration should be given to undertaking the survey in the spring rather than in January.

The committee placed on record its thanks to all council staff for their work which had contributed to the generally excellent survey results. Following further discussion it was

RESOLVED: to

1. note the report and presentation; and
2. recommend that Cabinet consider:
 - improving communication, particularly with the older age groups;
 - investigating the reasons for the decrease in satisfaction with the waste and recycling questions; and

- amending the survey questions regarding affordable housing and enforcement.

Sc.24 Abbey Meadow Progress Review

Councillor Mike Badcock stood down from the committee and took no part in the consideration of this item which was within his daughter's portfolio, as the Cabinet member responsible for community services.

The committee considered the report of the head of community services which reviewed the progress of the Abbey Meadows improvement projects, namely: the outdoor swimming pool and changing room refurbishment, the play area and the Abbey Meadow toilets.

Councillor Alice Badcock, Cabinet member for community services, introduced the report. Also present to answer questions were Councillor Elaine Ware, the portfolio holder when the project was agreed, and Dylan Evans, active communities manager.

In response to members' questions, the committee was informed that:

- There was provision in the improvement project budget for the accessible ramp and fence works.
- The project board provided overall guidance on the direction of the project to ensure that it remained on brief. However, the board was an informal body without any executive powers.
- A solution for the improvements to the toilets had been agreed and the build was scheduled for a September start. The final approved designs included a Space to Change accessible toilet that provided a wheelchair – accessible toilet that also included an adult sized changing bench and a hoist.
- The council received over 3,200 responses to the public consultation with 81% voting for option A – A place to swim and play.
- In 2011, the main priority was to keep the pool open and this was achieved via funding from Abingdon Town Council. This funding ceased in 2014 when the district council again subsidised the pool. The funding for the outdoor swimming pool refurbishment works was achieved via a separate capital growth bid approved at full Council in February 2017.
- Of the seven improvements identified in addition to the core facility improvements, all but the enhanced splash pad – changing provision, and an electrical supply for a mobile ice rink, had been delivered.

Following further discussion, it was

RESOLVED: to

1. to note the report; and
2. to recommend Cabinet to apply the good practice of community engagement in the Abbey Meadows improvements to future council projects.

Sc.25 Self-assessment questionnaire

Consideration of this item was deferred to a future meeting.

Sc.26 Work schedule and dates for all South and Vale scrutiny meetings

The committee noted its work programme.

Sc.27 Exclusion of public

RESOLVED: to exclude members of the press and public from the meeting for the following items of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Sc.28 Abingdon redevelopment - Charter area

The committee considered the report of the head of development and regeneration on the history of regeneration plans for the Charter area and the potential for redevelopment.

Councillor Mike Murray, Cabinet member for development and regeneration, introduced the report. Also present to answer questions was Suzanne Malcolm head of development and regeneration.

RESOLVED: to note the report.

The meeting closed at 9.10 pm

Scrutiny Committee



Report of Head of Partnerships and Insight

Author: David Wilde

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Cabinet member responsible: Edward Blagrove

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To: SCRUTINY COMMITTEE

DATE: 17 September 2018

Five Councils Contract Changes and Action Plan

Recommendations

- (a) Note the progress made on implementing changes to the Five Councils Capita Contract and make any recommendations arising to Cabinet.
- (b) Note the action plan attached at Annex A for the short term (1 year) to resolve other outstanding issues across our technology platforms and the Five Councils contract and to establish a medium-term technology strategy

Purpose of Report

1. This report updates Members on the progress to date and next steps with regards to completing and implementing planned changes to the Five Councils Capita contract and establishing an action plan for the Council that will support our business direction and priorities for the next 5 years.

Background

2. Over the last 6 months the Council's Chief Executive and Officers have been working with our service provider Capita to:
 - a. Rectify a number of shortcomings in service delivery which have not met the Council's expectations;

- b. Rebalance the overall service delivery models for some of our services to ensure roles and responsibilities are better defined and more clearly accountable between service provision and ownership of strategy and direction;
 - c. Reshape the contract to reflect these changes and ensure future delivery meets our expectations.
- 3. In addition to this work the Council needs to establish a clear direction for technology investment and provision to support our business ambitions and objectives going forward, embracing the opportunities the digital revolution offers to do things quicker, better, cheaper and right first time. The Technology Strategy will deliver that.
- 4. First taking the current service delivery issues, we have worked closely with Capita to develop and take forward five contract changes for:
 - a. Establishment of an IT end user computing environment for South and Vale Councils only, meeting our compliance needs for GDPR and enabling a range of new technology opportunities for secure mobile, flexible and multi-agency working;
 - b. Return of the Fraud Service in the Revenues and Benefits function as an in-house service so we can continue to grow our success in this field;
 - c. Bringing finance business partner roles and a number of other key responsibilities back in-house and better defining the roles and responsibilities between the supplier and customer across the finance function;
 - d. Bringing ownership of strategic Human Resources (HR) back in house and better defining the roles and responsibilities between the supplier and customer across the HR function;
 - e. Upgrading our finance system to a fully supported and up to date version of Unit 4 Business World (formerly called Agresso)
- 5. The scope of the changes for b, c and d are virtually agreed, with the changes intended from the end of October 2018, subject to any time limitations set by TUPE and subject to completion of the revised inter-authority agreement between the five councils. The scope of the changes for a and e are also near completion. The proposed changes will be submitted to Cabinet in October.
- 6. These changes are only part of a wider action plan to achieve stability, attached at Annex A. It is still in its early stages of delivery but collaboration with all suppliers has been positive and the changes being taken forward are being well received by staff.

7. Finally, the Technology Strategy will provide the Council with the means to drive IT in the direction it needs for business purposes for the next 5 years and puts it back in control for service provision and investment decisions. The final version will be presented to Cabinet for approval in October 2018 with the supporting roadmaps for delivery completed as part of the 2018-19 business planning process.

Financial Implications

8. Changes b, c and d are cost neutral, achieved through contract adjustments.
9. The changes covering the core IT service and the Finance IT systems are expected to be funded within the established contract envelope in place for current services and anything in addition to that will be considered on its merits as part of the final business case for each change
10. For the technology strategy, any financial implications will be examined as part of the 2018-19 business planning round and the resulting delivery programmes will be resourced under those business plans agreed as part of the medium term financial strategy.

Legal Implications

11. The changes will be approved through the Five Councils Partnership change process and also through the Council's own governance arrangements. External legal advice will be sought on how to document the changes. The revised inter-authority agreement, which is close to being agreed, will need to be in place before these changes are made.

Risks

12. Until the core IT infrastructure has been brought up to a suitable standard for reliable delivery we remain at risk of service outages and performance failures which significantly impact the Council's ability to do business.

Conclusion

13. Good progress has been made with turning around the services delivered by Capita under the Five Councils contract and tangible improvements are now visible. The enactment of the first 5 changes over the next 2 months will address the immediate concerns and the wider tactical plan, if delivered in full, will put our Councils back on a stable footing with IT and other core services.
14. The Technology Strategy, working as part of our wider business plan, will ensure the Councils are setting the direction they want for service transformation and the realisation of the potential that digital offers to meet the needs of our residents and business in the future.

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber	In negotiation		Grey	End point				
3	Red	Off track		(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
5	Core IT turnaround	Active Directory	DW	Covered by 5Cs contract	directory designed and approved	New directory built and all staff migrated	Operational (LB)		
6		End User Computing (EUC)	DW	Covered by 5Cs contract	Standard EUC model defined and agreed	Deployed across workforce (LB)			
7		Thin Client	DW	Covered by 5Cs contract	Service retirement plan agreed		Thin client services retired (LB)		
8		Wifi consolidation	LB	Hybrid 5Cs contract and S&V budgets	Consolidated design agreed	New Wifi solution implemented	Legacy Wifi retired		
9		Network consolidation	DW	Covered by 5Cs contract		Single multifunction architecture designed and agreed	New network implemented (LB)		
10		Legacy datacentre closure	LB	S&V budgets currently £37K pa	Retirement plan agreed, budget pressure in discussion with Capita	Legacy migrated or retired	Legacy datacentre service retired		
11		Print services	LB	S&V budgets	Procurement commenced	New contract awarded and service implemented	Old print service retired		
12		Web sites replaced	AP	to be funded from legacy DC closure est. £10K	Web site replacement project commenced, hosting costs to be determined	New sites designed, hosting procured and content migration plan complete	New sites live, legacy sites retired		
13		Finance system upgrade	DW	Covered by 5Cs contract	Upgrade plan for system designed and agreed	Upgrade project initiated (BW)		Upgraded finance system live, plan for migration to cloud	
14		Banking and payments system upgrade	BW	S&V Budgets	Plan for migration to Pay360 agreed	Pay360 designed, built and implemented	Icon legacy system retired		
15	Core services reshaped	Finance Business Partners	SH	Covered by 5Cs contract	Revised service design agreed, resource agreed	Finance Operating Model agreed		Go live of Finance TOM	
16		Strategic HR	AP	Covered by 5Cs contract	Revised service design agreed, resource agreed	HR Operating Model agreed	Go live of HR TOM		
17		Revenues and Benefits Fraud	PH	Covered by 5Cs contract	Revised service design agreed, resource agreed	Service enhancement plans developed	Roadmap to be the best agreed and implemented in business plans		
18	Technology strategy	Enterprise Architecture	DW	S&V budgets	IT Enterprise Architecture baselined	Future state Enterprise Architecture designed	Architecture owned by Client Team and embedded in technology roadmaps (AP)		
19		IT Target Operating Model	DW	Covered by 5Cs contract	Revised fit for purpose IT TOM designed	Service management and S&V Client Team designed and agreed	Go live of IT TOM (AP)		
20		Telephony Systems	DW	Covered by 5Cs contract		Consolidation plan for voice services designed and agreed	Voice consolidation project initiated (LB)	new voice services live, legacy VOIP retired	
21		Unified Communications	DW	Hybrid 5Cs contract and S&V budgets			Unified comms plan agree under Technology Strategy	Unified comms project initiated (LB)	
22		Technology Strategy document	DW	S&V budgets	Technology strategy drafted and agreed with Senior Leadership		(AP)		

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber			Grey	End point				
3	Red			(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
23		technology roadmaps	DW	S&V budgets	Technology roadmaps drafted and agreed under Strategy	Technology roadmaps integrated into business plans and approved as part of MTFS	Intelligent client function tracks roadmaps and owns Architecture and relationship management (LB)		

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber	In negotiation		Grey	End point				
3	Red	Off track		(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
24	Organisational Development	Mobile and digital	AP	S&V budgets	Core principles for operational working practices agreed	Workforce policies revised to adopt principles	Workforce transitioned to new model supported by technology changes	Revised estates policy to maximise new workforce model opportunities	
25		Core workforce principles	AP	S&V Budgets	Core principles for skills and capabilities defined	Roadmap for skills uplift and productivity designed and agreed	New model agreed with Trade Unions and staff	Implement new model	
26		Capability roadmap	AP	S&V Budgets		Define capability model for workforce	New model agreed with Trade Unions and staff	Implement new model	
27									

Scrutiny Committee



Report of Head of Partnership and Insight

Author: Andrew Down

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To: Scrutiny committee

DATE: 17 September 2018

Capita performance: HR, payroll and IT

Recommendation

The Scrutiny Committee members note the contents of the report and make any recommendations arising to the relevant cabinet members

Purpose of Report

1. The purpose of this report is to provide a further brief update on the performance of the council's contractor, Capita, in the delivery of the HR, payroll and IT services. This report follows the report to the meeting of 9 July 2018 and particularly focuses on the contractor's efforts to improve the IT service.

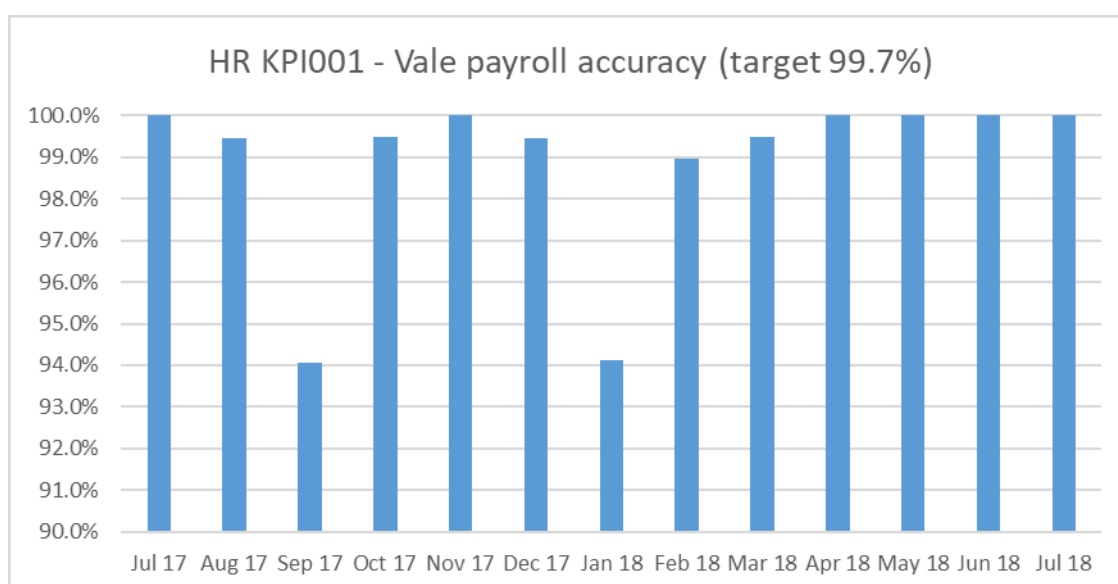
Contract changes

2. Discussions are currently in progress between the council and Capita around some potential adjustments to the scope and design of a number of services including HR, payroll and IT. These are the subject of a separate report and therefore not discussed in detail here.

HR and payroll

3. Since the previous report there have been no significant HR and payroll issues for the Vale. For the key performance indicators (KPIs), 100 per cent payroll accuracy (KPI001) has been achieved in both June and July 2018 for the Vale, and KPI002 (payroll timeliness) has also been met in full.

4. The payroll accuracy KPI for the period from July 2017 to July 2018 is illustrated in the chart below.



5. In the other performance indicators (PIs), there has been one failure since the data presented in July. This was on PI009, which is to “process shortlisting decisions and communications to applicants within two working days”.

Information technology

6. Conversations are currently making good progress with a view to agreeing a new IT strategy for Vale and South. As this is the subject of a separate report it is not covered here, other than to mention that the design of the target operating model (TOM) will change as a consequence of the updated IT strategy. The date for achievement of TOM will therefore change and is now forecast to be around March 2019, subject to satisfactory agreement of the new approach and the subsequent implementation timetable.
7. The report presented on 9 July referred to Capita’s commitment to stabilise the IT platform and resolve service issues by 27 July. Capita have put considerable effort into clearing the backlog of service requests and the Five Councils chief executives collectively agreed at the end of July that improvements had been made. Capita must now demonstrate that it can sustain this improved status, with further review due at the end of September.
8. As part of the programme of IT improvements, Capita placed a number of additional IT staff on site at Milton Park, and interviewed 319 Vale and South staff in order to gain a detailed and specific understanding of the IT issues. Many issues have been resolved and Capita is continuing to work to resolve outstanding matters by the end of September.
9. There were no P1 (severe) IT incidents in June or July; one P1 incident occurred in August which was not resolved within the target service level. At time of writing, officers have received a draft incident report which describes the incident and the recovery but is still to be finalised with an analysis of the root cause.

Conclusion

10. The IT service has improved operationally, and to meet longer term strategic objectives the council is negotiating a change to the initial target operating model, which will never be implemented in full. HR and payroll continues to meet almost all performance indicators and from a Vale perspective, Capita has sustained the improvements previously highlighted to members.
11. The council is currently negotiating changes to these services in order to secure further improvements for the future.

Scrutiny Report



REPORT NO

Report of Head of Finance/Senior Business Partner (Capita)

Author: William Jacobs/Richard Spraggett

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Wards affected: All

Cabinet member responsible: Robert Sharp

Tel: 01367 710549

E-mail: robert.sharp@whitehorsedc.gov.uk

To: Scrutiny

DATE: 17 September 2018

Financial outturn 2017/18

Recommendation(s)

Scrutiny committee is recommended to note the overall outturn position of the council as well as the outturn of individual service areas.

Note: If committee members wish to raise specific questions please send these in advance if possible to either the committee clerk or the Senior Business Partner (Capita). Please be aware that if questions are not submitted in advance, it may not be possible to answer these in detail at the meeting. In addition, if committee members wish specific heads of service to attend the meeting this should also be raised in advance.

Purpose of Report

1. To report the final year end position for revenue and capital expenditure against budget for the financial year 2017/18.

Strategic Objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The outturn report shows how these resources have been used in year.

Background

3. The attached papers contain summarised schedules of revenue and capital expenditure for 2017/18; they also present an explanation of the significant variances

against budget. This is presented by service and follows the format of the budget monitoring reports produced during the year. All the figures in this report are pre-Audit and may be subject to some change following the conclusion of the audit of the Statement of Accounts.

Revenue outturn 2017/18

4. In February 2017 the council approved a net expenditure budget of £13.1 million. This increased to £14.1 million as a result of budget carry forwards and supplementary estimates. The net expenditure at year end was £11.6 million – this equates to a variation of £2.5 million, which has been transferred to the council's reserves.
5. Of the £2.5 million variation to budget, £1.1 million represents slippage in one-off budgets that have been agreed as a budget carry forward to 2018/19. This includes £0.6 million of carry forwards in Development and Housing for development activity in respect of Science Vale and Didcot Garden Town, and £0.2 million in Planning in respect of delivering the Local Plan. In addition, net investment income was £294,000 above budget, including financing cost savings. The remaining underspend has been transferred to revenue reserves.
6. Appendix 1 analyses income and expenditure across the service areas. This appendix shows the expenditure budget was £54.9 million compared to an actual spend of £52.9 million resulting in an under spend of £2.0 million. This under spend is approximately 4.7 per cent of total expenditure.
7. The income budget was £40.6 million compared to actual income of £40.8 million, giving an over achievement in income of £0.2 million or around 0.5 per cent.
8. Table 1 below summarises the outturn position by service. Appendix 2 compares the outturn position with most recent forecasts and paragraphs 16 and 17 contain information on key variances.

Table 1: summary of revenue budgets and variance

Summary of revenue budgets and variances	Budget £000	Actual £000	Variance £000	Notes
Client team - 5 Councils Partnership	2,165	2,135	(30)	a
Strategic management board	890	713	(177)	
Corporate services	1,779	1,422	(357)	
Development and housing	1,911	830	(1,081)	
Finance	197	228	31	
Legal and democratic services	1,321	1,302	(19)	
Planning	1,267	1,044	(223)	
Waste, Leisure & Env Health	4,740	4,484	(256)	
Contingency	130	0	(130)	
Direct service expenditure	14,400	12,158	(2,242)	
Net Interest Income	(316)	(610)	(294)	b
Net expenditure	14,084	11,548	(2,536)	

Notes:

- a) Client team line contains housing benefits and rent allowance funded by government grant as shown in table 2 below.

- b) The council's treasury management outturn report will be considered by Joint Audit and Governance Committee and cabinet and council.

Table 2: housing benefits and rent allowances

	Budget £000	Actual £000	Variance £000
Rent allowances payments	28,459	28,168	(291)
Government Subsidy income	(26,887)	(26,799)	88
Rent allowance overpayments recovered	(2,007)	(1,684)	323
Net Position	(435)	(315)	120

Capital

9. The original capital budget for 2017/18 including growth was agreed in February 2017 at £16.6 million. In 2017/18, a review commenced of a number of the large capital schemes as a result of the growth deal. Details of the changes to the capital programme in year are summarised in table 3 below:

Table 3: movement on capital programme

	2017/18 £000
Original capital budget 1 April 2017	14,806
Agreed growth	1,800
Roll forward from prior years	1,108
Additions in year (externally funded)	835
Additions in year (other)	22
Budget profiling from future years	2,114
Schemes deleted (including reduction in contingency budget)	(685)
Slippage into future years (see Appendix 4)	(13,651)
Working budget 31 March 2018	6,349

10. Capital expenditure for 2017/18 was £3.2 million. Detail of the variance of spend against the capital programme working budget is shown in appendix 3 to this report.
11. During the year, budget holders review their projects and identify those where delays mean that the current working budget will not be spent in year. The budget profile is then moved to reflect the new spend profile and budgets are slipped into future years if applicable. Slipped budgets remain committed for use in future years. During the year £13.7 million, including the capital contingency budget, was slipped in this way. A list of these schemes is shown in appendix 4.

Capital receipts¹

12. The original capital receipts budget for 2017/18 was agreed in February 2017 at £12.4 million. The budget remained unchanged throughout the year. Actual new capital receipts in year amounted to £12.4 million. This was from the sale of four properties, including £12.3 million from the sale of Westway, Botley. There were small receipts relating to easements over land and lease variations.

¹ Capital receipts exclude grants and contributions, they normally relate to disposal of assets.

Analysis of the revenue underspend

13. The variations between budgeted and actual income and expenditure are summarised in table 4 below.

14. **Table 4: summary of major variances against revenue budget**

Service Team	Total Variance £000	Income Variance		Expenditure Variance				Under-spend c/fwd to 2017/18 £000
		Grants and Contributions £000	Other Income £000	Employee Costs £000	Supplies and Services £000	Third Party Payments £000	Other Gross Expenditure £000	
Client team - 5 Councils Partnership (5CP)	(30)	39	(257)	(87)	523	34	(282)	0
Strategic Management Board (SMB)	(177)	5	(153)	(181)	61	91	0	47
Corporate Services (CS)	(356)	0	(56)	(25)	(260)	(15)	0	153
Development & Housing (DH)	(1,083)	(175)	77	(332)	(906)	253	0	643
Finance (F)	32	0	(16)	33	7	8	0	0
Legal & Democratic (LD)	(19)	25	(31)	(49)	(30)	66	0	0
Planning (P)	(222)	(27)	265	10	(197)	(273)	0	210
Waste Leisure and Environment (WLE)	(255)	14	74	(153)	(208)	18	0	43
Contingency	(130)	0	0	178	(308)	0	0	0
Direct Service Expenditure	(2,241)	(119)	(97)	(606)	(1,318)	181	(282)	1,095
Net Investment Income	(294)		(294)					
Net Expenditure	(2,535)	(119)	(391)	(606)	(1,318)	181	(282)	1,095
Working Budget	14,400	(28,027)	(12,534)	7,127	6,487	12,888	28,459	
Percentage	-17.6%	0.4%	3.1%	-8.5%	-20.3%	1.4%	-1.0%	

15. The outturn position has been analysed to identify explanations for the significant variations from budget, excluding a number of budgets that have a net zero impact on the council's bottom line, e.g. recharge areas where expenditure variances have a corresponding income variance. Key reasons for variances are outlined below, categorised between income and expenditure variances and with an indicator showing the service team area as referred to in Table 4 above. These variances are also summarised in Appendix 5.

Income Variances

16. Significant income variances include:

Increased income against budget:

- A higher level of sales than predicted resulted in Mobile Home commission being £79,000 above budget. (5CP)
- Overall, Car Parking Income was around £70,000 above budget, with increased parking fee income more than offsetting reduced levels of season ticket and excess charge income compared to budget. (5CP)
- Income in respect of facilities, general, and investment properties was around £514,000 above budget, with much of this higher level being attributable to investment properties. However, in these areas there were also significant areas

of increased expenditure, as referred to below, which offset over half of this additional income. (5CP)

- Government Grant in respect of Homelessness was £36,000 above budget, although this will be spent in future years. (DH)
- Parks Income backdated from previous years resulted in income above budget of £45,000. (WLE)

Reduced income against budget:

- Housing benefit Government subsidy was £88,000 below budget, although this reflected reduced expenditure. (5CP)
- Housing benefits overpayments recovered were £323,000 below budget, although this also reflected reduced expenditure on rent allowances to an extent. (5CP)
- Development Services fee income (planning fees) was around £200,000 less than expected as the market stabilised. (P)
- Reduced Recycling tonnage resulted in a reduction in income of £50,000 against budget. (WLE)

Expenditure Variances

17. Significant expenditure income variances include the following. A number of these areas are the subject of the Carry Forward requests referred to later in this report.

Reduced expenditure against budget:

- Housing benefit payments were around £291,000 less than budget. Although this is a significant variance in terms of the council's net expenditure, it represents a variance of only around 1 per cent on this budget. This represents the inherent volatility on this demand-led budget, and the difficulties of accurate estimation. (5CP)
- Consultant costs in respect of Devolution / Better Oxfordshire were underspent by over £36,000, which is the subject of a carry forward request. (SMB)
- Unallocated staffing budgets held as a contingency in the Corporate Management Team area were not called upon in their entirety, resulting in an underspend of around £135,000. (SMB)
- Corporate consultation costs were around £58,000 less than budgeted, due to a combination of software costs being funded from within Planning, and less corporate consultation being undertaken than expected. (CS)
- NHB grants awarded in 2017/18 are yet to be claimed and will be paid in 2018/19. A carry forward of around £121,000 has been requested in respect of this. Around £25,000 was also not required in respect of completed projects that were underspent, contributing to an overall variance of around £151,000 in this area. (CS)

- Overall, the adoption of a proactive approach on Housing Needs and Homelessness resulted in an underspend of around £115,000. (DH)
- Agency Staff, Publicity and Promotional costs, and Consultants costs in respect of the Accelerated Housing & Didcot Garden Town project of £629,000 have been paused to allow the budget to be reprofiled to align spending with the Housing Infrastructure Fund (HIF) project. (DH)
- Expenditure on the Science Vale project was around £101,000 under budget, and a carry forward has been requested for this amount. (DH)
- Electoral Services underspent by around £67,000, due to a combination of vacancies; reduction in the number of canvassers recruited to cover annual canvass and an underspend on printing due to trialling alternative canvass methods; increased on-line applications; and individual electoral registration becoming established. (LD)
- In Development Services, around £135,000 savings in employee and agency costs partly offset the reduction in fee income referred to above, reflecting the need to match expenditure to caseload and income. (P)
- Development Policy was around £317,000 underspent in total. Budgets for Local Plan examination and updated studies were not used in 2017/18 and a carry forward of around £210,000 will be required in 2018/19. (P)
- Vacancies in Waste, Leisure, and Environment Corporate Strategy resulted in an underspend of around £52,000 in this area. (WLE)

Increased expenditure against budget:

- Costs in IT Operations, primarily on software licences, were around £63,000 above budget. (5CP)
- Premises costs in respect of Car Parking, principally service charges and rates were around £50,000 higher than expected. (5CP)
- Costs related to facilities, general, and investment properties, including rates and contributions to bad debt provisions, were around £294,000 higher than budgeted, partly offsetting the higher than budgeted income levels in these areas. (5CP)

Revenue Carry Forward Requests

18. As noted above, Revenue Carry Forward requests into 2018/19 amount to around £1.1 million, primarily in relation to slippage on major Development projects and the Local Plan. For 2016/17, the equivalent figure was £836,000. The full list of Revenue Carry Forward Requests is detailed in Appendix 6.

Comparison to previous year revenue outturn

19. A comparison of the 2016/17 outturn to the 2017/18 revenue outturn is shown in table 5 below:

Table 5: 2016/17 and 2017/18 revenue outturn

	2016/17 Total £000	2017/18 Total £000
Income	(838)	(509)
Expenditure	(909)	(2,027)
Net Position before Carried Forward Budgets	(1,747)	(2,536)
Carried Forward Budgets	836	1,095
Net Position after Carried Forward Budgets	(911)	(1,441)

20. Housing benefit and rent allowance income was a significant reason for the variance in 2016/17. Although this area remains very difficult to predict, as indicated in Table 2, the variance in this area is less significant in 2017/18 than in previous years. With overall income being relatively close to budget, expenditure underspends including carry forward requests are the most significant factor in 2017/18.

Implications for 2018/19 and future years

21. The 2017/18 revenue outturn position was largely characterised by slippage on major development projects resulting in a relatively high level of balances at year end and a high level of carry forwards. Regarding trends for future years in other areas, development control income was a major area of reduced income against budget, a trend that has already been recognised to an extent in the Medium Term Financial Plan (MTFP).
22. Investment income continues to outperform both budgeted figures and benchmark performance indicators.
23. The capital programme has also been subject to significant slippage into future years, again in a similar pattern to previous years.

Financial, legal and any other implications

24. The financial implications are as set out in the body of the report. There are no other implications of this report.

Conclusion

25. Following the trends of recent years, the council has underspent on both revenue and capital, and the nature and reasons for these variances are detailed within this report and the appendices.

Appendices:

1. Revenue outturn – expenditure and income variance
2. Revenue outturn – Budget monitoring report
3. Capital outturn – summary and commentary
4. Capital outturn – slippage
5. Revenue outturn – summary variances
6. Revenue Carry Forward 2017/18 Requests

Background Papers

- Statement of Accounts 2017/18
- Budget papers for 2017/18

Vale of White Horse DC variance by income and expenditure 2017/18

Appendix 1

	Expenditure			Income			Total		
Service Team	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Client team - 5 Councils Partnership	34,919	35,107	188	(32,754)	(32,972)	(218)	2,165	2,135	(30)
Strategic Management Board	970	942	(28)	(81)	(229)	(148)	889	713	(176)
Corporate Services	1,996	1,696	(300)	(217)	(273)	(56)	1,779	1,423	(356)
Development & Housing	2,750	1,765	(985)	(839)	(936)	(97)	1,911	829	(1,082)
Finance	267	314	47	(70)	(85)	(15)	197	229	32
Legal & Democratic	1,763	1,749	(14)	(441)	(448)	(7)	1,321	1,301	(20)
Planning	3,912	3,451	(461)	(2,645)	(2,407)	238	1,267	1,044	(223)
Waste Leisure and Environment	8,255	7,911	(344)	(3,515)	(3,427)	88	4,740	4,484	(256)
Contingency	130	0	(130)	0	0	0	130	0	(130)
Service Expenditure	54,962	52,935	(2,027)	(40,562)	(40,777)	(215)	14,400	12,158	(2,242)
Net Investment Income				(316)	(610)	(294)	(316)	(610)	(294)
Net Expenditure	54,962	52,935	(2,027)	(40,878)	(41,387)	(509)	14,084	11,548	(2,536)

Appendix 2

Vale budget monitoring report as at 31 March 2018

	Original Budget Full Year	Working Budget	Actual Spend	Current variance	Forecast Quarter 3	Variance between outturn and Qtr 3 forecast
	£000	£000	£000	£000	£000	£000
Client Team - 5 Councils Partnership	2,530	2,165	2,135	(30)	2,040	95
Strategic Management Board - Revenue	592	889	713	(176)	891	(178)
Corporate Services - Revenue	1,353	1,779	1,422	(357)	1,733	(311)
Development & Housing - Revenue	802	1,911	829	(1,082)	1,770	(941)
Economy Leisure & Property - Revenue	50	0	0	0	0	0
Finance - Revenue	125	197	228	31	197	31
Legal & Democratic - Revenue	1,268	1,321	1,302	(19)	1,405	(103)
Planning - Revenue	1,193	1,267	1,045	(222)	640	405
Waste, Leisure & Env Health - Revenue	4,536	4,740	4,484	(256)	4,668	(184)
Contingency	(179)	130	0	(130)	130	(130)
	12,271	14,400	12,158	(2,242)	13,475	(1,317)

Vale of White Horse DC 2017/18 capital budget monitoring

	Budget £000	Outturn £000	Outturn variance £000
Client - 5 councils partnership	764	25	(739)
Strategic management board	90	3	(87)
Corporate services	373	187	(186)
Development & housing	59	12	(47)
Finance	197	174	(23)
Legal & democratic services	105	4	(101)
Waste, leisure & environmental health	4,761	2,821	(1,940)
	6,349	3,226	(3,123)
Percentage			-49%
Capital contingency (unspent)	0		
Total working budget	6,349		

Note: Budget is the full year working budget, Percentage is the total variance excluding contingency as a ratio of the budget

Explanation of significant variances

Client - 5 councils partnership

Refurbishment of property assets underspent by £121,000. This project was delayed but will be revisited following the transfer of property management staff in April 2018.

Abingdon riverbank works underspent by £583,000. This project was delayed but will be revisited following the transfer of property management staff in April 2018.

Strategic management board

Budgeted contribution of £83,000 towards a rail crossing continues to be unspent and requires review.

Corporate services

Community grants fund was underspent by £112,000, this relates to grants committed but unclaimed by year end. £92,000 has been slipped into next year.

Legal & democratic services

Oxfordshire CCTV Hub has not progressed and £50,000 will consequently will be removed from the capital programme.

Replacement CCTV cameras has underspent by £49,000. Projects were not identified during 2017/18, however the budget will be used in 2018/19 to fund new cameras in Abingdon & Wantage.

Waste, leisure & environmental health

Disabled Facility Grant expenditure is demand led and current projects may be underway and not fully funded at the end of the year. Where this occurs budget is carried forward to cover this commitment. At the end of the year £474,000 was carried forward.

Abbey Meadow outdoor pool underpsent by £446,000. The construction of the new pool was finalised early in 2018/19 and this remaining budget will be used to pay the final invoices.

Retention monies relating to the extension at White Horse Leisure Centre has resulted in an underspend of £120,000. This has been carried forward to 2018/19.

Leisure projects have underspent by £642,000, due to delay in the start of projects. The underspend will be carried forward to 2018/19.

Vale of White Horse DC slippage of capital schemes from 2017/18 to later years

Client - 5 councils partnership	£000
Car park lighting improvements	89
Changes to Rye Farm car park	45
Charter car park lift	36
Renovation charter car park	765
Contingency	1,494
	2,429
Corporate services	£000
Sewage works	17
Upgrade of sewage treatment works	47
Woodlands watercourse	30
Sparsholt sewage works	200
Improvement to charter WC	150
New website	13
Energy reduction plan	5
Abingdon flood	470
	932
Development and housing	£000
Housing association programme	387
Housing Abingdon	885
	1,272
Strategic management board	£000
Wi-fi for Vale towns	2
Broadband	20
	22
Waste, leisure & environmental health	£000
Wantage/Grove leisure facility	7,147
DFGs	800
Faringdon pitch	783
Abbey meadows & garden improvements	196
Abbey meadows WC	70
	8,996
Total	13,651

Vale of White Horse DC Revenue Outturn 2017/18 Summary Variances

Summary	Variance £000	Variance £000	Carry Forward £000
Income above Budget			
Mobile Homes - commission (5CP)	(79)		
Car Parking (5CP)	(70)		
Property (5CP)	(514)		
Homelessness - Grant (DH)	(36)		
Parks (WLE)	(45)		
Other under £50,000	(102)		
Net Investment interest	(294)		
		(1,140)	
Income below Budget			
Planning Fees (P)	200		
Recycling (WLE)	50		
		250	
Housing Benefits (Net) (5CP)		120	
Expenditure below Budget			
Devolution (SMB)	(36)		36
CMT Unallocated staffing contingency (SMB)	(135)		
Consultation (CS)	(58)		
NHB Grants Scheme (CS)	(151)		121
Housing Needs / Homelessness (DH)	(115)		10
Growth Projects DH)	(629)		533
Science Vale - carry forward budgets (DH)	(101)		101
Electoral Services (LD)	(67)		
Planning staffing (P)	(135)		
Development Policy / Local Plan (P)	(317)		210
WLE vacancies (WLE)	(52)		
Contingency	(130)		
Other under £50,000	(247)		84
		(2,173)	
Expenditure above Budget			
IT Operations (5CP)	63		
Car Parking (5CP)	50		
Property (5CP)	294		
		407	
Total		(2,536)	1,095

Service Team Key

Client team - 5 Councils Partnership

5CP

Strategic Management Board

SMB

Corporate Services

CS

Development & Housing

DH

Finance

F

Legal & Democratic

LD

Planning

P

Waste Leisure and Environment

WLE

Vale of White Horse DC Revenue Carry Forwards 2017-18		
Budget	Carry Forward £	Reason for Carry Forward
Strategic Management Board		
Devolution / Better Oxfordshire	36,500	One off budget in 2016/17 carried forward into 2017/18 but unspent. Further expenditure anticipated for 2018/19.
Business and Innovation Strategy (BIS) Action Plan 2017 to 2020 projects	10,000	Delay in the delivery of projects e.g. pop-up business schools. events to now be held in 2018/19.
	46,500	
Corporate Strategy		
Didcot North Heat Network Feasibility Study	7,500	Amounts have been allocated as match funding government grant from the Heat Network Delivery Unit (HNDU). for the Didcot North Heat Network feasibility study. Decision timescales by the HNDU changed and grant was notified at the end of March. Payment for works now likely to be made early in 2018/19.
New Homes Bonus (NHB) Grants	120,781	NHB grants awarded in 2017/18 and earlier years that have yet to be claimed. (£5,065 of 2017/18 budget not allocated to projects and £25,342 not required for completed projects that were underspent).
Data Capture	24,435	Post for Data Capture in 2017/18 was funded by a one off growth bid but was unfilled.
	152,716	
Development and Housing		
Development - Consultation Costs	50,000	Growth bid for long term Oxfordshire Growth Board project.
Development - Fees and Hire Services	17,421	Growth bid for long term project (Housing Strategy)
Development - Agency Staff	1,575	Growth bid for long term project (agency support to deliver key projects)
Science Vale - Payments to South Salary Costs	56,344	Grant funding for long term project
Science Vale - Consultation Costs	44,315	Grant funding for long term project
Accelerated Housing & Garden Town - Agency Staff.	88,462	Carry forward for long term project.
Accelerated Housing & Garden Town - Publicity and Promotional Costs.	136,784	Carry forward for long term project.
Accelerated Housing & Garden Town - Consultants Projects	238,339	Carry forward for long term project.
Homelessness	6,000	Unspent government grant money received in year - Floating support & mediation service, funding required to fund period of service. Underspend occurred due to tendering period.
Homelessness	3,799	Unspent government grant money received in year - Rent-in-advance, deposit and landlord incentive payments, funding required to fund private tenancies to avoid homelessness. Underspend due to securing additional private lets for funding.
	643,039	
Planning		
Local Plan	209,663	Delayed Local Plan - Budget for examination and updated studies was not used in 2017/18 and will be required in 2018/19.
	209,663	
Waste Leisure & Env Health		
Leisure Project Officer	27,495	One off project funding of a leisure officer in 2018/19 for continued work on feasibility and design work for the new leisure centre at Wantage / Grove.
Leisure Facilities Consultancy - Botley / North Hinksey	9,000	One off growth bid of £20,000 for funding of consultant to support the parish council in identifying improvements to facilities in Botley / North Hinksey was approved in 2017/18. Carry forward of underspend requested to enable completion.
The Beacon	6,742	The Beacon Assistant Duty Officer salary carry forward. Post not on establishment list, an 18 month role only started in October 2017 created from a one off growth bid (two years) of £23,736 in 2017/18 and £11,868 in 2018/19. Need to carry fwd to avoid a shortfall in 18/19.
	43,237	
Total Revenue Carry Forwards	1,095,155	

Scrutiny Committee Report



Report of Head of Finance

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To: Scrutiny Committee

DATE: 17 September 2018

Council tax reduction scheme 2017/18

Recommendation

That Scrutiny Committee considers the report and reports any observations to the Cabinet member for Finance

Purpose of Report

1. The purpose of this report is to update members on the effect the council tax reduction scheme (CTRS) has had on its council taxpayers during **2017/18**. This has become an annual report following the report taken to the Scrutiny Committee in March 2015.

Strategic Objectives

2. The council is required by statute to adopt a reduction scheme to help those on low incomes to meet their council tax liability. By having a scheme in place, we are helping to achieve the strategic objective of "running an efficient council".

Background

3. Prior to April 2013 there was a national scheme of financial assistance called "**council tax benefit**" which was available to taxpayers on low incomes to help

them meet their council tax liability. This scheme had been in operation since 1993.

4. Following changes introduced by the Local Government Finance Act 2012, this council adopted its own local “**council tax reduction scheme**” to take effect from 1 April 2013. This was against a backdrop of reduced Government funding of approximately ten per cent compared to the funding given for the previous council tax benefit scheme.
5. In common with the other district councils in Oxfordshire, the local scheme more or less mirrored the previous council tax benefit scheme which meant that no residents saw a reduction in their entitlement.
6. The ten per cent reduction in Government funding was counteracted by the council's implementation of technical reforms to the council tax system whereby more council tax was charged on empty properties and second homes.
7. The final scheme that was adopted was for one year only and the council was therefore required to formally adopt a scheme for 2014/15.

The scheme since 2014/15

8. It was proposed that the scheme adopted for 2014/15 should require everyone (**excluding those of Pension Age and certain protected groups - people with disabilities, war widows and war disabled pension recipients**) to pay **at least 8.5 per cent** of their council tax (which was **£145.46** based on a Band D property in **2017/18**). This meant that the maximum reduction that anyone could receive would be **91.5 per cent** of their council tax liability.
9. Cabinet believed that the reduction in Government funding mentioned in paragraph 6 above should be spread fairly across all council tax payers (apart from the protected groups mentioned above), not just those who were not claiming a reduction. Cabinet's rationale being that the proposed reduction scheme **should encourage unemployed people to seek work** - which was a stated Government policy intention for localising council tax support in the first place.

In addition to a flat 8.5 per cent reduction across the board, Cabinet also proposed that some further modifications should be made to entitlement in respect of specific categories of claimant and, following comments received from an eight-week public consultation and feedback from Scrutiny committee, Cabinet adopted the following scheme:

- entitlement for working age claimants would be capped at **91.5** per cent of their council tax liability, except for these protected groups - people with disabilities, war widows and war disabled pension recipients
- removal of the second adult rebate scheme
- entitlement for properties in bands F, G and H would be capped to band E council tax levels

- the four week “run on” entitlement would be extended to thirteen weeks (from 4 weeks) when a claimant moves into work
- personal allowances and non-dependent deductions for working age claimants would be uprated by one per cent each financial year commencing 1 April 2014

10. In addition, Cabinet decided to introduce a discretionary hardship fund (DHF) to help those claimants experiencing financial hardship.

Financial Implications

11. By reducing claimants’ entitlement it has obviously reduced the scheme costs. To date the current predicted savings are:

Table 1

Group	Numbers affected	(Saving)/Cost
Reducing maximum entitlement to 91.5 per cent (i.e. 8.5 per cent reduction)	1,464	(£162,268)
People who receive a reduction because they live with another adult who is on a low income	1	(£464)
People who will have their entitlement capped to a band E rate	17	(£7,498)
People who move into work and continue to receive the same level of reduction	57	£15,962
NET SAVING		(£154,268)

12. These savings will be apportioned between the Vale and Towns/Parishes (**£16,969**), Oxfordshire County Council (**£121,872**) and the Police and Crime Commissioner (Thames Valley (**£15,427**)). It was originally estimated that the savings to be gleaned from the modifications would be **£220,000 p.a.** However, the **CTRS caseload has reduced significantly** over the last two years which is good news as this means the overall **CTRS bill has reduced** and more residents are paying council tax.

13. The modifications to the CTRS has had the following direct financial impact on individual claimants as follows:

Table 2

Group	Average annual (reduction)/increased award	Highest annual (reduction)/increased award
Reducing maximum entitlement to 91.5 per cent (i.e. 8.5 per cent reduction)	(£111)	(£193)
People who receive a reduction because they live with another adult who is on a low income	(£464)	(£464)
People who will have their entitlement capped to a band E rate	(£441)	(£799)
People who move into work and continue to receive the same level of reduction	£280	£540

Collection rates and debt recovery implications

14. The impact on the council tax collection rate for 2017/18 was as follows:

	Net debit	Payments received	Percentage collected
Accounts without CTRS	£86,377,494	£85,411,030	98.88%
Accounts with CTRS	£1,733,746	£1,467,135	84.62%

15. It can be seen from the table that the collection rate from CTRS taxpayers (**84.62 per cent**) is significantly lower than non-CTRS cases. This CTRS collection is also slightly down from that of South Oxfordshire District Council which has **not** modified its scheme (**86.02 per cent**). Historically, the collection rate comparisons between CTRS/old council tax benefit cases and non-CTRS cases have always shown this trend, but as far as Vale is concerned, the modified scheme has not dramatically affected collection rates.

16. As at March 2018 there were **5,021** live CTRS claimants (5,214 in April 2017) whilst **1,464** were working age claimants who were liable to pay **8.5 per cent** of their council tax (the remainder being pensioners and other protected groups such as disabled claimants).

17. During 2017/18 there was post reminder council tax recovery action (**i.e. Magistrates court action**) against **129** (101 in 2016/17) of the taxpayers who were previously in receipt of 100 per cent council tax help and are now liable to pay **8.5 per cent** of their council tax. These taxpayers have been subjected to summons costs of £65 (as a minimum) and further costs of £45 where Magistrates have issued liability orders in the council's favour. **28** (30 in 2016/17) council taxpayers paid in full after court action whilst **101** (71 in 2016/17) still have a balance outstanding. **It should be noted that these are all working age council taxpayers who received prior notice of the council's revised CTRS scheme** and have been sent bills and notices (which also prompts them to contact the council) prior to court action.

There are a further **61** cases (68 in 2016/17) which have not been subjected to post reminder recovery action yet, but still have outstanding balances. These will in the main, be taxpayers who have contacted the council and agreed payment plans to clear their liabilities prior to action escalating.

Discretionary Hardship Fund (DHF)

18. As mentioned above, a discretionary hardship fund of **10 per cent** of the anticipated overall savings was agreed. This originally equated to **£22k** and was funded by the County Council (**£18,000**); the Police (**£2,400**) with Vale (**£1,600**).
19. During 2017/18 we received only 1 DHF application. The applicant was successful and was awarded **£437**.

Proposed modifications

20. When the Vale's scheme was amended from April 2014, the council provided protection for certain groups which were considered vulnerable due to disability. Because the numbers on Universal Credit were extremely small and it was not clear what the final design of Universal Credit would be, disability was defined on receiving certain premiums relating to disability from legacy benefits such as Employment and Support Allowance and disability benefits such as Disability Living Allowance. These premiums no longer exist in Universal Credit and claimants who were previously exempt will under Universal Credit be subject to the maximum CRT of 91.5% and to the maximum of a band E property. In order to keep to the council's original intention of protecting claimants with disabilities, the following proposals are being considered:

- Explicitly stating that households in receipt of Disability Living Allowance, Personal Independence Payment, War Disability Pensions and Armed Forces Independence Payments are exempt
- Claimants who receive the limited capability for work (not available to new claimants from April 2017) and limited capability for work related activity elements in their Universal Credit award are exempt

- Claimants who can show they have they have limited capability for work following a work capability assessment from the DWP are exempt

21. Universal Credit is a welfare benefit which is re-assessed every month. For people whose income can vary often, particularly those in work, this can mean frequent re-assessments of their Universal Credit. This in turn will mean a re-assessment of that person's Council Tax Reduction, which in turn will mean re-issuing a new bill. As more people transfer to Universal Credit, the volumes of changes will increase. It is proposed to introduce a monthly tolerance level for changes in Universal Credit - the amount yet to be decided. A re-assessment of Council Tax Reduction will only be triggered once the original monthly amount of Universal Credit used in the Council Tax Reduction, changes by more than the decided amount.
22. The proposed changes will require financial modelling (to determine costs) along with legally required public consultation. It is likely that the proposed changes, if approved, will be introduced with effect from 1 April 2020.

Legal Implications

23. There are no legal implications arising from this report.

Risks

24. There are no risks arising from this report.

Equality implications

25. There are no equality implications arising from this report.

Conclusion

26. In accordance with the Local Government Finance Act 2012, the council adopted a council tax reduction scheme for 2014/15 and has rolled the same scheme forward. The rationale of it was to introduce a scheme that is fair on all residents; protects the vulnerable; and, **encourages residents back to work by the inclusion of work incentives**. The same scheme will apply in financial year 2018/19 with the possible modifications as mentioned above, being introduced from 1 April 2020.

Schedule for Scrutiny Committees

(further items to be added to schedule as required)

Meeting date	Council	Agenda items	Purpose of Report	Invited	Cabinet members	Report Author	Head of Service	Strategic Lead
Thurs 20 Sept	Joint	Joint Statutory Spatial Plan – Local Development Scheme and Statement of Community Involvement	To consider and make recommendations to Cabinets	Y	Jane Murphy and/or Felix Bloomfield/Roger Cox	Holly Jones	Adrian Duffield/Andrew Down	Mark Stone
		Annual Performance Review of Biffa	Annual Review	Y	Caroline Newton/Elaine Ware	Ian Matten	Liz Hayden	
		Annual Performance Review of Sodexo	Annual Review	Y	Caroline Newton/Elaine Ware	John Backley	Liz Hayden	
		Annual Performance Review of GLL	Annual Review	Y	Lynn Lloyd/Alice Badcock	Chris Webb	Donna Pentelow	
Tues 2 Oct	South	Capita contract	Capita’s Regional Director to attend to report on progress in implementing changes to the contract		Bill Service	David Wilde/Andrew Down	Mark Stone	Adrianna Partridge
		Financial Outturn 2017/18	To monitor the final revenue and capital expenditure against budget for the financial year 2017/18.		David Dodds	Richard Spraggett (Capita)	William Jacobs	

		S106 Agreements	Annual Monitoring Report		Felix Bloomfield		Adrian Duffield	
		CIL Spending	To consider the strategy		Paul Harrison	Jayne Bolton	Suzanne Malcolm	
Thurs 18 October	Vale	Air Quality Action Plan	Progress report		Elaine Ware		Liz Hayden	
		Annual Performance Review of The Beacon	Annual Review		Alice Badcock	Duncan Grainge	Donna Pentelow	
Tues 30 October	Joint	New Housing Allocations Policy	To respond to the public consultation		Caroline Newton/Elaine Ware	Phil Ealey		
		CAB/Wantage Independent Advice Centre	Presentation		Lynn Lloyd/Alice Badcock	Shona Ware	Donna Pentelow	
Tues 27 Nov	South	Local Plan	To consider the emerging Local Plan		Felix Bloomfield	Holly Jones	Adrian Duffield	
Thurs 29 Nov	Vale	CIL spending strategy	To review the strategy		Mike Murray		Suzanne Malcolm	
Tues 4 Dec	Joint	S106 negotiation	To review the policy & strategy for negotiations		Felix Bloomfield/Roger Cox		Adrian Duffield	
Tues 22 January 2019	South	Corporate Delivery Plan Progress Report	Regular Monitoring Report		Kevin Bulmer	Sally Truman	Adrianna Partridge	
Thurs 24 January	Vale	Corporate Delivery Plan Progress Report	Regular Monitoring Report		Ed Blagrove	Sally Truman	Adrianna Partridge	
		Annual Monitoring Report	Annual Review		Roger Cox	Ben Duffy	Adrian Duffield	
Tues 5 February	South	Review of Final Draft Budget	To make recommendations to Cabinet		David Dodds	Richard Spraggett (Capita)	William Jacobs	

Thurs 7 February	Vale	Review of Final Draft Budget	To make recommendations to Cabinet		Robert Sharp	Richard Spraggett (Capita)	William Jacobs	
Possible additional meeting	Joint							
Thurs 7 March	Joint	Board Reports	To review their efficacy		Ed Blagrove/Kevin Bulmer	Chris Draper	Adrianna Partridge	
Tues 26 March	South							
Thurs 28 March	Vale							

Dates to be identified for the following items:

South

Corporate Plan Refresh
Berinsfield Redevelopment Project
Planning Appeals (requested 26.9.17)
Performance Review of Cornerstone
Air Quality Action Plan

Vale

Corporate Plan Refresh
Oxfordshire Growth Board Governance Arrangements
Abingdon Redevelopment: Charter Centre
Report of Budget Scrutiny Task Group
HMO Policy and StrategyHMO Policy and Strategy

Joint

Science Vale Marketing Campaign
Reallocation of £295k Didcot Garden Town Grant
Unlawful encampments

The Cabinet work programmes can be accessed via the following links:

South

<http://democratic.southoxon.gov.uk/mgListPlans.aspx?RPId=121&RD=0>

Vale

<http://democratic.whitehorsedc.gov.uk/mgListPlans.aspx?RPId=507&RD=0>

Meeting Start times: Joint: 6:30; South: 6:30; Vale: 7.00;

Scrutiny Work Item Preparation

Members are invited to consider the following headings for future agenda items

Item name

Date of report to Committee

What do we want to know about? What topics should the report provider include in their report to Scrutiny?

Who to invite to Committee? (Cabinet member(s) and Head(s) of Service). Anyone from outside agencies?