

WEST OXFORDSHIRE DISTRICT COUNCIL

COUNCIL

WEDNESDAY 20 JUNE 2018

RECEIPT OF PETITION – PROVISION OF AFFORDABLE HOUSING

REPORT OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

(Contact: Keith Butler, Tel: (01993) 861521)

1. PURPOSE

To consider the petition presented to the Council at the meeting held on 28 February 2018 and referred to the Finance and Management Overview and Scrutiny Committee prior to its consideration and determination.

2. RECOMMENDATION

That the Council considers the petition in light of the recommendation made by the Finance and Management Overview and Scrutiny Committee at its meeting held on 6 June 2018.

3. BACKGROUND

- 3.1. On 28 February 2018 a petition was presented to the Council by Ms Rosa Bolger and Mr Owen Collins in the following terms:-

“With residents spending months in unsuitable emergency accommodation, families separated by a lack of homes for the next generation and a spiralling rental market...we call on West Oxfordshire District Council to commit to using some of its reserves to build council provided housing to meet the crisis levels of need that currently exist”.

- 3.2. The Council decided to refer the motion to the Finance and Management Overview and Scrutiny Committee for consideration, prior to it being determined at this meeting as it wished for more information to be presented to help councillors consider the issue.
- 3.3. A report providing supporting information was considered by the Committee at its meeting held on 6 June. The report can be viewed on the [Council's website](#)
- 3.4. Following consideration of the report the Finance and Management Overview and Scrutiny Committee resolved that the Council be advised that the Committee is of the opinion that it should seek to develop a medium to long term Housing Strategy having regard to the risks and benefits associated with the initiatives employed by other authorities as outlined in the report.
- 3.5. The relevant extract from the minutes of that meeting is attached as Appendix A and Members are now invited to consider and determine the motion in the light of the Committee's recommendation.

Keith Butler
Head of Legal and Democratic Services
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Date: 7 June 2018

Background Papers:

None.

12. CONSIDERATION OF PETITION – PROVISION OF AFFORDABLE HOUSING

The Committee received and considered the report of the Chief Finance Officer which invited Members to consider and comment upon the petition regarding the provision of affordable housing presented to the Council on 28 February 2018.

Mr Cotterill indicated that the petition called upon the Council to utilise its reserves to build affordable housing. He questioned where such development could take place and who was intended to own and manage the properties.

Ms Bolger suggested that development could take place on brownfield land already within the Council's ownership. In terms of ownership, she suggested that the Council should think of creative ways in which to expand its affordable housing programme. Mr Cotterill questioned whether there were any such sites within the Council's ownership.

The Chief Finance Officer then introduced her report and advised that the Council was already seeking to promote the development of affordable housing in a variety of ways. Key amongst these were the policies within the emerging Local Plan and West Oxfordshire's involvement in the Growth Deal through which it was intended to provide the infrastructure that would allow sites to come forward. She stressed that it was the Growth Deal that would be fundamental to the delivery of affordable housing in the foreseeable future.

The Chief Finance Officer went on to outline the affordable housing delivery options set out in the report and made reference to the work being carried out in conjunction with the Blenheim Estate, advising that Officers were exploring the possibility of employing similar arrangements with other institutional landowners. She stressed the revenue impact of borrowing to fund the direct provision of affordable housing.

The lack of affordable housing was a nationwide issue and the Council could learn from the initiatives employed by other authorities to identify and develop options over the medium and long term.

The report also outlined the way in which the Council planned its financial strategy. The Medium Term Financial Strategy focussed on the revenue position and how its operational costs were to be funded. The Chief Finance Officer advised that it was difficult to predict the Council's financial position beyond 2020/2021 as a result of the uncertainty arising from the impact of the Central Government Spending Review, Fair Funding Review, the change to the Business Rates Retention Scheme and the Business rates baseline reset.

The combination of these could result in a significant loss of funding to the Council but at this stage there was insufficient information to assess the impact with any certainty.

It was anticipated that there would be a greater degree of clarity during 2019 prior to implementation the following year. However, the Chief Finance Officer cautioned against taking any short term decisions that would impact upon the Medium Term Financial Strategy at this juncture. She suggested that it would be some 18 months before the Council's financial position became clear and advised that the Council should plan further once there was a degree of long term stability.

The Chief Finance officer explained that the Council invested its reserves in order to generate income to support its operational expenditure. Use of reserves would reduce

that investment income requiring an increase in Council Tax to maintain operational expenditure.

Mr Cotterill suggested that the Council would not wish to own and manage any new properties as this would result in significant financial and staffing implications. It would be preferable for ownership, management and maintenance to be carried out by a Registered Social Landlord.

Mr Harvey thanked Mrs Poole for her concise and informative report. He noted that the impact of the Growth Deal on the Medium Term Financial Strategy was vitally important and reminded Members that a significant proportion of the Council's current reserves had been generated through the Large Scale Voluntary Transfer of its housing stock. It was imperative that reserves were maintained to generate investment income.

Mr Harvey stressed that all Members recognised the need for more affordable housing within the District and noted that the 2014 Oxfordshire SHMA had identified the need for an additional 274 affordable homes each year.

Mr Cooper indicated that he was not aware of any brownfield sites within the Council's ownership and suggested that the Council should bring pressure to bear on the Ministry Of Defence to redevelop the sites in Carterton. He noted that Cheltenham Borough Council had borrowed to build and suggested that this option could warrant further consideration. Mr Cooper also noted that the Council's reserves had been accumulated over many years and not all had been generated through LSVT. He questioned whether a newly created Housing Revenue Account would contribute to the General Fund and whether the cost of borrowing set out in the report had been offset by the rental income generated. Finally, Mr Cooper suggested that more pressure should be brought to bear on developers to provide greater levels of financial contributions towards the provision of affordable housing.

Mr Saul indicated that the Council had the opportunity to think more creatively to identify better and different ways of providing affordable housing. This was not to say that it had not already brought forward innovative solutions such as its work with the Blenheim Estate and the Local Authority Partnership Purchase mortgage scheme. However, whilst it sought to promote the provision of affordable housing through planning policy, it was fundamentally reliant upon the market for its delivery and the market was failing to produce homes at the levels required.

Accordingly, Mr Saul suggested that the Council should explore other ways in which to deliver affordable housing, examining the various options employed by other authorities such as Wokingham Borough Council which had established a housing company.

Whilst not wishing to commit to any particular course of action, Mr Saul suggested that the Council should investigate the various options and request Officers to produce an exploratory report outlining the benefits and risks of each. It was possible that the Council could build up an asset base which would provide both rental income and against which it could borrow to fund further expansion.

Mr Saul acknowledged the immediate uncertainties surrounding the Council's financial position but suggested that it would be prudent for it to have plans in place to be prepared to take advantage of any future opportunities that may arise.

In response to the questions raised by Mr Cooper, the Chief Finance officer advised that she believed that a Housing Revenue account would remain ring-fenced but would review current legislation. She advised that the Council was in discussion with Homes

England in an effort to precipitate development of MOD land in Carterton. Cheltenham Borough had invested some £100million on the back of its housing strategy but there were a variety of different routes open to the Council. She advised that the cost of borrowing set out in the report did not factor in rental income. However, no allowance had been made for the associated revenue costs and overheads. She also noted that the policy in relation to developer contributions could form part of any proposals to the Council.

The Chief Finance Officer acknowledged that the Council had the opportunity to develop a Housing Strategy in the medium term. In the short term, the Growth Deal was fundamental to the delivery of affordable housing and, if successful, it was possible that additional funding would be made available after the initial three year period. Development of a Housing Strategy would look at a range of delivery models

Mr Cotterill agreed that developers sought to minimise contributions to affordable housing, operating at a margin of around 20%. A recent development of 73 properties in Witney, all of which were affordable homes, achieved a margin of 7% which led to the developer questioning its viability.

Mr Postan advised that, during the recent election campaign, residents in his ward had indicated a preference for the development of brownfield sites for employment rather than residential purposes. There was also a perception that ownership resulted in well maintained properties hence shared ownership and affordable mortgages were considered to be more appropriate.

In response to a question from Dr Al-Yousuf, the Chief Finance Officer outlined the relationship between the Council's Capital Programme, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy, all of which dovetailed together.

Given recent suggestions of an impending interest rate rise, Dr Al-Yousuf enquired whether the Council was a net debtor or borrower and the Chief Finance Officer advised that the Council was debt free. She explained that the Council was only permitted to borrow for capital purposes and, whilst it had recently undertaken significant capital investment in procuring the new refuse collection vehicle fleet, this had been met through internal resources. However, it was not expected that this position could be maintained in the long term.

The Council took advice from its treasury management advisors and the relative merits of the return on investment return and the cost of borrowing were kept under review. It was not anticipated that there would be a rapid rise in interest rates and investment funds continued to provide returns above the base rate. Mr Sherbourne advised that the Council maintained a diverse investment portfolio and, whilst elements such as pooled funds provided fixed rates of return, the overall impact of an interest rate rise would be beneficial.

RESOLVED: That the Council be advised that the Committee is of the opinion that it should seek to develop a medium to long term Housing Strategy having regard to the risks and benefits associated with the initiatives employed by other authorities as outlined in the report.