

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the

**FINANCE AND MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE**

held in Committee Room 1, Council Offices, Woodgreen, Witney, Oxon  
at 2.00 pm on Wednesday 5 February 2014

PRESENT

Councillors: C G Dingwall (Chairman); T J Morris (Vice-Chairman); A J Adams;  
Mrs J C Baker; D A Cotterill; H G Davies; P J G Dorward; D S T Enright; H J Howard;  
E H James; L D Poole MBE and G Saul

Also Present: J C Cooper and S J Hoare

56. MINUTES

**RESOLVED:** That the minutes of the meeting held on 4 December 2013 be approved as a correct record and signed by the Chairman.

57. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from S J Good.

58. DECLARATIONS OF INTEREST

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

59. PARTICIPATION OF THE PUBLIC

No submissions were received from the public in accordance with the Council's Rules of Procedure.

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

The report of the Chairman giving details of the main points arising from the meeting of the Committee held on 4 December 2013 was received and noted.

Mr Enright noted that the Oxfordshire City Deal bid had been approved and signed by the Deputy Prime Minister during the previous week and asked what the implications were for West Oxfordshire. The Strategic Director reminded Members that the matter had been included in the Committee work Programme and advised that it was intended to bring forward a report to the next meeting.

61. COMMITTEE WORK PROGRAMME 2013/2014

The report of Frank Wilson, Strategic Director, giving details of progress with regard to the Committee's Work Programme for 2013/2014 was received and noted.

61.1 Mitigation of Pension Fund Deficit through Capitalisation

In response to a suggestion from Mr Poole it was **AGREED** that the potential for mitigating the pension fund deficit through capitalisation be reviewed as a matter of course following the periodic revaluation of the fund.

This would enable the potential benefit of capitalisation to be assessed against income received through capital investment at current interest rates and inform the budget setting process. The Strategic Director advised Members that, whilst the detailed results of the recent revaluation were still awaited, the actuaries had indicated that the Council's contribution to the fund would increase in stages over the next three years by some £86,000 per annum. This figure was significantly below the level of increase falling on other Oxfordshire authorities.

#### 61.2 Investment with Green Deal Provider

Mr Cotterill indicated that there had been negative publicity surrounding the initial operation of the 'Green Deal' and questioned when the proposed report was to be submitted. The Strategic Director acknowledged that the scheme had got off to a slow start and that there was opportunity for improvement. It was his expectation that the report would be brought to either the next or the following meeting and undertook to consult with his fellow Director and advise Members accordingly.

*(Post Committee Note: Green Deal Together Ltd is still in the course of being established and has yet to launch its service to the public. Accordingly, it is intended to bring a report forward to the April meeting as it is envisaged that the company will be trading by that date)*

Arising from consideration of this matter, the Chairman made reference to the Rural Communities Energy Fund, established to support rural communities in England to develop renewable energy projects providing economic and social benefits to the community. He went on to draw attention to the recent announcement by the Department of Energy and Climate Change of a £10 Million fund for Urban Community Energy to run alongside the rural scheme.

Mr Dingwall advised that parishes within his ward had expressed interest in the scheme and encouraged Members to promote such projects within their own areas.

#### 62. CABINET WORK PROGRAMME

The report of the Chief Executive giving the opportunity for the Committee to comment on the Work Programme for the Cabinet published on 14 January 2014 was received and considered.

**RESOLVED:** That the Cabinet Work Programme published on 14 January 2014 be noted.

#### 63. CALL IN OF CABINET DECISION – DISPOSAL OF LAND IN WOODSTOCK

The Committee received and considered the report of the Head of Legal and Democratic Services regarding the call-in request relating to the Cabinet's decision in respect of the disposal of Council owned property in Woodstock. The relevant extract from the minutes of the Cabinet meeting held on 15 January were appended to the report, together with the initial Cabinet report containing exempt information considered at that meeting.

Mr Poole indicated that when he had first read the Cabinet report, he had considered the recommendation to be sound in that it offered an appropriate level of return to the authority. However, he had supported the call-in request on the basis that the local representative could have local knowledge not otherwise available that could lead to a greater level of return.

Mr Cooper then addressed the meeting. He gave details of the sale price achieved at auction by the Town Council for two broadly comparable properties in the Town which suggested that such premises attracted a considerable premium.

In response, Mr Hoare acknowledged that the method of disposal was a question of balance and judgement. He indicated that the decision to seek an offer from the adjoining landowner as a 'preferred bidder' reflected the Council's recent practice in seeking to dispose of property in Bladon and Chipping Norton. He reiterated that the decision taken had been underpinned by an independent valuation and reminded Members of the costs and potential risk associated with seeking to secure a disposal at auction.

Mr Hoare confirmed that the Cabinet had taken account of the views expressed by Mr Cooper when considering the matter and indicated that he remained of the belief that the decision represented the most favourable outcome that the Authority could reasonably expect to achieve.

The Strategic Director confirmed that the process followed reflected the Council's established procedure.

Mr Enright stated that this appeared to be a sensible procedure but went on to suggest that, as such disposals were rare, the local representative(s) should be contacted as a matter of course when a sale was first under consideration to give them the opportunity to impart any local knowledge that could help inform the process. Mr Hoare undertook to do so in future.

In response to a question from Mr Poole, Mr Hoare reiterated the risks associated with a sale at auction and the Council's Estates Manager provided information as to the associated costs.

The Chairman indicated that he was loath to depart from a procedure that had served the Council well in the past and Mr Morris welcomed the undertaking to consult with local representatives on any future disposals.

It was proposed by Mr Cotterill and seconded by Mr Howard that the call-in request be not supported and on being put to the vote the proposition was carried.

**RESOLVED:** That the Committee does not support the call-in request.

(Mr J C Cooper left the meeting at this juncture)

#### 64. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE 2013/2014

The Committee received and considered the report of the GO Shared Service Head of Finance giving details of treasury management activity and the performance of internal and external fund managers for the period 1 April to 31 December 2013.

The Service Head emphasised that performance of the portfolio maintained by Investec Asset Management remained poor and advised Members that the funds withdrawn from that Company had been reinvested in a Housing Association and Corporate Bonds. The in-house team continued to achieve a steady return but were limited by restrictions on the nature of the investments they were permitted to make.

He went on to advise Members that, in accordance with the decision made by the Cabinet at its meeting held on 10 July 2013, arrangements had been concluded for the sale of the

Councils interest in Landsbanki in consultation with the LGA and Bevan Brittan. The sale price achieved had exceeded the reserve agreed by the Cabinet and had secured a one off gain of some £90,000 to the Council.

The Strategic Director then gave a presentation on the adoption of an alternative investment model setting out alternative options for asset allocation. A copy of the presentation is attached to the original copy of these minutes as Appendix A.

Mr Poole questioned whether, given that they could all be expected to perform with a similar level of volatility, it was necessary to invest in such a wide range of liquidity funds.

He suggested that it would be sufficient to spread investment across three such funds if 50% of the portfolio was to be held in long and short dated bonds.

Mr Davies questioned the comparable fee structures against returns and enquired whether there was merit in appointing two competing managers to oversee half the fund each. He opined that the Council had retained its relationship with Investec for too long and suggested that arrangements should be put in place for periodic reviews to be undertaken in the event of poor performance on the part of fund managers.

In response, the Strategic Director undertook to give these suggestions further consideration but indicated that the intention behind the current process was more about achieving the correct balance of asset allocation rather than creating competing funds. In relation to Investec, he reminded Members that a three year period had been envisaged when it had been initially decided to invest in pooled funds.

(Mrs J C Baker and Mr P J G Dorward left the meeting at this juncture)

The Chairman suggested that there was merit in the Authority seeking to develop its own investment model by investing in the development of local affordable housing. In addition to providing a financial return, this would also be of social and economic benefit to the District. In response, the GO Shared Service Head of Finance reminded Members that it was the Council's cash investments that were currently under consideration. It was possible that the Council would have to borrow to make a capital investment such as that proposed.

In response to a further question from Mr Davies, the Strategic Director advised that the cost of transferring these investments was not significant.

Members recognised that it was their role to suggest the broad allocation of funds within the various asset groups outlined; not to identify specific funds and, having given further consideration to the preferred investment model to be adopted **AGREED** that the Committee favours future investment being directed towards a balanced bond/equity portfolio as described in the presentation as option 3.

**RESOLVED:**

- a) That treasury management and performance of in-house and external fund managers' activities for the period 1 April to 31 December 2013 be noted.
- b) That the Committee favours future investment being directed towards a balanced bond/equity portfolio as described in the presentation as option 3.

65. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2014/2015 – 2016/2017

The Committee received and considered the report of the Go Shared Service Head of Finance seeking consideration of the Council's Treasury Management Strategy for 2014/15, Prudential Indicators, MRP Statement and the Use of Specified and Non Specified Investments.

Mr Poole noted that the Committee was responsible for the scrutiny of treasury management activity and practices and that CIPFA's revised Code required that all Members tasked with this responsibility received appropriate training. He questioned whether the training provided was sufficient to equip Members with a level of knowledge sufficient to enable them to understand the complexity of varying types of investment.

The Strategic Director noted that, in addition to any formal training provided, the Committee considered both treasury management performance and investment strategy on a regular basis. As a consequence, Members of the Committee developed a significant level of knowledge to assist them in performing their monitoring role by discussing and challenging these aspects of treasury management.

However, in accordance with the Strategy, Officers gave a commitment to provide Treasury Management training for Members once the Committee had been reconstituted at the Annual Council Meeting in June.

**RESOLVED:**

(a) That the Cabinet be requested to recommended approval of:

(i) the Treasury Management Strategy 2014/2015 to 2016/2017 at Appendix A to the report.

(ii) the Minimum Revenue Provision (MRP) Statement - there is no requirement to charge MRP in 2014/15 (as defined within Appendix A Paragraph 8).

(b) That the Cabinet be requested to recommend the adoption of the Prudential Indicators and Limits for 2014/2015 to 2016/2017 as summarised in Appendix F.

66. SERVICE EFFICIENCY REVIEWS

Monica Stephens, the Joint Head of Customer Services attended the meeting and gave a brief presentation on the operation of the service and her future plans for its development. A copy of her presentation is attached to the original copy of these minutes as Appendix B.

(Mr E H James left the meeting at this juncture)

In response to a question from the Chairman, Ms Stephens acknowledged that home working was particularly appropriate for those with childcare or other such responsibilities. In response to a further question from Mr Cotterill, she confirmed that the telephone system showed when members of staff were dealing with calls.

Mr Enright welcomed the recent initiative to provide a joint service with Thames Valley Police at the Guildhall in Chipping Norton and expressed his support for the development of similar shared services with other agencies. He went on to applaud the improvements delivered by the Council's new website but went on to caution against seeking to restrict

other avenues of approach by failing to provide alternative contact details. Mr Davies emphasised the importance of retaining means of contact appropriate to all service users, including those who did not have access to or preferred not to use the website.

In response, Ms Stephens assured Members that, whilst financial considerations supported the 'default to digital' initiative, the service would continue to maintain face to face contact with those residents wishing to follow such a route.

Mr Howard advised Members that the Carterton Town Council would welcome closer liaison with the District's Customer Services Section and the Chairman indicated that proposals for the development of shared services with other local councils were already under consideration

Members congratulated Ms Stephens on her achievements to date and expressed their support for her future proposals. Mr Dingwall thanked her and her staff for the financial savings that had been made and for the efficient manner in which the service was operated.

RESOLVED: That the information provided be noted.

#### 67. MEMBERS' QUESTIONS

Mr Howard expressed his concern over the shortfall in funding between developer contributions secured by way of legal agreement or Community Infrastructure Levy and the costs of providing the necessary infrastructure requirements associated with large scale development within the District. Given the Council's financial position, he questioned how future large scale capital projects could be funded.

The Strategic Director advised that, whilst developer funding would meet the cost of immediate infrastructure requirements, it would not be sufficient to fund future major capital schemes. If the Council wished to pursue such projects in the future it would be faced with raising funds through a mixture of developer funding, borrowing, increased local taxation or the sale of assets.

The meeting closed at 4.05pm

CHAIRMAN