

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the Finance and Management Overview & Scrutiny Committee held in Committee Room 1, Council Offices, Woodgreen, Witney, Oxon at 2.00 pm on Wednesday 4 February 2015

PRESENT

Councillors: C G Dingwall (Chairman), T J Morris (Vice-Chairman), Mrs J C Baker, D A Cotterill, P J G Dorward, H J Howard, Mr E H James, Dr E M E Poskitt, A H K Postan and G Saul.

Also Present: Mr D S T Enright

43. MINUTES

RESOLVED: That the minutes of the meeting of the Committee held on 3 December 2014 be approved as a correct record and signed by the Chairman.

44. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from A J Adams, S J Good and H G Davies and the Chief Executive reported receipt of the following resignation and temporary appointment:-

Ms E P R Leffman for Mr J C Cooper,

45. DECLARATIONS OF INTEREST

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

46. PARTICIPATION OF THE PUBLIC

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

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

The Committee received and noted the report of the Chairman, which gave details of the main points arising from its meeting held on 3 December 2014.

48. COMMITTEE WORK PROGRAMME 2014/2015

The Committee considered the report of Frank Wilson, Strategic Director, which gave an update on progress in relation to its Work Programme for 2014/2015.

48.1 Rural Superfast Broadband Project

In response to a question from Mr Cotterill, the Joint Head of Business Information and Change Services gave a brief update on the current position regarding the Rural Superfast Broadband Project. He advised that no issues had been raised during the State Aid Consultation period and that the tender exercise was reaching its final stages, outlining the steps to be followed.

The Strategic Director reminded Members that West Oxfordshire was not a party to the contract and Officers were just assisting Cotswold Broadband in the procurement process. He advised that recent debate at the Public Accounts Committee had revealed that British Telecom had received some £1.7 Billion in state funding to support the introduction of high speed broadband. Whilst the company had achieved an overall target coverage of 90%, in

some rural areas only 60% of properties benefited from high speed broadband. Mr Enright suggested that with state aid of such magnitude being made available above the company's commercial profits, such coverage did not appear to be adequate.

Ms Leffman enquired whether the emerging contract would achieve the Council's objective of securing 100% coverage in the District. In response, the Joint Head of Business Information and Change Services advised that the tender process sought proposals for the provision of high speed broadband to those 5,500 properties without coverage on a technologically neutral basis. Submissions would be evaluated on the basis of coverage and cost and Cotswold Broadband would then look to alternative technologies to address any shortfall in provision.

The Chairman requested that Officers provide further updates at key stages of the project.

48.2 Service Efficiency Reviews

In response to a question from Mr Howard, the Strategic Director advised that, given the Committee's full work programme, he had not made arrangements for any further Service Heads to attend future meetings. In addition, the on-going evolution of the 2020 Vision Project placed significant demands on senior staff as well as giving rise to changes in managerial responsibilities. The Strategic Director invited Members to consider if there were any particular service areas they would wish to consider. In response to a suggestion from Mr Howard he indicated that managerial responsibility for Housing Support now fell to the Shared Head of Revenues and Housing Support and that the Committee might wish that Officer to attend a future meeting once the new service had been given the opportunity of 'bedding in'.

48.3 Funding of Affordable Housing Development

Given the reduction in grant funding available to Registered Social Landlords, the Chairman of the Committee suggested that a Working Party be established to give consideration to alternative methods by which new affordable housing developments could be financed. He outlined a number of ways in which such projects might be funded either by way of deferred returns to institutional landowners or through capital investment by the Council. The proposal received support from all Members of the Committee and it was **AGREED** that a working party be constituted to comprise of the Chairman and Vice-Chairman of the Committee, Dr Poskitt, Mr Postan and Mr Saul and that the Economic and Social Overview and Scrutiny Committee also be invited to nominate Members to the Working Party.

(Mrs J C Baker left the meeting at this juncture)

RESOLVED: That progress with regard to the Committee's Work Programme for 2014/2015 be noted subject to the addition of the Working Party as detailed above.

49. CABINET WORK PROGRAMME

The Committee received and considered the report of the Chief Executive, which gave members the opportunity to comment on the Cabinet Work Programme published on 20 January 2015.

RESOLVED: That the content of the Cabinet Work Programme published on 20 January 2015 be noted.

50. SOLAR PHOTOVOLTAIC (PV) GENERATION ON ROOF SPACES

The Committee received and considered the report of Frank Wilson, Strategic Director, inviting the Committee to consider the potential for future solar PV applications on roof spaces to further enhance the Council's approach to asset management.

In introducing the report the Strategic Director emphasised that the information at Appendix A to the report was based upon a desk top exercise and the assumption that energy prices would rise at 7% above the rate of inflation. If this assumption was incorrect there would be a consequent impact upon the payback period. Before the Council could decide whether or not to proceed further, it would be necessary for it to access Peterborough City Council's framework contract to obtain a more detailed analysis.

The Chairman suggested that the Council should join the framework contract to enable it to assess the potential levels of return. The Strategic Director advised that, whilst potential returns appeared to be significant, it would be prudent to seek 'proof of concept' on a single project before making any commitment to wholesale investment in solar PV.

Mr Cotterill suggested that the Carterton Leisure Centre appeared to be an appropriate building but questioned whether the lifespan of the Windrush Leisure Centre would warrant such investment. The Leisure Services Manager advised that, whilst the construction of Windrush Leisure Centre appeared to be suitable, the future of the site was uncertain. The Council's Leisure Management Contract was to come to an end in 2016 and a report on future options would be submitted to the Cabinet later in the year.

Whilst there was some concern over roof penetration, the Carterton Leisure Centre offered good potential for a more detailed study, particularly as it was the first element of a two stage project, contributions towards the second stage of the project having started to be secured through developer funding. As the Witney ATP and Carterton Pavilion were satellite sites that were not staffed on a full time basis there were concerns as to their accessibility and security.

In response to a question from Mr Cotterill, the Strategic Director advised that, whilst the Talisman Business Park offered an extensive roof area, the installation of PV cells was complicated by the fact that the premises were let by the Council. The Council would be better placed to negotiate with tenants when lease renewals fell due.

Having been proposed by Mr Cotterill and seconded by Dr Poskitt it was:-

RESOLVED: That the Cabinet be recommended to access Peterborough City Council's framework contract at a fee of £5,000 and that a full business case for the installation of solar PV at the Carterton Leisure Centre be developed.

51. PROCUREMENT ARRANGEMENTS AND CONTRACT REGISTER

The Committee received and considered the report of the Joint Head of Business Information and Change Services providing information on the Council's current procurement arrangements and contract register.

In introducing the report the Joint Head of Business Information and Change Services indicated that the information provided represented a snapshot in time that would be amended as further work went forward. In response to a question from the Chairman, he confirmed that the Oxfordshire Procurement Hub continued to work well.

Mr Dingwall questioned whether the Council could benefit from cutting out wholesalers and purchasing directly from suppliers. In response, the Joint Head of Business Information and Change Services advised that in some instances, such as the supply of IT equipment,

the Council already did so but in the majority of cases its individual purchasing power was less than could be achieved through consortia purchasing on a national basis. Whilst there might be some scope for direct purchasing, the Council was still required to operate within the OJEU framework.

In response to a question from Mr Cotterill, the Joint Head of Business Information and Change Services advised that the information provided only related to contracts let through a tendering process. Smaller contracts were let on the invitation of quotations and it was contracts of this nature that tended to attract local suppliers. Contracts such as those for printing and responsive maintenance had been let to local companies but the Council was required to reach a balance between supporting the local economy and achieving value for money.

The Strategic Director advised that, whilst the Council was often criticised for failing to support local businesses, recent initiatives to encourage local enterprises to submit quotations for work had received little support. It was frustrating that local businesses did not show a greater interest.

In conclusion, the Joint Head of Business Information and Change Services indicated that the Council sought to be open and transparent when inviting work, publishing details of forthcoming requirements on the Council's own website and the South East Portal.

RESOLVED: That the information contained in the report be noted.

52. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY

The Committee received and considered the report of the GO Shared Service Head of Finance seeking approval of the Council's Treasury Management Strategy for 2015/16, Prudential Indicators, MRP Statement and the Use of Specified and Non Specified Investments.

In introducing the report the GO Shared Service Head of Finance indicated that it was intended to demonstrate the affordability of the Capital Programme and prudence and control of the Council's investments. He drew attention to a proposed adjustment at paragraph 9.1 of the Treasury Management Strategy Statement, indicating that the budget for investment income in 2015/2016 was being revised to £550,000, not £650,000 as stated.

Mr Howard drew attention to paragraph 3.2 of the strategy statement which indicated that the Council may need to consider borrowing to finance its capital programme in the longer term as capital receipts diminish and enquired whether any significant capital expenditure was envisaged. Mr Howard also questioned whether the Council should use revenue income to increase its capital reserves.

In response, the GO Shared Service Head of Finance reminded Members that the Medium Term Financial Strategy and 2015/16 Budget were making annual revenue contributions of £800,000 to fund capital expenditure. . To generate a capital receipt the authority would need to sell investment property assets which were used to generate income for the revenue budget. The Strategic Director sought to reassure Mr Howard that the paragraph was only included to identify the possibility of borrowing. Whilst there were no major projects in the capital programme at present, the Council would need to consider how best to fund any major capital expenditure proposed at some future date at that juncture. Depending upon a variety of factors it could choose to do so through the sale of assets, revenue income or, given that there was no longer an advantage in retaining debt free

status, through borrowing. Given controls over borrowing and future variables, such a decision could not be made in advance.

RESOLVED:

- (a) That the Cabinet be requested to recommend that the Council approves:-
 - (i) The Treasury Management Strategy 2015/2016 to 2017/2018 at Appendix A to the report.
 - (ii) The Minimum Revenue Provision (MRP) Statement - there is no requirement to charge MRP in 2015/16 (as defined within Appendix A Paragraph 6).
- (b) That the Cabinet be requested to recommend that the Council adopts the Prudential Indicators and Limits for 2015/2016 to 2017/2018 as summarised in Appendix E.

53. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE

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 2014.

In introducing the report the GO Shared Service Head of Finance drew attention to the volatility of the pooled funds and, in particular, the Aberdeen (SWIP) Absolute Return Bond Fund. Whilst it was necessary to take a longer term view of investments, Officers and the Council's treasury management advisors, Arlingclose, would be meeting with the SWIP fund managers at the end of the month to discuss their performance and strategy.

In response to concerns raised by Mr Postan, the GO Shared Service Head of Finance confirmed that a full tender evaluation process would be carried out prior to the appointment of treasury management advisors to the GO authorities when the contract with Arlingclose came to an end in November. It was **AGREED** that Mr Postan would attend the meeting with Arlingclose and the SWIP fund managers.

The Strategic Director reminded Members that the Council had decided to engage Arlingclose some six years previously, largely on account of their early recognition of the impending Icelandic banking crisis which had not been shared by others at that time. Arlingclose provided advice on a wide spectrum of treasury management matters, including the reinvestment of funds previously held by Investec in areas that were performing well. The pooled fund performance had to be considered alongside other investment performance and the Council had a broad spread of investments in bonds, cash, equities and property.

RESOLVED: That treasury management and the performance of in-house and external Pooled Funds' activity for the period 1 April to 31 December 2014 be noted.

54. 2020 VISION PROJECT

The Committee received a presentation from the Chief Executive on the 2020 Vision Project.

The Chief Executive indicated that it was important that the project received scrutiny across all partner authorities as it progressed. Broad engagement of all Members was necessary to achieve a long term solution to the challenges facing local government and to put appropriate measures in place to ensure its success.

The report prepared by the consultants, Activist, had been considered by the Cabinets of all partner authorities and the recommendation to establish a shared services partnership venture approved.

The next steps were to make appointments to the key roles and for those Officers to develop an action plan. The next key decision point for partner authorities would be in September or October when they would consider whether to proceed with the project.

The Programme Board had appointed David Neudegg as Managing Director of the partnership venture with Andrew North, Chief Executive of Cheltenham Borough Council, as the Lead Commissioner. Interviews had been held for the position of Programme Director and it was expected that an appointment, possibly as a secondment, would be finalised shortly.

The Chief Executive emphasised that his role as Managing Director would be to act for all four partner authorities, not just West Oxfordshire. The Council's representative to the project would be the Strategic Director (Finance), Frank Wilson.

The Programme Officers would now go on to develop an action plan setting out key objectives and actions over the next six to nine months. This would concentrate on maintaining 'business as usual', the development of existing joint working arrangements and the identification of possibilities for further joint working within other services moving forward. Detailed costed proposals with a suggested timescale for their implementation would be prepared by September or October at which time partner authorities would consider whether to proceed with a proposed date for the commencement of implementation in April or May 2016.

It was proposed that a joint staff event would be held on 24 March with a similar event for Members of the partner authorities taking place that evening. The Members event would extend beyond Executive Members to representatives of other political groups and Overview and Scrutiny representatives.

It was possible that the programme could give rise to the opportunity to conduct joint scrutiny work and it was likely that further updates would be sought as key points were reached. The Chief Executive suggested that he attend a future meeting of the Committee, together with Andrew North, to outline the work programme.

Mr Cotterill noted that joint working proposals concentrated on the officer structure and questioned whether there was any intention to reduce the number of Councillors. In response, the Chief Executive emphasised that the underlying premise of the 2020 Vision Programme was for each authority to remain an independent democratic body. Shared Officers could serve more than one client; the Go Shared Service already serving eight authorities or organisations. The programme accepted that there was an inherent cost to democracy and it would only work if democratic independence was maintained. If any authority chose to change its composition it was a matter for them alone.

Mr Enright questioned whether external political forces such as the County Council's bid for unitary status would threaten the success of the project. In response, the Chief Executive advised that the project did not rely upon democratic arrangements remaining unchanged. The proposed structure could provide services to any authority hence, whilst it was impossible to plan for such changes in the democratic landscape, they did not pose a fundamental threat to its success.

A number of other authorities had decided to explore similar arrangements and there was interest in the proposals at national level. It appeared that there was little enthusiasm to impose 'top down' reorganisation on the part of any of the major political parties.

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

Mt Postan enquired how the Council proposed to defend the 2020 Vision Project against the County's bid for unitary status. The Chief executive advised that West Oxfordshire's position remained that there was no need for reorganisation as significant savings could be made through sharing services. The level of savings that could be achieved by reducing the number of councillors was minimal when considered against the County Council's budget deficit.

The Strategic Director indicated that there was little merit in the County seeking to share district council functions as they were different, rather it should share similar services with other county authorities.

RESOLVED: That the information provided be noted and that further updates be provided as appropriate.

55. MEMBERS QUESTIONS

There were no questions from members of the Committee.

The meeting closed at 3:40pm

CHAIRMAN