

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 8 April 2015

PRESENT

Councillors: T J Morris (Vice-Chairman – in the Chair), A J Adams, Mrs J C Baker, J C Cooper, D A Cotterill, H G Davies, H J Howard, Mr E H James, Dr E M E Poskitt, A H K Postan and G Saul.

56. MINUTES

RESOLVED: That the minutes of the meeting of the Committee held on 4 February 2015 be approved as a correct record and signed by the Chairman.

57. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from Mr C G Dingwall and Mr 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 Committee received and noted the report of the Chairman, which gave details of the main points arising from its meeting held on 4 February 2014.

61. 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.

61.1 Affordable Housing Working Party

Mr Cotterill noted that the Economic and Social Overview & Scrutiny Committee had made an appointment to the Working Party and enquired when it was expected to be in a position to report back. The Chairman informed Members that a preliminary meeting of the Working Party had been held on 19 March and Mr Saul advised that the Chairman had indicated that he expected the Working Party to report in about six months.

61.2 Solar Photo-Voltaic Generation on Roof Spaces

In response to a question from Mr Davies, the Strategic Director advised that a detailed site survey to assess the viability of installing Photo-Voltaic cells at the Carterton Leisure Centre had been commissioned. If this survey supported a business case a further report would be submitted to the Cabinet and Council to request the allocation of funding for the project.

RESOLVED: That progress with regard to the Committee's Work Programme for 2014/2015 be noted.

62. 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 17 March 2015.

62.1 Appointments to Outside Bodies – 2020 Board

Mr Cooper noted that the Cabinet was to make appointments to outside bodies and questioned the extent of the time commitment associated with appointment to the 2020 Board. In response, the Strategic Director advised that the Board met on a monthly basis and the Council was currently represented by the Leader and Cabinet Member with responsibility for Innovation, Health and Community Safety. Consideration was being given to the development of scrutiny arrangements which could take place through this Committee or through a Joint Committee of the partner authorities.

Mr Cooper indicated that he had understood from conversation with the Chief Executive that membership of the Board was to be on a cross party basis but undertook to revisit the matter with him.

Mr Howard suggested that arrangements would become clearer as the project developed and the Strategic Director advised that, having gained approval for the preparation of a full business case, detailed proposals were being worked up for submission in the autumn at which time the partner authorities would be invited to take the final go/no go decision. The Member engagement process would be considered as part of the business case and the Committee would have a role. Other engagement activities would be developed as part of this process.

It was noted that the Cabinet meeting to have been held on 15 April had been cancelled and approval of the 2020 Memorandum of Understanding would be considered at the meeting in May.

RESOLVED: That the content of the Cabinet Work Programme published on 17 March 2015 be noted.

63. RURAL SUPERFAST BROADBAND PROJECT

The Committee received and considered the report of the Head of Joint Business Information and Change, together with a brief presentation updating Members on the progress of the Rural Superfast Broadband Project to date. A copy of the presentation is attached as an appendix to the original copy of these minutes.

The Head of Joint Business Information and Change advised that representatives from the Cotswolds Broadband project group would attend the next meeting to provide more detailed information but the report and presentation outlined the current position.

In response to questions from Mr Cotterill, he advised that customers would have a choice of internet service providers as the project had to provide an open access network in order to meet European Union requirements and secure public funding. The backhaul portion of the network, connecting users to the core network would be provided by a company such as Vodafone or Openreach. Mr Cotterill questioned whether this would give rise to complications in terms of a service level agreement for maintenance but the Head of Joint Business Information and Change indicated that such arrangements were commonplace with other providers operating similar service contracts successfully.

The Head of Joint Business Information and Change went on to explain that various technical solutions could be employed to reach outlying properties and the coverage schedules would become clear once the design of the network had been completed. He advised that the ITS Technology Group had a long track record in the industry and had created an experienced team to lead the project. In response to a question from Mr Davies, he advised that overall responsibility for the project rested with Cotswold Broadband.

Members acknowledged that this was an exciting project offering the opportunity to provide the high level of coverage the Council wished to achieve that would not be an option with other suppliers.

Mr Cotterill noted that it was unclear whether certain settlements such as Fifield would be covered by the project. The Head of Joint Business Information and Change explained that, due to issues of commercial confidentiality, some uncertainty remained as to the extent of BT's coverage under the County Council's project which would be resolved as discussions progressed.

In response to a question from Mr Postan, the Head of Joint Business Information and Change advised that the Council would work closely with Cotswold Broadband and local partners to publicise the launch of the service. It was not yet certain when the service would go live but this would be clear by the date of the June meeting. In response to a question from Mr Howard he confirmed that the intended date for 'Checkpoint C' submission had moved from the 9th to the end of April.

Mr Cotterill encouraged Members to check the Cotswold Broadband website to keep abreast of the project.

RESOLVED: That progress to date on the Rural Superfast Broadband Project be noted.

64. 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 2014 to 28 February 2015.

In introducing the report the GO Shared Service Head of Finance advised that the Council had met all internal controls in its investment activity. He noted that the Council's advisers, Arlingclose, had pushed back their expectation for the first rise in official interest rates to the second quarter of 2016 and advised that the total pooled fund values to March showed a gain of £239,000. Individual funds had maintained their direction of travel with the Aberdeen (SWIP) Absolute Return Bond Fund continuing to register a loss. The total forecast outturn for 2014/15 shown in the table at paragraph 5.1 of the report had increased from £692,000 to £732,000.

In conclusion, the GO Shared Service Head of Finance drew attention to the options in relation to the Aberdeen (SWIP) Absolute Return Bond Fund set out at paragraph 3.14 of the report.

The Strategic Director Advised that the meeting between the Council; the Councils advisors and the SWIP fund managers had been useful. The Fund Managers had explained their approach to the bond fund and, whilst explaining the rationale behind their decisions, acknowledged that their assessment of the timing of the market had been wrong.

The Committee had now to consider the role of the bond in the Council's investment portfolio, having regard to the fact that other fund managers had performed well.

The Strategic Director advised that he believed that the current split of the portfolio of 1/3 cash, 1/3 equity style investments and 1/3 bonds remained appropriate and noted that the overall performance had been positive. However, the position would have been greatly improved if the SWIP fund had performed better. The question now was whether to replace the fund and crystallise the current loss or to hold in the hope of a turn in market rates producing a potential gain. His own inclination was to replace at least half or perhaps all of the SWIP fund with one/two alternative bond funds with managers offering contrary views whilst Arlingclose advised disinvesting half the fund to re-invest in an alternative bond fund.

Mr Postan, who had also attended the meeting, suggested that, as the SWIP fund had failed to fulfil its objective of achieving a positive capital return, the Council should replace the fund in full. Mr Postan enquired if the Council could devise a process to lock in gains and Cotterill questioned whether further investment in Housing Association bonds would be an option.

In response, the Strategic Director gave details of the Council's holdings in Housing Associations and cautioned against mixing elements of the portfolio or concentration too heavily in one sector.

Mr Davies concurred with Mr Postan's view, suggesting that it was unlikely that the SWIP fund would be able to recoup its previous losses. He proposed that the Council re-invest the fund in equities in the short term then invest in two alternate bond funds. Again, the Strategic Director cautioned against investing too heavily in any one area.

Mr Howard considered that the Council had previously held an underperforming fund for too long and advocated withdrawing totally from the SWIP fund to avoid any further loss. In response to a question from Mr Postan it was noted that Arlingclose had suggested withdrawing half the fund and re-investing in a multi asset fund and one other. Mr Howard opined that there was no evidence of the market turning in the immediate future but Mr Davies stated that there had been suggestions of a rise in US interest rates which, should it materialise, would be reflected in the UK.

Dr Poskitt indicated that she favoured splitting the fund and Mr Postan enquired whether a bond fund or absolute return fund would be preferable. In response, the Strategic Director confirmed that he believed the current equal split of £4m between sectors was appropriate and suggested that any immediate investment should go short as interest rates would have to start to rise at some stage.

Given the range of views expressed, Mr Cooper questioned whether Members of the Committee had sufficient expertise to make such a decision, suggesting that they be guided by the Council's advisers.

Mrs Baker noted that the Council's investment strategy had given positive results overall and suggested that Arlingclose be invited to attend the next meeting.

In conclusion, the Strategic Director recognised that there was an appetite for change amongst Members and suggested that Arlingclose be invited to attend the next meeting having fully investigated the three options outlined in the report and any other appropriate alternatives.

Mr Postan suggested that the Council should withdraw half the SWIP fund now and seek advice as to re-investment at the next meeting. He expressed his thanks to the Strategic Director for his open and transparent manner and the opportunity of taking part in the review process.

Members noted the positive performance of the Council's investments overall and expressed their appreciation of the work undertaken by the Strategic Director in this respect.

RESOLVED:

- (a) That treasury management and the performance of in-house and external Pooled Funds' activity for the period 1 April 2014 to 28 February 2015 be noted.
- (b) That the Council should dis-invest £2m of the SWIP Fund now and re-invest with an alternative managed bond fund.
- (c) That the Council's treasury management advisers, Arlingclose, be invited to attend the next meeting to offer their advice on the remaining balance of the SWIP Fund regarding the three options outlined in the report and any other appropriate alternatives.

65. PERFORMANCE INDICATORS – QUARTER 3 2014/2015

The Committee received and considered the report of the Joint Head of Business Information and Change giving details of the Council's performance as at the end of Quarter 3 2014/2015 relating to Business Information and Change, Customer Services, GO Shared Services, Democratic Services and Revenues and Strategic Housing.

In response to questions from Members, the Strategic Director advised that, whilst there had been certain staffing constraints (the Council being cognisant of the impending transfer of responsibility for the investigation of Housing Benefit fraud to the Department of Work and Pensions), there were no underlying concerns in relation to indicator RH5 (Number of Council Tax and Housing Benefit Fraud prosecutions/sanctions). He went on to advise that it was likely that indicators relating to the administration of benefits would be revised to concentrate on errors rather than fraud.

In respect of indicator GO1 (days lost to sickness absence), the Strategic Director explained that the table showed cumulative data to the end of quarter 3. Given that the cumulative total of days lost was 5.94 against an annual target of 6 days the overall RAG status was shown as red.

In relation to indicator DE3 (Number of covert surveillance operations approved) he explained that this had been an indicator introduced by Government in the wake of some education authorities using covert surveillance to establish residential eligibility within certain school catchment areas. The Council had used covert surveillance when investigating in areas such as benefit fraud or fly tipping in the past but had not sought approval from the Magistrates Court to do so recently.

RESOLVED: That the information provided be noted.

66. MEMBERS QUESTIONS

In response to a question from Mr Howard, the Strategic Director advised that, as Regulations were silent on the matter, the Council had the discretion to apply interest received from Community Infrastructure Levy payments to either CIL or the General Fund. He indicated that it would be his advice to the Council that interest be applied to the General Fund.

The meeting closed at 3:20pm

CHAIRMAN