

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 2 December 2015

PRESENT

Councillors: T J Morris (Chairman), Mrs J C Baker (Vice-Chairman), A J Adams,
D A Cotterill, C Cottrell-Dormer, S J Good, H J Howard, Dr E M E Poskitt, A H K Postan,
Mrs C E Reynolds, G Saul and G H L Wall

Also Present: R A Langridge

45. MINUTES

RESOLVED: That the minutes of the meeting of the Committee held on 23 September 2015 be approved as a correct record and signed by the Chairman.

46. APOLOGIES FOR ABSENCE

Apologies for absence were received from P J G Dorward.

47. DECLARATIONS OF INTEREST

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

48. PARTICIPATION OF THE PUBLIC

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

49. 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 23 September 2015.

50. COMMITTEE WORK PROGRAMME 2015/2016

The Committee considered the report of Frank Wilson, Strategic Director, which gave an update on progress in relation to its Work Programme for 2015/2016.

50.1 Affordable Housing Working Party/Extension of Right to Buy to Housing Association properties

Mr Howard questioned whether, given the continued uncertainty surrounding the Government's intention regarding the extension of the Right to Buy, it would be more appropriate for the Affordable Housing Working Party to receive the report on the impact of the proposals referred to at item No. 11. In response, the Strategic Director advised that the Government had recently released details of a pilot scheme in which Sovereign Housing would be participating. That Association operated within West Oxfordshire and it was hoped that a preliminary report could be submitted to the next meeting of the Committee.

The Working Party had been established with a wider remit to consider ways in which the Council could support the provision of Affordable Housing within the District. However, it had been thought preferable to defer holding a meeting until such time as further information regarding the extension of the Right to Buy became available.

Mr Morris acknowledged that there could be some merit in the Working Party meeting to receive a report on the extension of the Right to Buy but suggested that, if a report on the pilot scheme could be submitted to the next meeting it would be more appropriate to consider the matter then.

Mr Cottrell-Dormer suggested that the Council should make representation to the local Member of Parliament, seeking the exclusion of properties constructed on Rural Exception Sites from the Right to Buy. Dr Poskitt concurred, indicating that it would take a considerable length of time before the impact of any extension to the scheme became apparent.

The Strategic Director advised that it was thought that Rural Exception Sites would be excluded but that the detail of the legislation had not been fully assessed. In the event that no such exception was included, the Committee could consider raising the matter then.

50.2 Rural Broadband Project

Mr Cotterill enquired as to the progress of the rural broadband project. In response, Mr Langridge advised that final project approval was imminent as it only remained to obtain sign off from the Community Interest Regulator. It was expected that this would be secured in the next few days enabling work to commence in March 2016. The full programme of works would be completed by 2017 and would provide, as near as possible, 100% high speed broadband coverage throughout the District.

Mr Good expressed regret over the length of time that it had taken to reach this stage and questioned whether the Council could consider providing financial support to individual self-help groups endeavouring to install high speed broadband in specific areas. Mr Good also expressed some disappointment that the financial assistance provided by the Council was by way of an interest bearing loan rather than a grant.

Whilst expressing his regret that the project had taken longer to deliver than originally envisaged, Mr Langridge emphasised that the delays had been due to external factors outside the Council's control. He indicated that the current scheme would provide as near to 100% coverage as was possible and, accordingly, he could see no need to provide additional support to individual groups. Assistance had been made by way of a low interest loan at the request of Cotswold Broadband and Mr Langridge drew Members' attention to the financial risks and challenges facing the Council in future years identified in the Budget.

The Strategic Director advised that Cotswold Broadband had tendered for the project over a year ago and Officers were as frustrated as Members at the delay in progressing this project. This delay was largely the result of the requirement to comply with a tortuous regulatory regime. Assistance had been provided by way of a loan as this was the mechanism required to secure the project. There was nothing to be gained by providing a grant to the private sector and, by securing a low rate of return on the investment; the arrangement also protected the Council's funds for future use.

The arrangements proposed would reach those areas not served by British Telecom or other Internet Service Providers, securing 100% superfast broadband coverage throughout the District at speeds in excess of those achieved by BT.

50.3 Business Rates

The Chairman drew attention to proposed changes in the allocation of Business Rates and it was **AGREED** that a report on the potential impact on the Council would be submitted to a future meeting and incorporated into the Committee's Work Programme.

RESOLVED: That, subject to the above amendment, progress with regard to the Committee's Work Programme for 2015/2016 be noted.

51. 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 10 November 2015.

The Strategic Director advised that consideration of the revised Medium Term Financial Strategy by the Cabinet had been delayed pending the outcome of the autumn statement and grant settlement. The revised Strategy would be considered by the Committee and Cabinet in February

RESOLVED: That the content of the Cabinet Work Programme published on 10 November 2015 be noted.

52. BUDGET 2016/2017

The Committee received and considered the report of Frank Wilson, Strategic Director, setting out the initial draft base budgets for 2016/17, draft fees and charges for 2016/17 and the latest Capital Programme for 2015/16 revised and future years.

The Go Shared Service Head of Finance introduced the report and drew attention to the issues facing the Council over the next four years. He highlighted any significant movements in the budget and advised that it was proposed to continue the existing business rates pooling arrangement. The draft budget assumed a reduction in the Rate Support Grant settlement to £900,000 in accordance with the existing Medium Term Financial Strategy and the Go Shared Service Head of Finance explained that the budget had been re-based to reflect an increase in income. He went on to draw attention to the unavoidable growth resulting from the impact of funding decisions made by Oxfordshire County Council and noted that the Council was on course to secure the balance of the efficiency savings identified in the Medium Term Financial Strategy through the on-going 2020 programme.

Mr Langridge stated that there were still significant uncertainties surrounding the budget pending the final Rate Support Grant Settlement and indicated that the Cabinet was happy to consider any comments made by the Overview and Scrutiny Committees. Turning to the question of fees and charges, Mr Langridge advised that he intended to propose that there would be no increase in fees for market pitches as these had been raised the previous year.

Dr Poskitt questioned whether the proposed 1% increase in staff budgets would be sufficient to ensure that the Council would be able to continue to pay the Living Wage and to maintain differentials for those just above that rate. The Go Shared Service Head of Finance confirmed that these requirements had been factored into the budget calculations.

Mr Howard suggested that any decision to discontinue the collection of flyaway plastics would be counter-productive and should be considered with great care. He also indicated that the introduction of charging for green waste could result in additional fly-tipping with the associated costs falling to the Council. Finally, Mr Howard drew attention to the problems associated with trade waste being deposited at the Council's bring sites.

In response, the Strategic Director advised that the draft budget assumed that the District Council would absorb all costs resulting from the County Council's decisions at paragraph 3.13 of the report. He noted that the Council had taken the decision to include the collection of flyaway plastics as an addition to the contract. Whilst the Authority had the option to discontinue these arrangements, there were no current proposals to do so.

Whilst the Council may have no desire to charge for the collection of green waste, it was possible that, faced by further financial constraints, to do so would be the least worst option. Whilst the Council was not yet in that position, it was an option that had to be explored when considering the revised Medium Term Financial Strategy and new contractual arrangements.

In response to a question from Mr Howard, the Strategic Director advised that given the levels of Council Tax increases available to the County, Police and Parish Councils this could give rise to an overall increase approaching 4%.

Whilst he acknowledged that the Council's position remained uncertain, Mr Saul suggested that it should consider what flexibility it may have to support services cut by the County.

The Strategic Director reminded Members that West Oxfordshire had already taken on additional costs and funding losses of over £232,000 in 2015/16 as well as the allocated some £329,000 5,000 identified in the draft 2016/17 budget. In both last year and this to take on to take on services no longer funded by the County as it had in the previous year. Consequently the Council is taking on services no longer funded by the County as it had in the previous year.

Whilst this was something that the Council might wish to consider, it was too early to come to any conclusion until the overall funding position became clear. The Strategic Director reminded Members that West Oxfordshire had already allocated some £561,000 in both this year and last, absorbing budget pressures resulting from County Council decisions without cuts to services. Members had also to be mindful that, given that both the Police and Social Services budgets were to be protected, it was likely that the autumn statement would result in significant further funding cuts.

In addition, whilst it was not envisaged that this would be implemented in 2016/2017, the Government was consulting on proposals within the settlement to reduce the payment of New Homes Bonus from six years to four and to re-direct some £800 Million to social care. If West Oxfordshire was to lose 2/3 of its New Homes Bonus it was likely that the Council would be forced to consider cuts in services.

Mr Good noted that the introduction of a small fee for the Council's green waste collection service would have been sufficient to meet the cost of the continued operation of the Dix Pit civic amenity site closed by the County Council.

Mr Postan enquired whether the Council could offer any financial support by way of rate relief to public houses impacted by the revaluation process. The Strategic Director advised that a scheme of rate relief was already in place and, whilst there would be an impact in doing so, the Council could consider increasing the current arrangements further. The Strategic Director invited Mr Postan to provide details of any specific issues.

Mr Cotterill questioned the on-going cost of IT provision and strategy. In response, the Strategic Director cautioned against failing to keep systems up to date and ensuring network integrity and data security. He also noted that the 2020 project offered the opportunity of securing savings through joint procurement and assured Members that Officers would not incur any unnecessary expenditure.

Mr Cotterill also noted the absence of any further provision for flood prevention works and enquired whether the Council had come to the end of its programme. The Strategic Director explained that such schemes were generally externally funded with appropriate financial provision being included in the budget when Environment Agency funding became available.

Given that there was increasing pressure on car parking throughout the District and a Car Parking Strategy was in the course of development, Mr Cotterill also enquired why no provision had been made for additional car parking facilities. In response, the Strategic Director advised that the Council's capital reserves were down to some £5 Million and noted that it was under no statutory obligation to provide parking facilities. He suggested that the results of the survey currently being undertaken should be assessed before any consideration was given to how any future provision could be financed, reminding Members that the Marriott's Walk Car Park had been provided through developer contributions. He indicated that provision could be included within the budget at any stage of the financial year with Council approval.

The Chairman expressed his thanks to the Council's Officers for their work in developing the budget, noted that the District had been able to absorb the cost of certain County Council services by virtue of its own efficiency savings and expressed his support for the draft budget.

Mr Howard questioned whether West Oxfordshire would need to increase Council Tax in 2016/2017. In response, Mr Langridge advised that current indications from Central Government suggested that this would be the case but that the final decision rested with the Council. However, it would not be in a position to make a decision until its final funding position was certain.

The Strategic Director advised that the Government's presumption was that spending in cash terms would remain unchanged with a 2% increase in Council Tax. There was no suggestion that the funding offered in recent years to support a freeze in Council Tax was to continue but it had to be borne in mind that a 2% increase in Council Tax would equate to an increase of £1.63 per annum on a band D property and would generate some £65,000.

The Go Shared Service Head of Finance emphasised that, this year Officers were not able to present a balanced budget in that the draft budget relied upon the use of reserves.

Mr Langridge advised that the Council suggested that it be permitted to apply a flat rate increase in Council Tax of £5.00 per annum; a position that had been permitted in the past and available to police forces in 2016/2017.

RESOLVED: That the current budget proposals be endorsed.

53. DRAFT COUNCIL PLAN 2016 - 2019

The report of the Joint Head of Business Information and Change Services was received and considered, together with the revised Council Plan for 2016 – 2019.

RESOLVED: That the draft Council Plan 2016 - 2019 be endorsed.

54. 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 April to October 2015.

Mr Howard questioned whether recent concerns expressed by the Deputy Governor of the Bank of England regarding the security of corporate bonds gave rise to any concern over the Council's holdings. The Strategic Director explained that the bonds referred to at paragraph 3.2 of the report were not corporate bonds but related to the Council's investment in housing associations, purchased with the intention of holding to maturity. If there was any exposure, this would be in bond funds such as the Aberdeen or M&G holdings. The Council's financial advisors had not expressed any particular concern but the Strategic Director undertook to raise the question with them.

Mr Postan thanked the Strategic Director for enabling him to participate in discussions with the Council's financial advisors and expressed his confidence in their understanding of both the Council's requirements and the markets. He noted that banks tended to treat public authorities badly knowing that investment options available to them were limited. However, the Council could make use of reverse purchase agreements to forestall bail-in risk as security was in ownership of the associated bond, not the bank. Whilst repo's offered a good way forward, diminishing risk, they were not entirely risk free and Mr Postan suggested that the Council should maintain a spread in its investments.

The Strategic Director confirmed that the need to do so was identified within the Treasury Management Strategy.

RESOLVED: That treasury management and the performance of in-house and external Pooled Funds' activity for the period April to October 2015 be noted.

Mr A J Adams left the meeting at this juncture.

55. QUARTER TWO PERFORMANCE INDICATORS 2015/16

The Committee considered Performance Indicators related to Business Information and Change, Customer Services, GO Shared Services, Democratic Services and Revenues and Strategic Housing.

RESOLVED: That the current position be noted.

56. MEMBERS QUESTIONS

Mr Postan questioned whether Officers could provide some detail on the impact of shared services and the transfer of services to UBICO, seeking an assurance that services were able to maintain adequate staffing levels if rates of pay were reduced. The Strategic Director advised that there had been no reduction in rates of pay but acknowledged that a reduction in the number of employees may have led to an increased workload with staff undertaking a wider range of duties in shared services generally although not specifically from the Ubico transfer.

He noted that savings of some £1.2 Million had been secured through a reduction in the Management Team and senior management. Moving ahead, the 2020 programme was based upon merging services and the comprehensive review of business processes to ensure that the new structures were able to maintain service provision.

Whilst there were some issues surrounding rates of pay across the partner authorities with job markets differing across the service areas, the real issue in relation to pay was the discrepancy between the public and private sectors occasioned by the protracted period of pay restraint in recent years which has caused problems for ICT and Planning Services in particular

Mr Postan questioned whether any simple, empirical data could be provided to illustrate the impact of the efficiency programme. In response, the Strategic Director emphasised the financial savings secured; the reduction in the number of staff; the reduction in Council budgets; and the continued level of performance provided this.

Mrs Baker questioned whether the increased workload and additional stress placed upon staff was sustainable. The Strategic Director acknowledged that there was a need to remain mindful of the potential impact upon staff and Mrs Baker emphasised the importance of maintaining open communication.

Mr Good expressed some concern over proposed reductions in staffing levels in the Licensing Section. In response, the Strategic Director advised that the introduction of shared services would give rise to greater resilience across the partner authorities which could help in smaller teams.

Mr G H L Wall left the meeting at this juncture.

Mr Cotterill indicated that he had experienced a slowdown in the service to Members as Officers were spread more thinly across different authorities and noted that the relevant Officers were not always available to attend Committee meetings. The Strategic Director accepted that this could well be the case but stressed that services to the public had been largely unaffected. Given the financial constraints imposed upon the public sector and Members' desire to maintain existing levels of service, the options open to the Council were limited.

Mrs Reynolds cautioned that it could be a false economy to spread resources too thinly as to do so could place too great a burden on individuals. The Strategic Director assured Members that the Management Team was conscious of this and would acknowledge and respond to concerns raised.

Mrs Baker noted that the Work Programme included feedback on the 2020 programme as required and the Strategic Director suggested that the most appropriate time to receive a further report would be when the changes to the Public Protection Service had been implemented. Mrs Baker also drew attention to the demands placed upon Officers by the retention of three Overview and Scrutiny Committees.

The meeting closed at 3:30pm

CHAIRMAN