

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 28 September 2016

PRESENT

Councillors: P Emery (Chairman), G H L Wall (Vice-Chairman) A J Adams, J C Cooper,
C Cottrell-Dormer, H B Eaglestone, A D Harvey, H J Howard, A H K Postan,
Mrs C E Reynolds and G Saul

Also in attendance: Mr T J Morris and Mrs J M Doughty

32. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Mr Cooper who had joined the Committee in place of Dr Poskitt.

33. MINUTES

RESOLVED: That the minutes of the meeting held on 20 July 2016 be approved as a correct record and signed by the Chairman.

34. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from and from Mr E H James, Mr P J G Dorward, Mr S J Good and Mr G Saul and the Head of Paid Service reported receipt of the following resignation and temporary appointment:-

Mr H B Eaglestone for Mr D A Cotterill

35. DECLARATIONS OF INTEREST

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

36. PARTICIPATION OF THE PUBLIC

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

37. 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 20 July 2016.

38. COMMITTEE WORK PROGRAMME 2016/2017

The Committee received the report of the Strategic Director providing an update on the work programme for the Committee for 2016/2017.

38.1 Affordable Housing

Mr Harvey expressed some concern over the decision taken by the Committee at the last meeting to recommend the Cabinet to give consideration to the development of Local

Authority Mortgage, Local Authority Partnership and Custom and Self Build schemes open to all residents.

He considered that, rather than provide a subsidy to key workers to enable them to secure housing that would otherwise be unaffordable, the Council should address the underlying problem of its unaffordability by seeking to ensure that developers provided the mix of properties necessary to meet demand rather than one intended to produce the greatest profit margin. He noted that, in order to maximise their return, developers tended to construct larger detached properties rather than more affordable units more suited to first time buyers. Mr Harvey suggested that the Committee should make representations to the Cabinet requesting that Council should seek to address the lack of affordability through the strategic planning process and hence remove the imperative to provide financial subsidies.

Mr Emery questioned whether Mr Harvey would wish to abandon the concept of a mortgage support schemes. In response, Mr Harvey indicated that, whilst such initiatives could be appropriate at present, if it were possible to create a more appropriate, affordable, housing mix in the future, the need for financial subsidies would be removed.

It was **AGREED** that the Cabinet and the Economic and Social Overview and Scrutiny Committee be advised that the Committee is of the opinion that the Council should seek to address the question of unaffordability by seeking to promote a housing mix incorporating more affordable units more suited to meeting housing demand within the District.

Mr Howard concurred, suggesting that the matter be raised with the relevant portfolio holders.

The Head of Paid Service acknowledged the issue, but advised that this was a matter more properly addressed by the Cabinet and the Economic and Social Overview and Scrutiny Committee. He advised that mortgage support schemes would not provide a subsidy, operating on a commercial basis, but acknowledged that the Council would be accepting a degree of financial risk.

The Chairman advised that a report on the introduction of a mortgage support scheme was to be considered by the Cabinet at its meeting in October. Mr Postan looked forward to reviewing the information provided by Capita and wished this to include details of loan to value uplift, multiples uplift and differential of risk and rates. He went on to enquire whether Capita had offered any marketing advice and the GO Shared Service Head of Finance advised that the forthcoming report sought to establish the principle of introducing a scheme. Such detailed advice had not been provided at this stage and, not all schemes had funders in place. The next stage in the process would be to establish which schemes would be suitable for West Oxfordshire.

(Mrs J M Doughty joined the meeting at this juncture)

Mr Cooper questioned why the Affordable Housing Working Party had not met since March and went on to suggest that the Council should consider supporting residential development on the Reema north site at Carterton, utilising its own funds or through investment by the County Council Pension Fund, as such development would free up rented accommodation for use in the private rented sector.

The Chairman advised that the recommendations of the Working Party had been considered at the last meeting and Head of Paid Service explained that it had been decided

that the question of delivery of affordable housing would more properly be considered by the Economic and Social Overview and Scrutiny Committee. He also advised that meetings had been held with representatives of the Defence Infrastructure Organisation to discuss ways in which this project could be brought forward and consideration was being given to ways in which the Council could assist financially. A further meeting was to take place in October and discussions were on-going in an effort to establish ways in which the Council could assist in bringing development proposals to fruition.

Mr Howard suggested that the redevelopment of the Reema North site would not release properties to the private rented sector as the intention was to decant service personnel from the Reema Central site as the Defence Infrastructure Organisation intended to work with Addington homes to revamp the whole estate.

Mr Howard then questioned whether the question of the Extension of the Right to Buy (Item No. 10 on the Work Programme) could be combined with Item No. 1. It was noted that a report on the Right to Buy had been submitted to the last meeting and that it was unlikely that there would be any significant developments in the foreseeable future. Accordingly, it was **AGREED** that item No. 11 be deleted from the Work Programme.

38.2 Investment Property Review

Mr Postan enquired whether there were any further purchases of investment properties in the pipeline and questioned whether the Council was looking to further purchases either as a strategy or when opportunities arose.

In response, the Head of Paid Service advised that the Council had just completed a significant acquisition and was actively engaged in securing one other site. Both these purchases had been considered and approved by the Cabinet and would be funded. In part, by the liquidation of the Council's holdings in the Aberdeen pooled fund. This accorded with the Council's strategy to divide investment between property and cash on a 65% 35% split. The Council had no further usable capital receipts so could not fund further acquisitions without borrowing. However, it would certainly be prepared to do so should an appropriate opportunity present itself.

Mr Morris indicated that the overall strategy had been to move investments from cash into commercial property and confirmed that reports would be brought forward should any suitable opportunities arise.

RESOLVED: That, subject to the amendments detailed above, progress with regard to the Committee's Work Programme for 2016/2017 be noted.

39. 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 September 2016.

39.1 Amendments to the Local Council Tax Support Scheme

In response to a question from Mr Howard, the Head of Paid Service advised that public consultation on amendments to the Council Tax Support Scheme were underway and that a report would be submitted to the next meeting of the Committee prior to consideration by the Cabinet.

RESOLVED: That the content of the Cabinet Work Programme published on 20 September 2016 be noted.

40. PERFORMANCE INDICATORS – QUARTER I 2016/2017

The Committee received and considered the report of the Head of Leisure and Communities providing information on the Council's performance at the end of the first quarter of year 2016/2017.

Mrs Reynolds expressed her disappointment at the number of red indicators and questioned whether targets were achievable and regularly reviewed.

The Head of Paid service advised that targets were reviewed on an annual basis and were considered achievable. He acknowledged concerns with regard to performance in Customer Services and explained that this was primarily a result of higher call volumes occasioned by the EU Referendum, difficulties in relation to the waste collection contract and the introduction of the new Environmental and Regulatory Service.

The Chairman advised Members that a report on the Waste Collection Service was to be considered by the Environment Overview and Scrutiny Committee the following day.

Mrs Reynolds made it clear that there was no implied criticism of staff within customer services and that her concern was to ensure that lessons were learned from the current situation and arrangements made to ensure that staffing levels within the service were adequate to cope with such demands. The Head of Paid Service acknowledged that the creation of the new Environmental and Regulatory Service had resulted in a knock-on effect on Customer Services but it was not yet clear whether the current difficulties could be resolved by further training or required additional resources.

Mrs Reynolds suggested that issues surrounding the waste contract would increase as the current contract drew to a close and questioned the impact this would have on staff morale. The Head of Paid Service acknowledged that there would be some impact upon staff morale and accepted the need to ensure that sufficient resources were put in place.

Mr Cooper requested that the minutes of the Staff Forum were circulated to Members as a useful indicator of staff morale.

Mr Howard questioned whether a call routing system could help to address issues over the waste collection contract, diverting calls to a dedicated line. The Head of Paid Service advised that efforts were made to direct reports of missed bins towards the website but not all residents wished to use this service.

Mr Harvey noted that there were always difficulties when waste collection arrangements changed and suggested that these would continue to be evident whilst the new waste collection contract bedded in and changes such as the introduction of charges for green waste were introduced. The Council would need to be prepared and ensure that it was adequately staffed. Mr Wall suggested that it could be difficult to recruit staff for short periods.

The Head of Paid Service acknowledged the concerns and indicated that the 2020 partnership would provide a greater degree of resilience in times of peak demand.

Mr Adams expressed his support for the introduction of a call routing system. The Head of Paid Service indicated that there had been some reluctance on the part of Members to go down that route in the past but agreed to discuss the option with Customer Services. Mr Morris agreed that the idea warranted further consideration but suggested that the provision of a dedicated information line could increase the number of dropped calls. The Head of Paid Service advised that the Council made use of social media to inform residents of problems on collection routes.

The Head of Paid Service advised Members that processing of benefit claims was now within target and, in response to a question from Mr Postan, it was explained that Ombudsman cases closed after initial enquiries were those in which the Ombudsman had concluded that there was no case to answer.

RESOLVED: That the information provided be noted.

41. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE – 2015/2016

The Committee received and considered the report of the GO Shared Service Head of Finance giving details of the performance of in-house and external fund managers for the period 1 April to 31 August 2016.

The GO Shared Service Head of Finance advised that, following discussions with the Council's financial advisors, it was intended to disinvest in certain pooled funds following receipt of impending dividends. With short term borrowing costs so low, there could be merit in borrowing rather than disinvesting in all pooled funds. Whilst there could be a long term need to borrow, timing would be critical to ensure that the Council secured the optimum benefit.

In response to a request from Mr Postan, the GO Shared Service Head of Finance agreed to provide further information on whether the Threadneedle Equity Fund provided a currency gain as an un-hedged fund. Mr Postan also expounded the principle that it was unwise to borrow to invest in a volatile fund and questioned whether there was any risk in waiting to receive dividends before disinvesting in pooled funds. In response, the GO Shared Service Head of Finance advised that the dividend in question was due shortly and that any risk was for a limited time period.

Mr Howard raised the possibility of borrowing to fund residential development. In response, the Head of Paid Service advised that there was no objection to such an initiative in principle and confirmed that the option would be considered.

In response to a question from Mr Harvey, the Head of Paid Service advised that, whilst the Council had no direct exposure to Deutsche Bank, it was possible that it could feature in some pooled funds. In response to a question from Mr Cooper, it was explained that, whilst the Council was still receiving occasional payments from the receivers of Kaupthing Singer Friedlander, as the company had gone into liquidation in the UK, it did not benefit from the same arrangements as the Council's other Icelandic investments and it could not expect to receive the total value due (some £138,828). However, appropriate provision had been made within the Council's accounts.

RESOLVED: That treasury management and the performance of in-house and external Pooled Funds' activity for the period 1 April to 31 August 2016 be noted.

42. MEMBERS' QUESTIONS

Mr Cooper enquired whether any further consideration was to be given to a review of the Council's committee structure as part of the budget process and whether any savings could be made through the introduction of electronic communication with Members.

Mr Morris advised that the question of electronic communication had been investigated in the past and the cost savings identified had been shown to be marginal. He had asked Officer to keep the matter under review but emphasised that there were other, more pressing and financially rewarding projects to be undertaken first.

It was noted that Members were offered the opportunity to receive papers electronically but that, to date, there had been a limited uptake. It was agreed that Members would be reminded of this facility. Mr Morris pointed out that committee papers could be accessed through the Council's website.

The Head of Paid Service advised that consideration was being given to a review of the committee structure and it was expected that a report would come forward as part of the budget process.

The meeting closed at 3:10pm

CHAIRMAN