

## 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 7 December 2016

### PRESENT

Councillors: P Emery (Chairman), A J Adams, J C Cooper, D A Cotterill,  
C Cottrell-Dormer, P J G Dorward, A D Harvey, H J Howard, E H James, A H K Postan,  
and G Saul

#### 43. MINUTES

**RESOLVED:** That the minutes of the meeting held on 28 September 2016 be approved as a correct record and signed by the Chairman.

#### 44. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from and from Mr G H L Wall and Mr S J Good.

#### 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 28 September 2016.

#### 48. 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.

##### 48.1 Affordable Housing

Mr Emery advised Members that he had attended a briefing on the Local Authority Partnership Purchase Broker Scheme earlier in the day and that, following the Council's decision to allocate funding, development of the scheme was now underway and details of its operation were being devised.

##### 48.2 Rural Broadband Project

Mr Emery advised that further information on this project would be provided later in the meeting.

##### 48.3 Re-organisation of Local Government

The Strategic Director and Head of Paid Service advised that the Oxfordshire County Council was pressing ahead with its bid to achieve unitary status vigorously. Following recent discussions with the Department of Communities and Local Government, a report

was to be submitted to the Cabinet meeting the following week regarding both the devolution deal and unitary status. The Strategic Director and Head of Paid Service indicated that the question of re-organisation had become broader given the relationship with the devolution deal. He advised that apparently Buckinghamshire County Council had submitted a bid for unitary status without reference to its constituent Districts and it had been suggested by the DCLG that a in principle decision could be forthcoming before Christmas. A decision at such an early stage did not appear to correlate with the Government's intention to publish further guidance in the New Year. The DCLG had cited the proposals to create two unitary authorities in Dorset as an example of best practice; although in that case there had been consensus between all parties involved.

In response to questions from Mr Cooper, the Strategic Director and Head of Paid Service explained that the devolution deal and moves towards unitary status were not mutually exclusive. He explained that the County Council had included an option for a unitary Oxford City based upon the Wiltshire model and noted that this arrangement would seem comply with the top end of population sizes currently favoured by DCLG.

Mr Howard questioned the effectiveness of existing unitary authorities given the absence of a local connection and Mr Postan suggested that, should a unitary county authority be formed in Oxfordshire, property values were such that it would be preferable to dispose of the County estate and base services in the districts.

**RESOLVED:** That progress with regard to the Committee's Work Programme for 2016/2017 be noted.

#### 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 15 November 2016.

##### 39.1 Performance of Ubico

The Chairman reminded Members that it had been agreed that a report outlining the financial savings secured as a result of the transfer of services to Ubico would be submitted to the Committee. The Strategic Director and Head of Paid Service advised that a report would be submitted to the next meeting. In response to a further question from the Chairman, he explained that Ubico was a cost sharing company in which any surplus or loss attributable to services provided to any individual partner council would fall to or be met by the authority concerned.

##### 39.2 Acquisition of Land for the Provision of a Waste Depot

In response to a question from Mr Howard, the Strategic Director and Head of Paid Service advised that this item of business was to be removed from the Cabinet Work Programme for the present as a site had yet to be identified.

**RESOLVED:** That the content of the Cabinet Work Programme published on 15 November 2016 be noted.

## 50. BUDGET 2017/2018

The Committee received and considered the report of Frank Wilson, Strategic Director and Head of Paid Service, setting out the initial draft base budgets for 2017/18, draft fees and charges for 2017/18 and the latest Capital Programme for 2016/17 revised and future years.

The Go Shared Service Head of Finance introduced the report and drew attention to the levels of external funding summarised at Appendix A. He advised that the Council was to remain in the Business Rates Pool and explained that a re-valuation of business rates on solar farms would result in a £50,000 reduction in income for the Authority. Business rates appeals could account for a further £900,000 giving rise to an estimated deficit of some £375,000 for this Council. However, provision had been made to address this through previous surpluses and this sum had not been incorporated within the budget. Revenue Support Grant had been reduced from £1,000,000 to £636,000 but, as the Council had agreed to a four year settlement, this reduction had been anticipated and built into the Medium Term Financial Strategy.

New Homes Bonus had been reduced from £1,800,000 to £1,300,000 but Officers were still awaiting information on its distribution and this figure remained an estimate. Overall, the Council could expect a reduction of some £800,000 in external funding.

The Budget outlined operational expenditure of some £11,000,000. Growth had been built into the budget funded through income derived from the purchase of Des Roches square and the introduction of charges for collection and disposal of green waste

The Council had little control over items such as Business Rates, fees for school swimming from the County Council, the introduction of the apprenticeship levy and the cost of the new waste collection contract.

The existing grants budget would be maintained with requests from the Cotswolds Conservation Board and the Citizens Advice Housing Project going forward for consideration as part of the budget process.

Investment income had fallen from £657,000 to £607,000 and the Council would need to borrow to fund any future capital investment. However, interest rates remained low for short term borrowing. In conclusion, the Go Shared Service Head of Finance advised that the use of General Fund balances for 2017/18 was estimated at some £290,000.

Mr Howard questioned whether the projected reduction in income from New Homes Bonus was sufficient as a greater reduction would have a significant impact upon the Council's budget. In response, the Go Shared Service Head of Finance advised that this was a best estimate and, rather than make a revision at present, it would be more appropriate to address the impact of the reduction once the Government released actual figures in the financial settlement. Mr Howard went on to question the increased expenditure detailed at paragraphs 5.6, 8.7 and 11.3 of the budget papers. In response, the Go Shared Service Head of Finance advised that these related to increased costs incurred by the new Environmental and Regulatory Service that were compensated for by savings made elsewhere in the service, the difference between estimated and actual bank charges as a

result of increased activity and an allowance for the increased cost of planning appeals to be met from housing and planning delivery grant.

Mr Cottrell-Dormer questioned why the Council was considering borrowing when it could liquidate bonds to purchase property and generate income. The Go Shared Service Head of Finance explained that, whilst it was intended to realise a certain level of investment, this would not be sufficient to meet the projected Capital Programme in full.

Mr Cooper expressed concern at the time delay in the determination of Business Rates appeals and questioned how the Government could reduce New Homes Bonus when the Council had entered into a four year deal. The Go Shared Service Head of Finance advised that New Homes Bonus was excluded from the deal and the Strategic Director and Head of Paid Service advised that the deal only related to certain elements of external funding such as the Revenue Support Grant and Rural Grant.

Mr Cooper made reference to earlier discussions regarding the Council's committee structure and suggestions that the number of overview and scrutiny committees could be reduced from three to two. In response, the Strategic Director and Head of Paid Service advised that he had been charged with preparing a report on the matter for consideration by the Council.

#### 51. REVISED MEDIUM TERM FINANCIAL STRATEGY 2016 – 2026

The Committee received and considered the report of the Strategic Director and Head of Paid Service regarding the annual refresh of the Council's Medium Term Financial Strategy.

The report outlined the risks surrounding the Council's funding and pressures on expenditure. The Council's longer financial position had worsened over the year. Whilst the current strategy anticipated the use of some £500,000 in reserves in 2017/2018, thereafter, it envisaged a balanced budget to 2020. The revised strategy saw use of reserves fall to £290,000 in 2017/2018 but no longer expected to be able to deliver a balanced budget in 2018/2019 or 2019/2020.

Post 2020, the impact of increased expenditure, together with the uncertainty surrounding the impact of the Business Rates re-set presented further difficulties. A decrease in funding of up to some £800,000 per annum was forecast but the Government had yet to indicate how the Business Rates re-set was to operate. Depending upon the split between district and county councils, it was possible that the impact of the re-set would be addressed by proposals for the 100% retention of Business Rates. . Unanticipated changes to the New Homes Bonus or Business Rates re-set could have a significant impact upon the Strategy which was based upon current best information. The Strategy envisaged moderate use of resources to 2020 but relied on utilising some £800,000 of reserves annually thereafter.

In response to a question from the Chairman, the Strategic Director and Head of Paid Service indicated that information on the New Homes Bonus was expected in the impending Local Government Settlement but that details of the Business Rates re-set would not be forthcoming for some time.

It was noted that the revised budget submitted in January would be able to take account of changes announced in the Local Government Settlement.

Mr Cottrell-Dormer noted that the Council would have been in a better position had it not agreed to freeze Council Tax levels in the past. Although the Government had met half the cost of recent Council Tax freezes by way of grant, the Strategic Director and Head of Paid Service concurred. Mr Cottrell-Dormer then questioned the implications of a unitary Oxfordshire. The Strategic Director and Head of Paid Service indicated that, whilst district councils held balances, these would not go far towards meeting the on-going financial pressures arising from adult social care.

Mr Cooper enquired how many premises were likely to benefit from the Government's decision to give a 100% discount on Business Rates for small businesses and shops. The Strategic Director and Head of Paid Service advised that, given that the Council already operated a rural rate relief scheme, the overall impact would be small with some 20 businesses benefiting through this initiative. It was expected that the cost to the Council would be met by the Government through section 31 grant.

Mr Howard expressed concern over the continued reliance upon the use of reserves to support revenue expenditure and suggested that the Committee should consider areas in which the Council could reduce its expenditure further. The Strategic Director and Head of Paid Service suggested that the Committee might wish to question the Cabinet as to how it proposed to resolve the impending deficit.

Mr Harvey indicated that the Council had been faced with a similar situation in the past. At that time a range of potential options had been put before Members for consideration and he suggested that this approach would continue to serve the Authority well in the future.

Mr Cooper proposed that the Cabinet be advised of the Committee's concern over the potential level of budget deficit from 2020 onwards and is of the opinion that consideration should be given to addressing this position without delay by identifying areas in which expenditure may be reduced. The proposition was seconded by Mr Adams.

Mr Howard made reference to the level of grants made by the Council and Mr Postan noted that it should seek to avoid duplication of services. In response, Mr Cooper indicated that, in considering any reduction in grant funding, the Council needed to be aware of the full effect and wide ranging impact.

**RESOLVED:** that the Cabinet be advised that the Committee is concerned over the potential level of budget deficit from 2020 onwards and is of the opinion that consideration should be given to addressing this position without delay by identifying areas in which expenditure may be reduced.

## 52. COUNCIL TAX SUPPORT SCHEME FOR 2017/2018

The Committee received and considered the report of the Group Manager of the Revenues and Benefits Service which gave details of the results of the public consultation on proposals for revising the current Council Tax Support scheme.

The Strategic Director and Head of Paid Service advised that the proposed scheme addressed previous changes to the Housing Benefit system and acknowledged that, whilst these would have an impact upon claimants, it was intended that these would be minimised so far as possible through the hardship scheme.

The Joint Operations Manager, Housing and Revenue Support, advised that the County council had agreed to contribute towards the Hardship Fund. In response to questions from Mr Cooper, she explained that, as the changes would impact mainly upon low income groups, there was a risk that, in the absence of public consultation, these could be the subject of legal challenge on equalities grounds. However, the proposed changes had been supported. Whilst there was a risk that some claimants would not have the ability to pay, it was intended that this would be addressed through the Hardship Fund.

#### 53. PERFORMANCE INDICATORS – QUARTER 2 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 second quarter of year 2016/2017.

The Strategic Director and Head of Paid Service acknowledged the under-performance in relation to answering telephone calls and explained the steps taken to address this. Mr Howard suggested that it would be of some help if Members were provided with a directory of direct dial numbers.

The Strategic Director and Head of Paid Service explained that a printed directory was no longer produced and suggested that, if a specific Officer was not available, it would be better for Members to be directed by reception services to another individual who could assist rather than going through to voice mail. If Members had difficulty in contacting an individual they could always speak to the Management Team's office and this was the best contact for Service Heads.

In response to a question from Mr Saul, the Strategic Director and Head of Paid Service advised that performance at CS5 (Response to complaints) was distorted as it had been based upon a very small number of complaints in Q1.

**RESOLVED:** That the information provided be noted.

#### 54. 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 October 2016.

The GO Shared Service Head of Finance advised that it was intended to disinvest in the Insight LPF and, subsequently, in the Aberdeen Bond pooled funds. Pooled funds were performing quite well at present and it was hoped that the position of the Aberdeen Fund would improve if the decision to disinvest was delayed.

Mr Postan suggested that the rise in value of certain funds with UK equity holdings resulted from the fall in the value of sterling following the referendum decision to leave the European Union giving rise to what was, in effect, a windfall gain.

He suggested that the Council should crystallise the unrealised gains from the Threadneedle Equity and M & G Global funds. The GO Shared Service Head of Finance indicated that it was intended to take advice from the Council's advisors, Arlingclose, and the Strategic Director and Head of Paid Service cautioned against taking such decisions in isolation, noting that the US market had also performed well.

Mr Harvey suggested that any decision would be speculative and noted that performance was dependent upon a wide range of external factors. The Strategic Director and Head of Paid Service indicated that he was happy to discuss the possibility of re-balancing the Council's investment portfolio to take account of growth with the treasury management advisors.

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

#### 55. MORTGAGE SUPPORT SCHEMES

At the request of the Chairman, the GO Shared Service Head of Finance gave a brief update on the development of the Local Authority Partnership Purchase Broker Scheme. He advised that a meeting had been held with Capita and the brokers at which the outline of the scheme had been discussed. Arrangements were progressing well but further work was required to formulate the details of the scheme and establish the parameters under which the scheme would operate. An established panel of lenders had been identified and a further update would be provided once the final details of the scheme had been put in place.

Mr Howard questioned whether the scheme could be applied to the Reema Central site in Carterton as development in central Carterton would have a positive impact upon the local economy and trade in the town.

Mr Emery indicated that the Council could work with developers to package the scheme with the affordable housing offer and the Strategic Director and Head of Paid Service advised that, whilst this site could be some way down the line, no site would be excluded from the scheme.

With regard to the Custom and Self Build scheme, the Chairman advised that it was considered too soon to progress an initiative of this nature which was largely dependent upon the allocation of suitable sites. The Strategic Director and Head of Paid Service indicated that CSB schemes were driven by land availability and approved planning consents.

The GO Shared Service Head of Finance advised that, whilst Local Authority Mortgage Schemes dovetailed with the Local Authority Partnership Purchase Broker Scheme, there was a current difficulty in identifying funders as lenders had withdrawn from such schemes following the introduction of the Government's Help to Buy initiative and the general relaxation in the level of lending.

The Chairman advised that both schemes could be brought back for further consideration as appropriate.

56. MEMBERS' QUESTIONS

There were no questions from Members relating to the work of the Committee.

57. EXCLUSION OF THE PUBLIC

**RESOLVED:** That the Committee being of the opinion that it was likely, in view of the nature of the business to be transacted, that if members of the public were present during the following items of business there would be a disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)), the public be excluded from the meeting.

58. RURAL BROADBAND PROJECT

The Committee received a verbal update from the Strategic Director and Head of Paid Service containing exempt information regarding the current position of this project.

The meeting closed at 3:50pm

CHAIRMAN