

## 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 1 February 2017

### PRESENT

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

Also in attendance: A C Beaney, C G Dingwall and T J Morris

#### 59. MINUTES

**RESOLVED:** That the minutes of the meeting held on 7 December 2016 be approved as a correct record and signed by the Chairman.

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

Apologies for absence were received from and from S J Good and A D Harvey.

#### 61. DECLARATIONS OF INTEREST

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

#### 62. PARTICIPATION OF THE PUBLIC

In accordance with the Council's Rules of Procedure Mr Peter Butler and Dr Philip Hoy addressed the meeting with regard to Agenda Item No. 10, Rural Broadband Project Update. Summaries of their presentations are attached as Appendix A to the original copy of these minutes.

In response to a question from Mr Howard, Mr Butler explained that his frustration reflected that of many local residents and, whilst he was not suggesting that the Council's earlier decisions had been wrong, there was now an opportunity to explore a variety of options to ensure that the correct solution was put in place.

In response to a question from Mr Cotterill, Mr Butler advised that the closest open reach connection was less than a mile away. Enstone had broadband and fibre to cabinet connection would be a huge step forward and not unduly onerous. Mr Cotterill enquired whether Mr Butler had been provided with a costing for such a connection and Mr Butler advised that he had not.

The Chairman thanked Mr Butler and Dr Hoy for their contributions and, in order to assist those members of the public present, indicated that it was his intention to consider Agenda Item No. 10 as the next item of business.

#### 63. RURAL BROADBAND PROJECT UPDATE

The Committee received and considered the report of the Strategic Director and Head of Paid Service which provided an update on the Superfast Broadband project.

In introducing the report, Mr Wilson acknowledged the frustration expressed by the previous speakers and advised that this was shared by Members of the Council and Officers alike. He explained that the Council had become involved in the project as the open market had failed to provide a comprehensive solution. BDUK sought to provide services to those areas that commercial operators failed to reach and the County Council had undertaken a procurement exercise which had resulted in BT being contracted to provide a fibre to cabinet solution which would increase connectivity in West Oxfordshire from some 70% to 88%.

West Oxfordshire did not consider this solution to be adequate as it would result in some 6,000 properties without a connection and joined with BDUK and Cotswold Broadband in a project to provide near 100% coverage.

When difficulties arose between Cotswold Broadband and ITS Technology, the supplier appointed to carry out the work, the Council had made every effort to find a solution without breaching European Union procurement rules. In the event, it had not been possible to achieve a solution in this highly regulated market place and the contract between Cotswold Broadband and ITS had been terminated by mutual consent.

No public funding had been spent on the project, the cost to date having been met by Cotswold Broadband and ITS. The delay in closing the project had been the result of protracted negotiations between the two parties, overseen at the highest Government level, during which time the Council was unable to provide any information to the public for reasons of commercial confidentiality.

Going forward, restrictions in the market place meant that the Council could only get involved in certain ways. It was not possible for it to provide a direct subsidy to service providers.

Previously, information on properties served was only available from BT at postcode level and this probably explained why certain properties had been bypassed by the earlier project. This situation should improve as Data was now available at premises level.

Mr Wilson reiterated that it had not been possible to place the information provided to Members in December in the public domain until the contract between Cotswold Broadband and ITS had been terminated. Now this had been achieved, the Council was seeking ways in which to move forward within the relevant regulatory constraints. It was likely that a variety of technical solutions would be necessary as a single solution would not be able to secure the high level of coverage required.

The Council was obliged to conduct an open market review and was employing external expertise to assist in interpreting the results. It would also employ additional staff resources as required.

Mr Wilson acknowledged Mr Butler's suggestion of a local 'sounding board' and confirmed that it was the intention to put such arrangements in place.

The Open Market Review had commenced in January as soon as the position between Cotswold Broadband and ITS had been resolved and the report set out a broad timeline for the project.

The Group Manager of ICT, Change and Customer Services advised that a review of all potential solutions available would be carried out and that no one route would be sufficient to provide the level of coverage required. The procurement process which was expected to commence in May 2017 would be technology neutral and, as previously indicated, informed by premises level data. A consultation process would also be carried out to ensure that all properties were covered. The procurement process would be conducted on an open market basis as any contract had to be commercially viable.

Mr Beaney noted that, whilst 10% of properties in West Oxfordshire lacked broadband connection, a significant proportion of these were within areas which he represented. Whilst recognising the constraints of commercial confidentiality, he echoed the frustrations expressed by local residents over the lack of information available to the public as the previous scheme failed. During this time, Cotswold Broadband and Gigaclear had sought to place the blame upon the Council and local residents believed that it was failing to do its job. Mr Beaney suggested that clearer information was required from the Council which should establish itself as the single point of contact as the project progressed.

Mr Dingwall indicated that he had supported the project and the Council's decision to provide funding for 100% broadband coverage from the outset. He shared Mr Beaney's frustration at being unable to provide information to the public when he heard that the project was failing. He apologised for the lack of information during the intervening period but stressed that the Council had been unable to do more until the position between Cotswold Broadband and ITS had been finalised. He advised that, moving forward, the Council would be taking the lead role and would work with all communities to cover all premises in the District.

Mr Wilson reiterated that the procurement process would be technology neutral and would not necessarily rely on fibre to door. In order to achieve the level of coverage required a more flexible approach would be necessary. Mr Cotterill enquired whether BT would be able to tender to provide increased coverage and Mr Wilson confirmed that it would be an open tendering process. Mr Postan suggested that some key local employers in outlying areas may well have procured their own facilities which could be accessed by residents and enquired whether the Council could approach them directly. In response, Mr Wilson reiterated the need for an open tender process. The Group Manager of ICT, Change and Customer Services advised that any such companies that expressed an interest could be considered and that it was likely that a hybrid delivery model would be required.

Mr Cooper considered that there was an opportunity at Enstone to use the Parish Council as a sounding board and suggested that the four options referred to by Mr Butler should be explored in greater detail. Mr Wilson confirmed that a range of technical solutions would be examined and that it was not permitted to use funds to support the Community Fibre projects. Similarly, parish councils were not able to provide funding as it was considered to be state aid although there was limited scope to apply any underspend from the funding made available by BDUK to the County Council.

In response to a question from Mr Howard, the Group Manager of ICT, Change and Customer Services advised that the procurement process had to follow fixed timelines and undertook to keep Members advised as the project developed. He acknowledged the need to improve communication. Mr Howard suggested that the project should now be left with Officers to implement whilst Members monitored progress and proposed the recommendation.

The proposition was seconded by Mr Adams and on being put to the vote was carried.

The Chairman acknowledged that there were lessons to be learned and stressed that the Council needed to ensure that it was confident in the chosen contractor's ability to deliver the project.

**RESOLVED:** That the information provided be noted and Officers be requested to submit regular updates to the Committee at key project milestones.

#### 64. MAIN POINTS FROM THE LADST 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 7 December 2016.

##### 64.1 Local Authority Partnership Purchase Broker Scheme

At the request of the Chairman, the Go Shared Service Head of Finance provided a brief update on the development of the Local Authority Partnership Purchase Broker Scheme. He advised that the loan size and level of rent on shared equity remained to be determined after which scheme details and eligibility criteria could be drafted. An agreement with Capita was in place and it was expected that details of the scheme would be agreed with the relevant Cabinet Member by April.

#### 65. 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.

##### 65.1 Re-organisation of Local Government

The Strategic Director and Head of Paid Service advised, following recent pronouncements by the County Council regarding Local Government Re-organisation, a report was to be submitted to the Cabinet and Council in the next cycle of meetings to enable Members to consider and debate the Council's position. It was envisaged that the County Council would submit an application for unitary status in March following the Government's decision on Buckinghamshire's submission. Members had a major role to play in encouraging residents to respond to the County's consultation as their proposals placed West Oxfordshire's favoured option of a devolution deal under risk.

## 65.2 Disposal of Council Owned Land

Mr Cooper made reference to the suggestion he had made at the last Council meeting that, following the recent allocation of Government funding of some £375,000 to support community led housing schemes, consideration be given to the possibility of facilitating such projects when future disposals were proposed and enquired whether this could be included within the Committee Work Programme.

In response, the Strategic Director and Head of Paid Service advised that this was a matter for the Economic and Social Overview and Scrutiny Committee and, in any event, a report on the submission of a future programme of expenditure for the Community Housing Fund in West Oxfordshire was to be submitted to the next Cabinet meeting.

## 66. 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 January 2017.

## 67. 2020 VISION: UPDATE ON PROGRESS TOWARDS THE COMPANY SET UP

The Committee received a presentation from David Neudegg, the Managing Director of the 2020 Vision Partnership, on the progress towards the Company set up. A copy of the presentation is attached as Appendix B to the original copy of these minutes. Mr Neudegg advised that he would repeat the presentation for all Members following the Council meeting on 22 February.

Mr Cotterill enquired whether there had been any difficulties with regard to the need for Officers to travel to different locations. In response, Mr Neudegg advised that more senior or specialised Officers tended to need to travel more frequently whilst others were required to travel less so. Efforts were made to reduce the need to travel through initiatives such as video conferencing which was becoming far more common and accepted.

Mr Cotterill also enquired as to the potential impact of a decision to establish a unitary Oxfordshire. Mr Neudegg advised that, following any such development, contracts for services with existing councils and shareholdings would novate to the new authority.

Mr Howard noted that the project had been successful to date and enquired as to the extent it supported a devolution bid. Mr Neudegg advised that he believed that it did so as the development of joint working and the consequent financial savings achieved demonstrated that there was no need for structural change to deliver savings.

Mr Cooper suggested that the partnership should seek to work more closely to provide services to town and parish councils. Mr Neudegg confirmed that discussions had taken place and that the Partnership was also looking to provide services to other public bodies such as the Cotswolds AONB Board. Mr Emery suggested that it could be worthwhile to approach the OALC and the Strategic Director and Head of Paid Service advised that a meeting was to take place shortly to explore potential options. He went on to advise that discussions with the Witney Town Council had faltered but suggested that the creation of an independent identity for the partnership could make transactional relationships easier.

Mr Postan advised that he had become aware of some anxiety amongst Kier's waste collection staff over the impending transfer of the service to Ubico and questioned whether the Council had a contingency plan to respond to potential industrial action. In response, Mr Neudegg advised that staff satisfaction had increased when Ubico took over the contract in Cotswold District. He went on to caution that, should the number of shareholding authorities in Ubico increase, there was a danger of a reduction in shareholder control. In consequence, it was likely that services to other authorities would be provided on a contracted basis.

Mr Postan sought reassurance that the Overview and Scrutiny Committee would continue to have the ability to scrutinise the operation of the company. In response, Mr Neudegg confirmed that the ability to call the company's Officers to account would be enshrined in the articles of association. He advised that the letting of contracts would require shareholder approval but it was for individual authorities to establish the mechanism for liaison between shareholders and the Councils.

The Strategic Director and Head of Paid Service confirmed that the authority would maintain a procurement approach to contracts between the Council and suppliers.

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

(Mr Dingwall left the meeting at this juncture)

#### 68. 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 December 2016.

Phiroza Katrak of Arlingclose, the Council's financial advisors, gave a presentation on the Council's in-house and external investments.

Mr Cottrell-Dormer noted that the Council's direct property investments secured the highest levels of return and suggested that the Authority should seek to expand its portfolio further. The Strategic Director and Head of Paid Service acknowledged that property investment had served the Council well and that further investment had been made in September. He advised that the Council had significant property holdings and noted that the level of risk differed but was only relevant when properties were sold or voids arose. Levels of voids had remained low to date and, whilst there was a need to remain mindful of other financial requirements, Officers would bring forward any suitable property investment opportunities that might arise.

Mr Postan noted that, whilst performance appeared to be good at present, equity gains in funds with a high proportion of dollar holdings such as Threadneedle were attributable to currency fluctuations and questioned whether it was possible to strip-out this currency effect. Given returns on gilts following the outcome of the Brexit referendum he questioned whether the Council should increase its holdings. In response, Ms Katrak advised that gilts were expensive at present and returns were reliant upon a rise in inflation.

In response to a further question from Mr Postan, Ms Katrak advised that Arlingclose took its own strategic view of the marketplace and stressed the current uncertainty arising from recent national and international events.

Mr Howard questioned the potential impact on the European Union of the development of a Balkan trading block. Ms Katrak suggested that forthcoming elections in Europe were thought to be a more pressing disruptive factor as, should Italy leave the Union, Spain and Portugal could follow.

The Chairman thanked Ms Katrak for her presentation.

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

69. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY

The Committee received and considered the report of the GO Shared Service Head of Finance, which sought consideration of the Council's Treasury Management Strategy for 2017/18 and approve; Prudential Indicators; MRP Statement and the Use of Specified and Non Specified Investments.

Mr Emery questioned why the report had not been circulated with the agenda but sent 'to follow' and it was explained that it had not been possible to complete the document sooner due to pressure of work. Mr Emery suggested that an executive summary would be helpful to Members and the Strategic Director and Head of Paid Service undertook to provide a summary in future years.

Mr Postan expressed his appreciation of the report and the work of the Council's Officers in its compilation.

(Mr Cotterill left the meeting at this juncture)

Mr Cottrell-Dormer questioned whether it would be advantageous to lease rather than purchase refuse collection vehicles. In response, the GO Shared Service Head of Finance confirmed that purchase would be a cheaper option than lease.

In response to a question from Mr Howard, it was confirmed that assumptions regarding increases in the net Council Tax base made within the Medium Term Financial Strategy had been factored into the report at paragraph 7.1. Mr Howard noted that an increase in the rate and level of development would impact upon this.

70. UBICO – DEPOT SERVICES 2015/2016

The Cabinet received and considered the report of the Go Shared Service Head of Finance regarding performance of Ubico in providing depot services for the Council in 2015/2016.

(Mr Cooper and Mr Cottrell-Dormer left the meeting at this juncture)

Mr Howard questioned why the trade waste service had occasioned a loss and enquired whether competition was so intense that there was no scope to increase collection charges. In response, Officers explained that the loss had resulted from an increase in disposal charges. Fees and charges were reviewed as part of the budget process and increased as appropriate so far as market forces would allow. It was thought that the new waste collection contract would give rise to opportunities for operational savings through the introduction of joint collection rounds. Mr Howard indicated that the position should be kept under review.

Members noted that Ubico had significantly exceeded the savings target set.

71. MEMBERS' QUESTIONS

Mr Postan suggested that consideration should be given to the introduction of electric vehicle charging points within the Council's car parks. Members concurred with this suggestion and the Strategic Director and Head of Paid Service undertook to incorporate into the workplan.

The meeting closed at 5:00pm

CHAIRMAN