

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 4 October 2017

PRESENT

Councillors: P Emery (Chairman), A D Harvey (Vice-Chairman), A J Adams, D A Cotterill, C Cottrell-Dormer, P J G Dorward, S J Good, H J Howard, E H James, K J Mullins, A H K Postan and G H L Wall

27. MINUTES

RESOLVED: That the minutes of the meeting held on 12 July 2017 be approved as a correct record and signed by the Chairman.

28. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from Mrs L J Chapman and Mr G Saul and from Mr T J Morris

29. DECLARATIONS OF INTEREST

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

30. PARTICIPATION OF THE PUBLIC

There were no submissions from members of the public in accordance with the Council's Rules of Procedure.

31. 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 12 July 2018.

32. COMMITTEE WORK PROGRAMME 2017/2018

The Committee received the report of the Strategic Director and Head of Paid Service providing an update on the work programme for the Committee for 2017/2018.

32.1 Rural Broadband Project

In response to a question from Mr Cotterill, the Strategic Director and Head of Paid Service advised that tenders had been received and a preferred bidder identified. All tenderers had been advised and the 10 day standstill period had elapsed although the Council was not yet in a position to publically announce the winning tenderer. Contract assurance work would be carried out in conjunction with BDUK during the coming month and once this had been concluded, design and project planning would get underway. The successful tenderer would be invited to attend a future meeting to advise Members of their proposals.

In response to a question from Mr Emery, the Strategic Director and Head of Paid Service explained that it might not be possible for the successful tenderer to attend the next meeting as this would depend on the implementation schedule.

32.2 2020 Vision Project

Mr Cotterill questioned whether a standard format for email addresses would be adopted following the transfer of staff to Publica. In response, the Strategic Director and Head of Paid Service advised that, whilst efforts would be made to introduce a standard format, the branding of individual Councils remained paramount. Further work was required before a final format could be agreed.

(Mr Mullins joined the meeting at this juncture)

Mr Wall noted that residents and businesses did not readily connect the 2020 branding with the Council and did not always respond to communications left by Officers. Mr Adams suggested that business cards should make it clear that Officers were working on behalf of the Council. Mr Emery indicated that he would revisit this question at the next meeting.

32.3 Budget 2018/2019

Mr Emery noted that the budget for 2018/2019 would be considered at the next meeting. Mr Howard questioned whether Members were to be invited to meet with the Allowances Panel and Officers undertook to respond to him regarding Members' Allowances directly.

32.4 Medium Term Financial Strategy

It was noted that the annual refresh of the Medium Term Financial Strategy would be considered in January 2018.

RESOLVED: That progress with regard to the Committee's Work Programme for 2017/2018 be noted.

33. 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 19 September 2017.

Mr Emery questioned why the Cabinet was able to receive performance monitoring information for quarter two in November whilst the Committee had only just received information for quarter one. In response, the Strategic Director and Head of Paid Service explained that the committee cycle did not always align well with the availability of performance monitoring information.

RESOLVED: That the content of the Cabinet Work Programme published on 19 September 2017 be noted.

34. PROPOSAL TO SUBMIT A BID FOR OXFORDSHIRE TO BECOME A 100% BUSINESS RATES RETENTION POOL PILOT

The Committee received and considered the report of the Group Manager Go Shared Services regarding proposals for the Oxfordshire local authorities to submit an application to become a 100% Business Rates Retention Pool pilot in 2018/2019.

The Group Manager Go Shared Services advised that, since the report had been drafted, the benefits across Oxfordshire had been calculated as being significantly higher than first envisaged. She stressed that, in order to submit a bid, all Oxfordshire authorities had to agree to participate.

As all authorities were performing well, the associated risks were thought to be low and LG Futures had advised that they did not consider the inclusion of a no detriment clause to be necessary. Without such a clause, any bid was considered to have a greater chance of success.

Participation in a pool was thought to fit with the County growth bids and had the support of all Finance Officers in Oxfordshire.

In response to a question from Mr Emery, the Group Manager Go Shared Services advised that the fall-back position would be the continuation of the current 50% pooling scheme.

(Mr James joined the meeting at this juncture)

It was proposed by Mr Cotterill and seconded by Mr Postan that the Cabinet be recommended to agree to participate in the submission of an application to become a 100% Business Rates Retention Pool pilot in 2018/2019, without the inclusion of a 'no detriment' clause.

In response to a question from Mr Howard, the Group Manager Go Shared Services advised that the Leaders of the remaining Oxfordshire authorities were supportive of a bid.

Mr Wall enquired if there was any risk that West Oxfordshire would effectively be under-writing less efficient authorities and the Group Manager Go Shared Services advised that, as all County authorities now generated receipts in excess of the Government's baseline, this would not be the case. Whilst some authorities performed better than others there was no 'weak link'. Mr Wall also questioned whether a general economic downturn would have an adverse impact on the scheme and it was explained that the proposed scheme would only operate for a maximum period of two years with the option to withdraw in 2019/2020.

The Strategic Director and Head of Paid Service indicated that, whilst there were some risks, such as the NHS trusts seeking charitable status, these were mitigated by the significant economic growth evident throughout the County.

The proposition was then put to the vote and was carried.

RESOLVED: That that the Cabinet be recommended to agree to participate in the submission of an application to become a 100% Business Rates Retention Pool pilot in 2018/2019, without the inclusion of a 'no detriment' clause.

35. ELECTRIC VEHICLE CHARGING POINTS

The Committee received and considered the report of the Group Manager Go Shared Services which provided an update on the work of the Electric Vehicle Charging Point Working Party and sought guidance on the future direction of its work.

The Group Manager Go Shared Services advised that investigations by the Working Party had provided a general view of the market but suggested that the Council would not be able to secure a return on any capital investment. Funding would be required to progress the project but some external grant aid was still available. Above all, the work had illustrated that this was a fast moving market.

Mr Emery acknowledged that the introduction of charging points was important in terms of demonstrating future vision but expressed concern that the development of technology was so fast moving.

Mr Postan acknowledged that this was a fast moving market but suggested that the Council would only expose itself to risk if it did something problematic. He considered that the Council should make a formal request for quotations for a combined site in Witney consisting of 10 spaces within the Woolgate car park. Further, it should investigate the availability of grant aid through the Office for Low Emission Vehicles and co-operate with Oxford City Council to establish whether any of the initiatives employed in the City could be applied in West Oxfordshire. The Council needed to be seen to be progressive in displaying community leadership which would assist in the development of future transport and promote trade.

Mr Postan also suggested that the Council should consider encouraging the provision of the necessary infrastructure for charging points in new development through the planning system.

Mr Cotterill indicated that he could see the merits of such a scheme in urban centres but questioned whether on-street charging points would be appropriate elsewhere where the historic environment and lack of off-street parking provision could give rise to difficulties in both practical and planning terms.

Mr Wall questioned why the scheme should concentrate on Witney, suggesting that Chipping Norton should be considered as there was a high level of electric vehicle ownership in that part of the District. He also suggested that vehicle manufacturers and dealers might be willing to offer financial support.

Mr Howard agreed with Mr Cotterill that charging points should be confined to car parks and not on-street locations as this could exacerbate existing parking problems. He suggested that the vision set out at paragraph 3.1 of the report should be incorporated within the Council Plan and indicated that, whilst the Council could encourage infrastructure provision through the planning process, it would not be able to require it through conditions.

Mr Good cautioned against adopting the vision as drafted, indicating that the Council was not in a position to play the role that it envisaged. The private sector was driven by commercial imperatives which would, in turn, govern their preferred location for charging points. In contrast, the Council was governed by social drivers. The Group Manager Go Shared Services agreed that the Council could negotiate with the private sector but, should it wish to specify locations, it would be expected to fund the provision. If charging points were to be market funded then the private sector would chose the locations.

Mr Harvey questioned whether this was a case of the Council 'putting the cart before the horse'. This was a rapidly developing market and in terms of development, provision would be driven by demand. He cautioned that it would be premature for the Council to commit to something that it could not deliver but agreed with Mr Postan that the Council should explore the external funding available and liaise with the City Council. With regard to the potential location, any scheme had to start somewhere. This did not exclude other locations as the scheme expanded.

Mr Good suggested that the key question was that set out at paragraph 5.1.1 of the report; was the aim to deliver a charging point network at minimal cost allowing the market to dictate provision, or did the Council wish to invest itself in order to retain control. It was important that the Council's motivation and attitude to risk was clearly defined.

Mr Adams expressed his support for the Council taking a leadership role but believed that provision should be funded by the commercial sector. Mr Cottrell-Dormer questioned whether the Council had sufficient staff resources to progress such a project and considered that it should be left to the private sector.

Mr Emery considered that it was too early for the Council to commit to the proposed vision as the technology continued to develop rapidly.

The Strategic Director and Head of Paid Service advised that the refresh of the Council Plan was not to take place until March or April 2018 so there was sufficient time to carry out the additional work discussed before taking a formal position.

Mr Adams noted that charging points had been provided in London for some 10 years but the momentum for electric vehicles was at last beginning to build. The Council needed to establish the direction of travel in terms of technology and promote the use of electric vehicles on grounds of sustainability and the consequent benefit for local residents. Mr Adams also expressed his support for the wider geographical basis initially proposed which incorporated Witney, Carterton, Chipping Norton and Eynsham.

Mr Postan then proposed that the Committee should resolve to applaud the Environmental trend for Electric Vehicles and to support, trade, travel and sustainability would like to continue to investigate the introduction of conglomerated charging points in Witney, Chipping Norton, Eynsham and Carterton but that the adoption of a policy be deferred until the market had settled.

The proposition was seconded by Mr Wall. Mr Emery then proposed an amendment to delete the locations stated as he considered these to be too specific.

Members questioned whether it was premature to make such a resolution and the view emerged that it would be preferable for the Working Party to continue its investigations before considering the matter further.

Accordingly, the original proposition was withdrawn and it was proposed by Mr Good and seconded by Mr Harvey that the contents of the report be noted and that the Working Party be requested to continue its investigations and report back to a future meeting. The proposition was then put to the vote and was carried.

RESOLVED: that the contents of the report be noted and that the Working Party be requested to continue its investigations and report back to a future meeting.

36. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE – 2017/2018

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 Members that it was unlikely that Publica or Ubico would require funds from the Council but including them in the list of counterparties for investment purposes would enable the Council to provide working capital if necessary.

Mr Howard made reference to paragraph 3.5 of the report and questioned what other forms of investment vehicles could be employed to counteract risks from bail-in legislation. In response, it was explained that repurchase agreements could be employed to obviate these risks.

Mr Good questioned the Government's ability to secure funds following the recent downgrading of the UK's credit rating by Moody's. In response Ms Katrak of Arlingclose advised that, despite the downgrading, the UK remained investment worthy as the current rating matched that of the USA and France. She expressed some surprise that this had taken so long following the Brexit vote and suggested that it could be a reflection of the lack of progress in trade negotiations. The UK banks were not impacted having reformatted following earlier downgrading.

In response to a question from Mr Howard, Ms Katrak acknowledged that a rise in interest rates was possible but considered that it would be slow and data dependant.

Mr Postan noted that no ratings agency had predicted the 2007 crash and suggested that, rather than rely on Moody's, the Council should look at the funds it held and make its own assessment. He noted that treasury management rates were low and rewards small. In terms of repurchase agreements he considered that the Council should look at the counterparty risk and assess the quality of the investment.

Whilst Arlingclose were considered to be experts in treasury management, returns on the Council's investments were nothing special and looking at the funds held, with the exception of the M&G funds where a star fund manager produced star returns, the remainder were doing nothing more than matching the market. Mr Postan stressed that this underlined the importance of knowing who was making the investments.

RESOLVED:

- (a) That treasury management and the performance of in-house and external Pooled Funds' activity for the period 1 April 2017 – 31 August 2017 be noted.
- (b) That the Cabinet be requested to recommend to Council that:-
 - (i) the Council's Treasury Management Strategy Statement and Investment Strategy 2017/18 be updated to include Publica Group (Support) Ltd as an approved counterparty;
 - (ii) investments with Publica Group (Support) Ltd are limited to a maximum of £500,000 and for periods no longer than 1 year.
 - (iii) the Council's Treasury Management Strategy Statement and Investment Strategy 2017/18 be updated to include Ubico Ltd as an approved counterparty;
 - (iv) investments with Ubico Ltd be limited to a maximum of £500,000 and for periods no longer than 1 year.
 - (v) Officers be authorised to apply for the Council to be recognised as a profession client for treasury management transactional purposes.

37. PROCUREMENT OF TREASURY MANAGEMENT ADVISORY SERVICE

The Committee received and considered the report of the GO Shared Service Head of Finance which provided an update on the procurement of treasury management advisory services to the Council.

Mr Emery noted that the cost to the Council was in the region of £15,000 per annum and Mr Postan enquired whether the contract was based upon performance or tendered at a flat fee. Officers confirmed that the contract for the provision of a treasury management advisory service was based on an annual fee.

Whilst acknowledging that the current service provider was not doing a bad job, Mr Postan expressed some concern that the same company was also undertaking treasury management for the Council and questioned whether there was any cross-subsidy between the two contracts.

In response, the Strategic Director and Head of Paid Service advised that the bulk of their activity related to the day to day activity of the Council; cash management, security and the provision of strategic documents and it was important that the Council could draw on advice from specialists in local government finance. In addition, the Council had between £12 and £13 Million in pooled funds split with investments split between those offering liquidity and bond or equity income funds. When phase II of the Carterton Leisure Centre project commenced (at a cost of some £5 Million) that liquidity would be required and investments diminish accordingly.

The Strategic Director and Head of Paid Service assured Members that the advisory service was not subsidised on collective funds and that there was no income trail.

The GO Shared Service Head of Finance indicated that the Cabinet report regarding procurement would be available to all Members and the Strategic Director and Head of Paid Service advised that Officers could consider how to separate pooled fund guidance from the contract..

In response to a question from Mr Howard the Strategic Director and Head of Paid Service advised that the current cost of treasury management advice was some £15,000 per annum and indicated that he did not envisage that his figure would increase significantly.

Mr Postan accepted that this was a good price but again raised the question of cross subsidy.

RESOLVED: That the contents of the report be noted.

38. PERFORMANCE INDICATORS – QUARTER I 2017/2018

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 2017/2018.

The Strategic Director and Head of Paid Service advised that the introduction of the new refuse and recycling contract had placed a significant burden on call-centre staff when it came into operation earlier that week. Twice as many calls as usual had been dealt with on the Monday and efforts had been made to ensure that additional staff were available to respond to this peak. The volume of calls had started to decrease during the course of the week.

Mr Mullins enquired how many calls had been lost and the Strategic Director and Head of Paid Service advised that this information was available and could be presented to the next meeting.

Given the low level of response, Mr Howard questioned the validity of indicator ICC2 – Customer Satisfaction Rate for users of the Council. The Strategic Director and Head of Paid Service advised that this was a new indicator and an Officer group had been established to explore ways in which to obtain more robust data.

Mr Good enquired as to the real impact upon service users of delays in dealing with applications and changes of circumstance relating to housing and Council Tax support. In response, the Strategic Director and Head of Paid Service advised that the Council's performance remained within the top quartile and that the impact was in the order of a day or so delay in processing.

RESOLVED: That the contents of the report be noted.

39. MEMBERS' QUESTIONS

Mr Postan asked what had become of the old refuse collection vehicle fleet on the introduction of the new contract. The Strategic Director and Head of Paid Service advised that, whilst the new vehicles were in the Council's ownership, the previous fleet had been provided by the contractor and would be disposed of by them.

The meeting closed at 3:50pm

CHAIRMAN