

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 29 November 2017

PRESENT

Councillors: P Emery (Chairman), A D Harvey (Vice-Chairman), A J Adams,
P J G Dorward, H B Eglestone, S J Good, H J Howard, E H James, K J Mullins,
A H K Postan and G Saul

Also in attendance: T J Morris

40. MINUTES

RESOLVED: That the minutes of the meeting held on 4 October 2017 be approved as a correct record and signed by the Chairman.

41. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Mr H B Eglestone attended for Mr D A Cotterill

42. DECLARATIONS OF INTEREST

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

43. PARTICIPATION OF THE PUBLIC

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

44. 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 4 October 2017.

45. 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.

45.1 Electric Vehicle Charging Points

The Group Manager Go Shared Services advised that a joint procurement exercise was underway to explore the viability of providing electric vehicle charging points in Council car parks. It was intended that a report would be submitted to the February meeting.

Mr Morris advised that provision had been made within the draft budget and suggested that the Council should explore the availability of grant aid through the Electric Vehicles Charging Infrastructure Fund.

Mr Postan enquired as to the nature of the procurement process and was advised that the Head of Environment and Commercial Services was working on a specification based upon guidance received from the Working Party.

Mr Emery reminded Members that the Council's Officers were extremely busy at present and indicated that they should be mindful of this when considering adding further items to the Committee Work Programme.

Mr Howard asked if the work on electric vehicles would tie in with the Council's Car Parking Strategy. In response, the Group Manager Go Shared Services confirmed that, whilst the current procurement work was a short term project, the growth in electric vehicle ownership would be reflected in the Strategy in the long term.

45.2 Member Information Technology

Mr Howard raised concern regarding issues of compatibility he had experienced with IT and suggested that Members should be provided with equipment for Council use. It was indicated that this issue was under review and Mr Morris explained that there was a need to take account of changes in data protection legislation that were coming into force in May 2018.

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

46. RURAL BROADBAND PROJECT UPDATE

The Committee received a presentation from the Council's Business Development Officer regarding progress on the Rural Broadband Project. A copy of the presentation is attached as Appendix A to the original copy of these minutes. The Business Development Officer stressed that the contract would provide a fibre to property solution, delivering ultrafast broadband to 99.6% of properties in West Oxfordshire. Work was continuing to provide service to the remaining 0.4% of properties which were those currently shown as being under review.

Running in parallel with the Council's project, Gigaclear would be connecting some 5,700 premises that would be privately funded in order to provide the infrastructure required. The Business Development Officer went on to outline the governance arrangements, financial implications and payment schedule and advised Members that, as the network was to be based on new infrastructure, there would be some disruption owing to roadworks. He explained that the contractor was taking a pro-active approach to notifying those residents affected and had produced an information pack for local councils.

The Group Manager of ICT, Change and Customer Services gave details of the roll-out process and explained that, as it was creating a network, the outline order was fixed and could not be subject to change.

Mr Matt Gleed, the Deployment Manager of Gigaclear, then outlined the technical layout of the scheme. In response to a question from Mr Postan he advised that there would be no reduction in speed of this ultrafast network at peak times.

(Mr James joined the meeting at this juncture)

Mr Dorward enquired whether the contract would take in new build development in Witney and commercial premises. The Business Development Officer confirmed that discussions were ongoing regarding provision to commercial premises in the town and advised that all new residential developments were subject to planning conditions requiring provision to be made for high speed broadband infrastructure. Developments of over 30 units were connected free of charge with those comprised of fewer dwellings attracting subsidised rates.

In response to a further question from Mr Dorward, the Group Manager of ICT, Change and Customer Services explained that the broadband market was driven by a revenue model with providers generating income through contracts as ISP's and offering additional services such as streaming sports channels. In consequence, Gigaclear was keen to get the infrastructure in place as soon as possible.

Mr Emery was pleased to note that appropriate planning conditions were now being put in place in relation to new development. Mr Good indicated that there had been some uncertainty at development control meetings as to whether such a condition was enforceable. Mr Postan indicated that it was his understanding that this could be applied as a request rather than a requirement and Mr Howard suggested that a definitive response could be included in the minutes.

* ***(Post Committee Note: "The Council routinely imposes a standard broadband condition on planning approvals for 10 or more homes. This requires applicants to demonstrate how the new houses can be served by superfast broadband of 24Mbps or above. The wording of the condition has been carefully chosen to ensure that it is enforceable.")***

In response to a question from Mr Adams, the Business Development Officer advised that efforts were in train to bring the residential development at the Buttercross Works within the scheme.

Mr Howard noted that the Government had recently undertaken to provide further funding for broadband provision and questioned whether the Council would be able to recoup its contribution to the scheme. In response, the Executive Director advised that the Council could not defray its earlier contribution of £1.5million and the Group Manager of ICT, Change and Customer Services indicated that the funding would be released in waves and was mainly directed to meet back haul requirements using existing council infrastructure and conduits, or to support rural businesses through the provision of voucher schemes. Whilst there was a possibility that this funding could be accessed commercially or by the County Council to support a voucher scheme, it was not really applicable to the District Council.

In response to a question from Mr Harvey, Mr Gleed advised that street works generally operated on a three day rolling programme from excavation to reinstatement. The Group Manager of ICT, Change and Customer Services confirmed that Officers were happy with the standard of work carried out to date and the Executive Director advised that the same contractors had carried out work in Gloucestershire with minimal disruption.

In conclusion, it was indicated that a further update would be provided at the next meeting.

47. 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 14 November 2017.

47.1 Carterton Leisure Centre – Phase II

In response to a question from Mr Howard, Mr Morris confirmed that the Economic and Social Overview and Scrutiny Committee would have the opportunity to feed in any comments on the scheme to the Cabinet.

47.2 Homelessness Reduction Act

It was noted that this item was now not due to be considered by the Cabinet until March.

47.3 Electric Vehicle Charging Points

Mr Postan requested that arrangements be made for the Working Party to meet prior to consideration of this item.

47.4 Management of Revenue Grants

Mr Morris advised that a new scheme for the management of revenue grants was to be considered in conjunction with the budget.

RESOLVED: That the content of the Cabinet Work Programme published on 14 November 2017 be noted.

48. BUDGET 2018/2019

The Committee received and considered the report of the Group Manager Go Shared Services, copies of which had been circulated, setting out the initial draft base budgets for 2018/19, draft fees and charges for 2018/19 and the latest Capital Programme for 2017/18 revised and future years.

The Group Manager Go Shared Services introduced the report and explained that the budget was presented in a revised format showing contract sum costs and comparators resulting from the implementation of the Publica contract. The report also showed direct back office costs and the Group Manager drew particular attention to growth pressures and financial savings.

Mr Morris stated that he found comparable information helpful and noted that, whilst Service Heads had scrutinised their budgets, uncertainties remained with regard to future levels of Central Government funding. The Local Government Finance Settlement had yet to be received and questions remained over the impact of the revision of the New Homes Bonus. The draft budget retained a sum for New Homes Bonus of £1.6 million and any additional income would be put into reserves. Mr Morris indicated that it was unlikely that the revised scheme would generate this level of income.

Council Tax income had not risen to the levels anticipated as the tax base had not grown as fast as had been expected.

In response to a question from Mr Howard, Mr Morris confirmed that there was no intention to reduce service levels to mitigate budget pressures and the Group Manager Go Shared Services advised that it was proposed to draw some £154,000 from reserves to support the 2018/2019 revenue budget. Mr Morris emphasised that, unlike many other authorities, West Oxfordshire had not found it necessary to introduce service cuts. He also indicated that the Medium Term Financial Strategy envisaged that reserves would be topped up in future years.

Mr Saul noted that, at paragraph 3.25 of the report it was stated that the Council's cash flow had been sufficient not to need to borrow as yet but that, at paragraph 3.10 the potential revenue impact of borrowing to fund the new vehicles and equipment to deliver the waste collection contract had been included in the draft base revenue budget for 2018/2019.

It was explained that, whilst there had been no need to borrow as yet, the Council's cash flow had been examined in order to assess the impact of the need to borrow to fund investment. The increase in the cost of operating the waste collection service may have been over stated but this could be adjusted as necessary.

Mr Harvey noted that a significant element of the increased cost of the service related to the cost of the TUPE transfer of staff. He enquired as to the total cost and questioned when this effect would cease. In response, the Group Manager Go Shared Services advised that the overall cost was in the region of £645,000, the TUPE element being £200,000 of this cost increase. Ubico had tendered for the work using the best information available at the time.

In response to a question from Mr Emery, it was explained that the exact number of employees concerned was not known. Mr Emery questioned whether the Council could seek recompense from Kier but it was indicated that the contract had been under bid in the past.

Mr Harvey acknowledged this but questioned why the tender had been based upon an estimate rather than accurate figures. In response, the Group Manager Go Shared Services advised that the information upon which the bid had been made had been subject to independent third party assessment and the Executive Director (Commissioning) confirmed that a secondary check had been carried out.

Mr Postan queried whether the figure of £200,000 had been based on the cost of the pension scheme. The Group Manager Go Shared Services thought it unlikely that it reflected the terms of the Local Government Pension Scheme but undertook to make further enquiries.

Mr Good made reference to the financing costs for waste service borrowing and questioned whether it had been financially advantageous for the Council to borrow to fund the purchase of the vehicle fleet rather than to lease. Mr Morris advised that Mr Cottrell-Dormer had previously raised this question and confirmed this to be the best option. He also noted that the budget was in accord with the Council's Medium Term Financial Strategy.

Mr Harvey noted that income from markets had increased from £30,000 to £55,000. Mr Morris advised that this did not reflect an increase in fees but service improvements and efficiency savings.

RESOLVED: That the current budget proposals be endorsed.

49. REVISED MEDIUM TERM FINANCIAL STRATEGY 2017 – 2027

The Committee received and considered the report of the Group Manager Go Shared Services regarding the annual refresh of the Council's Medium Term Financial Strategy.

It was noted that the Council's financial position had improved significantly as a result of the new leisure management contract although the Strategy envisaged the use of general fund reserves to support the 2018/2019 budget.

Business Rates income was expected to rise in the medium term thanks to the pooling arrangements but, whilst it was expected to continue to perform well in the interim, there was some uncertainty beyond 2020/2021 when the next significant changes to local government finance were top take place and the business rates baseline re-set. In consequence, it was difficult to forecast business rates income beyond that point.

All in all, the Council remained in a good position to weather the ongoing financial storm.

Mr Howard noted that the income from the garden waste service had been better than expected owing to the greater take-up rate. He questioned whether a further Council Tax increase of £5.00 at Band D was necessary.

In response, Mr Morris advised that this level of increase over a four year period fell within the constraints imposed by Central Government and, whilst it was anticipated that similar arrangements would continue, it could not be assumed that this would be the case. The Council had avoided the impending financial cliff edge by prudent financial management and he suggested that it should adhere to the proposal.

Mr Morris noted that the 100% business rates pool should further improve the Council's position and, in response to a question from Mr Emery, confirmed that the potential impact of business rates appeals had been provided for in previous years. The Group Manager Go Shared Services advised that the contingency sum related to appeals in respect of the 2010 list. A new process for the new list came into operation in April and only a limited number of appeals had been submitted to date.

Mr Howard indicated that the increased rates placed a strain on businesses and Mr Morris advised that the impact had been ameliorated to a certain extent by the rate relief scheme. Mr Good noted that there was an 18 month period of grace before the full increase was charged.

Mr Postan noted that New Homes Bonus represented a significant element of the Medium Term Financial Strategy and questioned whether there was any way in which the Council could encourage developers to build out extant permissions. In response, the Executive Director (Commissioning) advised that the Government had failed to recognise that all authorities faced similar problems. However, a Select Committee had been established in the Budget to consider this issue and the Council would do its best to have a voice in those discussions.

Mr Saul questioned whether there were any proposals to fund the purchase of commercial property through borrowing to increase the Council's investment portfolio. The Group Manager Go Shared Services advised that proposed changes in the Prudential Code would have to be taken into account. However, given the likely extent of capital investment in areas such as the Carterton Leisure Centre and additional car parking, the Council would have to borrow to fund further acquisitions as it lacked sufficient capital resources.

RESOLVED: That the revised Medium Term Financial Strategy, spending targets and principles supporting it as set out in the appendices to the report be endorsed.

50. COMMISSIONING FRAMEWORK

The Committee received and considered the report of the Executive Director (Commissioning) regarding the draft commissioning framework which set out the various stages and responsibilities for commissioning services and outlined performance monitoring arrangements. She drew attention to paragraph 3.4 of the report and explained that, whilst the Council would continue to receive service performance information, a review was to be undertaken to ensure that the information provided was meaningful and helpful. Revised performance indicators would be submitted to each of the overview and scrutiny committees early in the New Year to come into use in the new financial year.

Mr Emery found it strange that arrangements for monitoring the performance of Publica had been prepared by that company itself. The Executive Director (Commissioning) explained that the draft Commissioning Framework and proposed format for performance was not being brought forward for approval, but for any comments from the Committee. The ownership of the Framework would lie with the Council and would provide a guide for when the Council needed to recommission services.

In this new role, the Council and its retained Officers would act as lead commissioners, seeking services from Publica or other providers who would perform them on the Council's behalf. Publica would put forward proposals for the Council's consideration.

Mr Postan questioned the timing and regularity of performance information. In response, the Group Manager Go Shared Services advised that the Council would continue to receive performance information as at present and that Officers were also developing a change control process.

Mr Morris indicated that arrangements would continue much the same as at present with Officers continuing in their current roles.

Mr Good indicated that he found the proposed arrangements satisfactory and questioned whether there would be any external audit of executive officer's performance and arrangements to review staff views. In response, it was explained that Publica would be subject to external audit and that staff surveys would be commissioned by the Publica Board and fed back to the partner authorities.

The Group Manager Go Shared Services indicated that the Executive Directors could be also called before the overview and scrutiny committees and the Executive Director (Commissioning) advised that there would also be arrangements put in place for Local Government Association peer reviews.

It was proposed by Mr Howard and seconded by Mr Good that the Committee should indicate that it was content with the proposed arrangements and that they be reviewed in 12 months' time.

Mr Harvey enquired as to the role and composition of the Members' Liaison Group referred to in the diagram at page 5 of the Commissioning Guide. It was explained that the group would act as a 'sounding board' on an informal basis. Each Council would nominate a representative or representatives and terms of reference were being prepared at present.

The Executive Director (Commissioning) advised that each partner authority would have equal representation but it was for each authority to decide how nominations were to be made. In response to a further question, she confirmed that the group would be composed solely of elected members.

Mr Postan suggested that reference should be made to the timing and regularity of meetings and the Group Manager Go Shared Services acknowledged this requirement.

RESOLVED: That the Committee indicates that it is content with the proposed arrangements and that they be reviewed in 12 months' time.

51. PERFORMANCE INDICATORS – QUARTER 2 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 second quarter of year 2017/2018.

Mr Good expressed his ongoing concern regarding the operation of the Council's switchboard, indicating that he continued to experience delays. Mr Howard and Mr Harvey indicated that they would find a staff directory helpful.

Mr Harvey also expressed concern over difficulties experienced on the introduction of the new refuse and recycling contract.

RESOLVED: That the contents of the report be noted.

52. MEMBERS' QUESTIONS

Mr Postan had raised a question relating to his concerns over the operation of the Council's pooled funds. He suggested that these were not well looked after and considered a three year management contract to be inappropriate as performance was dependent upon the individual fund manager. Mr Postan considered that it would be preferable to pay by trade and buy advice by the hour.

Performance of pooled funds had benefited from currency fluctuations and Mr Postan believed that the Council should liquidate these investments or take a defensive position. In any event, it was important to undertake regular reviews.

The Group Manager Go Shared Services undertook to provide a detailed written response to Mr Postan (a copy of which appears as Appendix B to the original copy of these minutes).

In response to a further question from Mr Postan, the Group Manager Go Shared Services advised that a long term contract was not unusual in local government.

Mr Adams acknowledged that the market was high but suggested that the Council should take a considered view with a report to the next meeting.

Mr Howard questioned whether a fall in the value of the Council's pooled funds would put phase II of the Carterton Leisure Centre at risk. In response, Mr Morris indicated that pooled funds only represented a small part of the Council's investment portfolio. Looking at the Medium Term Financial Strategy there was no reason to assume that the project would be under threat.

The meeting closed at 4:00pm

CHAIRMAN