

## 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 6 June 2018

### PRESENT

Councillors: D A Cotterill, (Chairman), A H K Postan (Vice-Chairman), A J Adams,  
A H Al-Yousuf, Ms R M Bolger, J C Cooper, P J G Dorward, A D Harvey, K J Mullins, and  
G Saul

#### 4. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed those recently elected Members to the Committee

#### 5. MINUTES

**RESOLVED:** That the minutes of the meetings held on 11 April and 16 May 2018 be approved as correct records and signed by the Chairman.

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

Apologies for absence were received from Mr G H L Wall and from Mr T J Morris and Ms Bolger attended for Mr Enright.

#### 7. DECLARATIONS OF INTEREST

Whilst not a disclosable interest, Ms Bolger advised that she was one of the originators and an ongoing supporter of the petition regarding the provision of affordable housing presented to the Council on 28 February 2018 and considered at Agenda Item No. 8.

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

#### 8. PARTICIPATION OF THE PUBLIC

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

#### 9. 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 11 April 2018.

#### 10. COMMITTEE WORK PROGRAMME 2018/2019

The Committee received the report of the Head of Democratic Services seeking consideration of a work programme for the Committee for 2018/2019.

#### 10.1 Rural Broadband Project

The Chairman advised that work on the Rural Broadband Project remained on schedule. Information regarding Rollout schedules and progress could be checked online at <https://www.gigaclear.com/postcode-checker/connectingwestoxfordshire>

The Chief Finance Officer advised that an update report would be submitted to the October meeting of the Committee.

#### 10.2 Publica/2020 Vision Project

It was noted that reports would be brought forward as appropriate.

#### 10.3 Re-organisation of Local Government

It was noted that reports would be brought forward as appropriate.

#### 10.4 Introduction of Electric Vehicle Charging Points

The Chief Finance Officer advised that a framework agreement was being devised that would enable West Oxfordshire, Cotswold and Forest of Dean District Councils to procure electric vehicle charging points in locations throughout their Districts as and when required. A further report, including information on potential funding streams, would be submitted to the next meeting of the Committee.

In response to a question from Mr Harvey, the Chief Finance Officer advised that, whilst the provision of charging points would be linked to the emerging Car Parking Strategy, the framework agreement would give a far greater degree of flexibility.

Mr Postan noted that Mr Good was no longer a Member of the Committee and it was **AGREED** that Mr Dorward be appointed to the Working Party in his stead.

#### 10.5 Medium Term Financial Strategy

In response to a question from Dr Al-Yousuf, the Chief Finance Officer advised that work had already commenced on the revision of the Council's Medium Term Financial Strategy. The Strategy would be developed during the autumn prior to final approval in February 2019.

#### 10.6 Investment Property Review

It was noted that the annual investment property review would be considered at the next meeting.

**RESOLVED:** That, subject to the amendments detailed above, the Committee's Work Programme for 2018/2019 be approved.

## 11. CABINET WORK PROGRAMME

The Committee received and considered the report of the Head of Democratic Services which gave Members the opportunity to comment on the Cabinet Work Programme published on 15 May 2018.

**RESOLVED:** That the content of the Cabinet Work Programme published on 15 May 2018 be noted.

## 12. CONSIDERATION OF PETITION – PROVISION OF AFFORDABLE HOUSING

The Committee received and considered the report of the Chief Finance Officer which invited Members to consider and comment upon the petition regarding the provision of affordable housing presented to the Council on 28 February 2018.

Mr Cotterill indicated that the petition called upon the Council to utilise its reserves to build affordable housing. He questioned where such development could take place and who was intended to own and manage the properties.

Ms Bolger suggested that development could take place on brownfield land already within the Council's ownership. In terms of ownership, she suggested that the Council should think of creative ways in which to expand its affordable housing programme. Mr Cotterill questioned whether there were any such sites within the Council's ownership.

The Chief Finance Officer then introduced her report and advised that the Council was already seeking to promote the development of affordable housing in a variety of ways. Key amongst these were the policies within the emerging Local Plan and West Oxfordshire's involvement in the Growth Deal through which it was intended to provide the infrastructure that would allow sites to come forward. She stressed that it was the Growth Deal that would be fundamental to the delivery of affordable housing in the foreseeable future.

The Chief Finance Officer went on to outline the affordable housing delivery options set out in the report and made reference to the work being carried out in conjunction with the Blenheim Estate, advising that Officers were exploring the possibility of employing similar arrangements with other institutional landowners. She stressed the revenue impact of borrowing to fund the direct provision of affordable housing.

The lack of affordable housing was a nationwide issue and the Council could learn from the initiatives employed by other authorities to identify and develop options over the medium and long term.

The report also outlined the way in which the Council planned its financial strategy. The Medium Term Financial Strategy focussed on the revenue position and how its operational costs were to be funded. The Chief Finance Officer advised that it was difficult to predict the Council's financial position beyond 2020/2021 as a result of the uncertainty arising from the impact of the Central Government Spending Review, Fair Funding Review, the change to the Business Rates Retention Scheme and the Business rates baseline reset.

The combination of these could result in a significant loss of funding to the Council but at this stage there was insufficient information to assess the impact with any certainty.

It was anticipated that there would be a greater degree of clarity during 2019 prior to implementation the following year. However, the Chief Finance Officer cautioned against taking any short term decisions that would impact upon the Medium Term Financial Strategy at this juncture. She suggested that it would be some 18 months before the Council's financial position became clear and advised that the Council should plan further once there was a degree of long term stability.

The Chief Finance officer explained that the Council invested its reserves in order to generate income to support its operational expenditure. Use of reserves would reduce that investment income requiring an increase in Council Tax to maintain operational expenditure.

Mr Cotterill suggested that the Council would not wish to own and manage any new properties as this would result in significant financial and staffing implications. It would be preferable for ownership, management and maintenance to be carried out by a Registered Social Landlord.

Mr Harvey thanked Mrs Poole for her concise and informative report. He noted that the impact of the Growth Deal on the Medium Term Financial Strategy was vitally important and reminded Members that a significant proportion of the Council's current reserves had been generated through the Large Scale Voluntary Transfer of its housing stock. It was imperative that reserves were maintained to generate investment income.

Mr Harvey stressed that all Members recognised the need for more affordable housing within the District and noted that the 2014 Oxfordshire SHMA had identified the need for an additional 274 affordable homes each year.

Mr Cooper indicated that he was not aware of any brownfield sites within the Council's ownership and suggested that the Council should bring pressure to bear on the Ministry Of Defence to redevelop the sites in Carterton. He noted that Cheltenham Borough Council had borrowed to build and suggested that this option could warrant further consideration. Mr Cooper also noted that the Council's reserves had been accumulated over many years and not all had been generated through LSVT. He questioned whether a newly created Housing Revenue Account would contribute to the General Fund and whether the cost of borrowing set out in the report had been offset by the rental income generated. Finally, Mr Cooper suggested that more pressure should be brought to bear on developers to provide greater levels of financial contributions towards the provision of affordable housing.

Mr Saul indicated that the Council had the opportunity to think more creatively to identify better and different ways of providing affordable housing. This was not to say that it had not already brought forward innovative solutions such as its work with the Blenheim Estate and the Local Authority Partnership Purchase mortgage scheme. However, whilst it sought to promote the provision of affordable housing through planning policy, it was fundamentally reliant upon the market for its delivery and the market was failing to produce homes at the levels required.

Accordingly, Mr Saul suggested that the Council should explore other ways in which to deliver affordable housing, examining the various options employed by other authorities such as Wokingham Borough Council which had established a housing company.

Whilst not wishing to commit to any particular course of action, Mr Saul suggested that the Council should investigate the various options and request Officers to produce an exploratory report outlining the benefits and risks of each. It was possible that the Council could build up an asset base which would provide both rental income and against which it could borrow to fund further expansion.

Mr Saul acknowledged the immediate uncertainties surrounding the Council's financial position but suggested that it would be prudent for it to have plans in place to be prepared to take advantage of any future opportunities that may arise.

In response to the questions raised by Mr Cooper, the Chief Finance officer advised that she believed that a Housing Revenue account would remain ring-fenced but would review current legislation. She advised that the Council was in discussion with Homes England in an effort to precipitate development of MOD land in Carterton. Cheltenham Borough had invested some £100million on the back of its housing strategy but there were a variety of different routes open to the Council. She advised that the cost of borrowing set out in the report did not factor in rental income. However, no allowance had been made for the associated revenue costs and overheads. She also noted that the policy in relation to developer contributions could form part of any proposals to the Council.

The Chief Finance Officer acknowledged that the Council had the opportunity to develop a Housing Strategy in the medium term. In the short term, the Growth Deal was fundamental to the delivery of affordable housing and, if successful, it was possible that additional funding would be made available after the initial three year period. Development of a Housing Strategy would look at a range of delivery models

Mr Cotterill agreed that developers sought to minimise contributions to affordable housing, operating at a margin of around 20%. A recent development of 73 properties in Witney, all of which were affordable homes, achieved a margin of 7% which led to the developer questioning its viability.

Mr Postan advised that, during the recent election campaign, residents in his ward had indicated a preference for the development of brownfield sites for employment rather than residential purposes. There was also a perception that ownership resulted in well maintained properties hence shared ownership and affordable mortgages were considered to be more appropriate.

In response to a question from Dr Al-Yousuf, the Chief Finance Officer outlined the relationship between the Council's Capital Programme, Medium Term Financial Strategy, Capital Strategy and Treasury Management Strategy, all of which dovetailed together.

Given recent suggestions of an impending interest rate rise, Dr Al-Yousuf enquired whether the Council was a net debtor or borrower and the Chief Finance Officer advised that the Council was debt free. She explained that the Council was only permitted to borrow for capital purposes and, whilst it had recently undertaken significant capital investment in procuring the new refuse collection vehicle fleet, this had been met through internal resources. However, it was not expected that this position could be maintained in the long term.

The Council took advice from its treasury management advisors and the relative merits of the return on investment return and the cost of borrowing were kept under review. It was not anticipated that there would be a rapid rise in interest rates and investment funds continued to provide returns above the base rate. Mr Sherbourne advised that the Council maintained a diverse investment portfolio and, whilst elements such as pooled funds provided fixed rates of return, the overall impact of an interest rate rise would be beneficial.

**RESOLVED:** That the Council be advised that the Committee is of the opinion that it should seek to develop a medium to long term Housing Strategy having regard to the risks and benefits associated with the initiatives employed by other authorities as outlined in the report.

### 13. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE – 2017/2018

The Committee received and considered the report of the Chief Finance Officer giving details of the performance of in-house and external fund managers for 2017/2018.

Mr Cotterill noted that a number of the cash investments set out at Appendix B of the report had or were shortly to mature and enquired how the funds were to be applied. In response, Mr Sherbourne advised that these funds were to be reinvested in UK banks on a short term basis. Interest rates would be similar to those previously secured and, at around 0.5%, higher than those available 12 months ago. He explained that these short term investments were necessary to maintain liquidity to support operational requirements.

Mr Cotterill indicated that these were working investments and Mr Sherbourne confirmed that investment levels fluctuated during the course of the year in response to levels of income and expenditure.

Dr Al-Yousuf sought to clarify the nature of the investments with Housing Associations. Mr Sherbourne advised that the only example was the loan to Hanover Housing Association which had been taken out at a fixed rate over a five year period. Dr Al-Yousuf questioned whether the risk involved in an investment of this nature fell within the Council's guidelines. The Chief Finance officer confirmed that robust due diligence had been carried out prior to the investment being made.

Dr Al-Yousuf also questioned whether corporate housing bonds such as the A2D Bond offered sufficient quality and security. In response, the Chief Finance Officer advised that the Council was invariably prudent in its investments, taking advice from its Treasury Management Advisors and assessing investments in terms of security and liquidity before yield.

Mr Postan indicated that these scheduled cash investments were intended to be held to maturity to generate an income, not to be sold during their term.

**RESOLVED:** That treasury management and the performance of in-house and external Pooled Funds' activity for 2017/2018 be noted.

### 14. PERFORMANCE INDICATORS – YEAR END 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 2017/2018.

Mr Cotterill noted that the difficulties encountered during the introduction of the new waste and recycling contract had given rise to a vast increase in the number of telephone calls received with a consequent detrimental impact on performance.

Mr Harvey questioned whether the target of 20 seconds for answering telephone calls was sufficiently challenging in itself. He noted that the industry standard in retailing was five rings and questioned how the Council's target compared with those employed by other authorities.

The Chief Finance Officer advised that one of Publica's primary objectives was to improve the overall customer experience and the transformation programme currently underway was intended to achieve this.

Mr Saul suggested that a target of 20 seconds was not inappropriate and compared favourably with his experience of a number of national financial institutions and Mr Cotterill advised that 25 seconds had been a previously recognised industry standard.

Mr Cooper expressed some concern over the time taken to process new Housing and Council Tax support claims and enquired whether the current position had improved. The Chief Finance officer undertook to provide Members with information regarding current performance.

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

15. START TIME OF MEETINGS

The committee received the report of the Head of Democratic Services seeking consideration of the start time of meetings for the remainder of the 2018/2019 municipal year.

**RESOLVED:** That meetings of the Committee for 2018/2019 commence at 2.00pm.

16. MEMBERS' QUESTIONS

The Chief Finance Officer advised that Mr Postan had requested a review of the operation of the Local Authority Partnership Purchase Scheme. A report would be submitted to the next meeting of the Committee.

The meeting closed at 3:00pm

CHAIRMAN