

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 11 July 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, C Cottrell-Dormer, P J G Dorward,
A D Harvey, E H James, G Saul and G H L Wall

Also in Attendance:

T J Morris

17. CHAIRMAN'S ANNOUNCEMENTS – ORDER OF BUSINESS

Mr Cotterill advised that, for the convenience of those Officers present, he intended to take agenda item No. 9 (Operation of the Local Authority Partnership Purchase Scheme) immediately following item No. 5.

18. MINUTES

RESOLVED: That the minutes of the meeting held on 6 June 2018 be approved as a correct record and signed by the Chairman.

19. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

There were no apologies for absence. Ms Bolger attended for Mr Enright.

20. DECLARATIONS OF INTEREST

Whilst not disclosable interests, with regard to item No 9 of the Cabinet Work Programme, Mr Harvey advised that he was a Member of the Witney Town Council and in relation to Agenda Item No. 10 (Annual Investment Property Review), that he held a tenancy at Newman Court

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

21. PARTICIPATION OF THE PUBLIC

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

22. 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 6 June 2018.

23. OPERATION OF THE LOCAL AUTHORITY PARTNERSHIP PURCHASE SCHEME

The Committee received and considered the report of the Housing Enabling Manager, copies of which had been circulated, which provided an update on the West Oxfordshire Local Authority Partnership Purchased Scheme.

Mr Saul enquired whether the two approved applicants were in touch with the Council and still actively looking for properties. The Housing Enabling Manager advised that one of the applicants was in regular contact with Officers but the other had not been in contact for some time. She suggested that perhaps a deadline within which to purchase a property should have been set.

Mr Saul indicated that the approved applicants should be advised if the Council decided to close the scheme. He considered that this could still be a useful scheme and suggested that consideration could be given to increasing the Council's proportion of equity in the properties.

Mr Cotterill asked whether the Committee would wish to impose a deadline Mr Dorward indicated that it could take some time to identify a suitable property and suggested that the approved applicants should be given a further six months. He noted that two approvals from a total of 46 applications was a disappointing response and questioned the efficacy of the screening process. The Housing Enabling Manager explained that the initial 46 applications had been reduced to 14 who were thought eligible to participate in the scheme but that this had been reduced further when their individual circumstances were assessed.

Mr Harvey expressed concern that a deadline had not been imposed, suggesting that this was a lesson for future models. He felt that it was important for the Council to do what it could to assist homebuyers but acknowledged that the high house prices in the District made this particularly challenging. Mr Harvey believed that the planning process was flawed in that it permitted developers to construct larger properties when greater emphasis should be directed towards the provision of smaller units more suited to first time buyers.

Mr Cottrell-Dormer questioned whether the Council should increase its percentage holding from 30% to 50%. The Housing Enabling Manager advised that this had already been done but this was still insufficient to enable applicants to secure a mortgage for the remainder.

The Publica Group Finance Director advised that, as there had been significant initial interest in the scheme initially, it had been intended to offer approved applicants a three month window within which to identify a suitable property. However, this had not been applied as this initial interest had not produced the anticipated level of acceptable applications. He cautioned against closing the scheme at a time when significant levels of development were being carried out in various parts of the District and suggested that the Council could go back to the mortgage brokers to see if the scheme could be revised. The Council had already agreed to take a 50% interest in properties and provision of a larger deposit could enable applicants to secure a larger mortgage. The Group Finance Director suggested that the two approved applicants be given a further six months within which to find properties and that the scheme be reviewed in January 2019.

Ms Bolger suggested that the 14 initially thought eligible to participate in the scheme should also be contacted to see if their circumstances had improved. The Housing Enabling Manager undertook to enquire whether their circumstances had changed and if they were still interested in participating in the scheme.

Mr Wall agreed that the scheme should remain open longer and questioned whether the brokers could be persuaded to exercise a greater degree of flexibility in assessing applicants' eligibility for a mortgage. The Housing Enabling Manager advised that the brokers were identified by Capita who were managing and monitoring the scheme on the Council's behalf and were as objective as possible. Mr Wall rejected any suggestion that funding for the scheme should be reallocated other than for housing purposes as demand from key workers was high.

Mr Postan reminded Members that the Working Party had not only considered the provision of affordable housing but also the provision of affordable money. The scheme gave priority towards assisting key workers (who contributed to the local community), those with dependents, or those who would free up social housing by purchasing their own property. He considered that the scheme as approved was of limited value as it had become overly complex and bureaucratic. Mr Postan suggested that the Working Party should consider alternative arrangements such as accelerated mortgages, requirements on developers to provide Local Authority Partnership Purchased Schemes and the provision of subsidised mortgages. He agreed that the allocated funds should be retained for housing purposes.

Mr Morris invited Members to put forward any suggestions that they might have regarding the revision of the scheme and questioned whether some form of independent loan could be offered to enable applicants to increase their deposit.

Mr Cotterill invited Members to put forward any suggestions through Committee Services for consideration at the next meeting.

In response to a question from Dr Al-Yousuf, the Housing Enabling Manager agreed to provide further information on the operation of the scheme to establish whether it could be improved or whether it would be too costly and complex to do so or whether alternative options should be explored. Mr Harvey suggested that this should also take account of resource time and costs.

RESOLVED: That the information provided be noted, the two approved applicants be given a further six months within which to find properties and that the scheme be reviewed in January 2019.

24. COMMITTEE WORK PROGRAMME 2018/2019

The Committee received and considered the report of the Head of Democratic Services which gave an update on progress in relation to its Work Programme for 2018/2019.

RESOLVED: That progress on the Committee's Work Programme for 2018/2019 be noted.

25. 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 19 June 2018.

It was noted that the report seeking authorisation for the purchase of new street sweepers at item 10 would not be required as the capital allocation for fleet replacement had already been made and the decision to award the contract did not constitute expenditure outside an existing budget.

RESOLVED: That the content of the Cabinet Work Programme published on 19 June 2018 be noted.

26. LEGAL COSTS FOR ELECTRIC VEHICLE CHARGING POINT FRAMEWORK CONTRACT

The Committee received and considered the report of the Group Manager Council Advisory Services regarding progress on Electric Vehicle Charging Point procurement and the financial implications for the development of a framework contract.

Mr Harvey noted that there was a possibility that costs would be reduced if other authorities decided to participate in the development of a contract framework and questioned the likelihood of their doing so. In response, the Parking Manager advised that Cotswold District Council was keen to be involved and the Forest of Dean had also expressed an initial interest.

Mr Harvey acknowledged that the Council would require some external assistance in developing a framework and suggested that it was possible that this could be sold on to other authorities. He enquired whether current proposals only envisaged the provision of charging points in the Council's car parks or whether this would be extended in light of the Government's recent announcement regarding the provision of charging points on lampposts and the requirement for all new properties to have charging points through planning conditions. The Parking Manager advised that, whilst future proposals were uncertain, the intention was to locate charging points on land in the Council's ownership in the first instance as it would be complex to do so on land in third party ownership.

Mr Harvey indicated that work had already been carried out to evaluate the potential of providing charging points but dynamics changed as technology developed. The Council could not seek tenders until the legal framework was in place. The Planning Manager concurred, indicating that the proposed framework arrangement would offer flexibility and choice.

Mr Saul was encouraged that other authorities wished to be involved and indicated that the development of a bespoke framework arrangement was preferable to procurement through the Eastern Shires Purchasing Organisation which provided for the purchase of charging equipment only. The Parking Manager advised that a bespoke framework would cover the provision of infrastructure and software as well as arrangements for siting.

Mr Cotterill asked how long it would take before charging points could be provided under a bespoke framework. The Parking Manager advised that once the framework was established, charging points could be installed in a matter of weeks. Whilst invitations to tender had been prepared, these could not be issued until the framework was in place and it was not certain how long this would take. In response to a question from Mr Harvey, the Parking Manager advised that some experience had been gained from the installation of charging points in Cotswold District and confirmed that contracts would include provision for ongoing maintenance.

RESOLVED: That the Cabinet be recommended to approve a revenue allocation of up to £35,000 to enable legal work to be procured to put a Framework for Electric Vehicle Charging Points in place

27. ANNUAL INVESTMENT PROPERTY REVIEW

The Committee received and considered the report of the Chief Finance Officer, together with an appendix which detailed the Council's current property investments, their value and their performance since the last review in July 2017.

Mr Cotterill indicated that the report was simply a snapshot in time and advised that further work was required to assess the quality of properties and tenancies to determine whether to retain or dispose of certain holdings.

Mr Wall questioned why there had been a reduction in value of properties purchased at a time of recession. The Chief Finance Officer advised that the initial costs of acquisition (such as stamp duty) had to be taken into account and confirmed that a more detailed report would be submitted following a comprehensive review. This could recommend that individual properties be retained or sold with the capital receipt being invested elsewhere.

The Group Finance Director explained that the valuations shown in the confidential appendix were those for accountancy purposes only and did not necessarily reflect the realisable market value. He also noted that property value reduced commensurate to the remainder of a lease and increased accordingly when a new lease was granted. The Group Finance Director also stressed that there was no realisation of a profit or loss until a property was sold.

Mr Wall questioned whether consideration was given to potential changes of use as areas evolved. The Group Finance Director advised that this would form part of the review but emphasised that the rental income derived from the Council's investment properties underpinned its revenue account.

Dr Al-Yousuf welcomed the impending review and asked whether this was to be conducted externally or in-house. The Chief Finance Officer advised that the review would be led by the Estates Team, supported by specialist external advisors. The Council's Treasury Management advisors would also be consulted on the question of reinvesting receipts from any sale.

Mr Harvey indicated that the capital receipt received following the Large Scale Voluntary Transfer of the Council's housing stock had funded a large proportion of the investment portfolio so in some respects, one form of security had been replaced by another. The Group Finance Director recalled that, in the past, the Council's investment portfolio had been largely cash based until the decision was taken to diversify investment into property to reduce risk through the creation of a more balanced portfolio.

Mr Postan noted that, should interest rates fall there would be a relative increase in the yield from investment property with a consequent rise in capital value. He questioned whether the proportion of change required to prompt a change in property values had been calculated. The Group Finance Director advised that there tended to be a longer term underlying yield in property based funds and the Chief Finance Officer explained that the review was driven by concerns over external factors such as Brexit and their impact upon the Council's commercial tenants.

Mr Cooper reminded Members that the Council had accrued cash balances in the region of some £90 million due to prudent financial management in the past. It had achieved a significant return on the disposal of its housing stock as this had been maintained to a good standard. The Council had been criticised for maintaining large cash balances and Mr Cooper considered that the current investment portfolio was far better balanced than in the past.

Mr Saul acknowledged that the primary purpose of the Council's property holdings was to provide an income stream but questioned whether consideration could also be given to providing a benefit to the local economy by investing within the District.

Mr Morris advised that the Council had already made significant investment in the District and, since assuming responsibility for resources, he intended to explore the possibility of investing more locally in the future.

RESOLVED: That the information provided be noted.

28. MEMBERS' QUESTIONS

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

The meeting closed at 2:55pm

CHAIRMAN