

Agenda



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Date: 30 March 2017
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A meeting of the **Cabinet**

will be held on Friday 7 April 2017 at 10.30 am
Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Cabinet Members:

Councillors

Matthew Barber (Chairman)
Roger Cox (Vice-Chairman)
Eric Batts
Charlotte Dickson

Mike Murray
Robert Sharp
Elaine Ware

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Margaret Reed
Head of Legal and Democratic Services

Agenda

Open to the Public including the Press

Council's vision

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Apologies for absence

To record apologies for absence.

2. Minutes

(Pages 4 - 12)

To adopt and sign as correct records the minutes of the Cabinet meetings held on 3 February 2017 and 6 March 2017 (special meeting).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Public participation

To receive any questions or statements from members of the public that have registered to speak.

6. Referral from scrutiny committees

(1) Five Councils' Partnership

Following the meeting of the Joint Scrutiny Committee held on 30 January 2017, the following questions were put to Cabinet on 3 February 2017. Cabinet deferred consideration until this meeting.

- How are we monitoring the impact on retained staff of the Five Council's Partnership?
- What is the plan if one of the contractors was to fail as a company?

(2) Grants and area committees

On 28 July 2016 Scrutiny Committee recommended to Cabinet that, in order to simplify the process, authority to award community grants should be delegated to a single council-wide committee or panel from a single fund.

At its meeting on 12 August 2016, Cabinet resolved to consider Scrutiny Committee's recommendation and report back to the committee prior to making a decision. Cabinet is asked to consider this matter prior to any change in the committee structure being implemented from the annual Council meeting in May.

7. Commuted sums and affordable housing

(Pages 13 - 16)

To consider the report of the interim head of development, regeneration and housing.

Exempt information under section 100A(4) of the Local Government Act 1972

None

Minutes of a meeting of the Cabinet



held on Friday 3 February 2017 at 9.30 am
in the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Open to the public, including the press

Present:

Members: Councillors Matthew Barber (Chairman), Roger Cox (Vice-Chairman), Eric Batts, Charlotte Dickson, Mike Murray, Robert Sharp and Elaine Ware

Officers: Ben Coleman, Steven Corrigan, Steve Culliford, Andrew Down, David Hill and William Jacobs, plus Rhona Bellis (Capita Accountancy)

Also present: Councillors Yvonne Constance, Debby Hallett and Sandy Lovatt

Number of members of the public: Nil

Ca.77 Apologies for absence

None

Ca.78 Minutes

RESOLVED: to adopt the Cabinet minutes from the meeting held on 2 December 2016 as a correct record and agree that the chairman signs them as such.

Ca.79 Declaration of disclosable pecuniary interest

None

Ca.80 Urgent business and chairman's announcements

Cabinet noted that the Joint Scrutiny Committee had discussed the corporate services contract at its meeting on 30 January 2017. It had asked that the following questions were put to Cabinet:

1. How are we monitoring the impact on retained staff of the 5 Council's partnership?
2. What is the plan if one of the contractors was to fail as company?

The leader asked officers to add these to the agenda for the next formal Cabinet meeting.

Ca.81 Public participation

Councillor Debby Hallett addressed Cabinet as follows:

1. Could Cabinet consider amending the property investment strategy to avoid investing in properties in the Vale?
2. How does the corporate plan influence the budget preparation?
3. Could Cabinet ask officers to improve the operation of the public entrance doors and doors to the meeting room?
4. Why has Cabinet rejected the budget suggestions of community grants to help children's centres and an upgrade of air quality monitoring kit?
5. With elections only a few weeks away, what is to be done about our returning officer? Has Cabinet read Sir Eric Pickles' report on Electoral Fraud and his recommendations? Particularly R47 about the returning officer and electoral registration officer?

The chairman responded:

1. He was content to consider this suggestion later in the meeting (minute Ca.83 refers).
2. Consideration of the corporate plan priorities was a major element of the budget preparation. There was still more work to do in the preparation of the corporate delivery plan.
3. He asked officers to improve the access doors' operation.
4. These matters would be part of the budget debate at the Council meeting on 15 February 2017. The council's resources were finite and there were not enough funds to support the children's centres; this was not the district council's responsibility. As for air quality monitoring equipment, officers had informed him that an upgrade was unnecessary.
5. David Hill was the council's current appointed returning officer, although this role may be separated from the chief executive in the future. He would review recommendation 47.

Ca.82 Treasury management mid-year monitoring 2016/17

Cabinet considered the head of finance's statutory mid-year monitoring report on the council's treasury management function. The report provided details of the treasury activities during the period 1 April to 30 September 2016, together with an assessment of economic conditions looking forward to the remainder of the financial year.

Cabinet noted that a breach of the counterparty limits had occurred; temporary authorisation had been sought and obtained to overcome this.

The report estimated that the interest received from cash investments would be above budget forecast at the end of the financial year. This meant the council's cash balances would be higher than anticipated. There had been no need for the council to borrow funds during the first six months of the financial year and no borrowing was forecast for the remainder of the year also.

The Joint Audit and Governance Committee had also considered the report and was satisfied that the treasury management activities had been carried out in accordance with the treasury management strategy and policy. Cabinet concurred.

RECOMMENDED: to Council to approve the head of finance's treasury management mid-year monitoring report to Cabinet on 3 February 2017.

Ca.83 Treasury management and investment strategy 2017/18 to 2019/20

Cabinet considered the statutory report of the head of finance, which recommended adoption of the treasury management and investment strategy 2017/18 to 2019/20. The council was required to adopt a strategy each year. The strategy set out how the treasury service operated and how it would support the council's capital investment decisions. It also set limitations on treasury management activity governed by the prudential indicators. The strategy proposed the following changes:

Table 2 - Prudential Indicators

- To change the limits on fixed interest rates to 100 per cent from £40 million.
- To raise the limits on variable interest rates to £50 million from £30 million.
- To raise the upper limit for principal sums invested for longer than 364 days to £40 million from £30 million.

Note that the Section 151 officer has already agreed that the limit on fixed interest rates can be increased from £40 million to £43 million in 2016/17. This followed a breach of the existing limit during December 2016.

Appendix A - Minimum revenue provision

- To approve the change in the minimum revenue provision policy that states that the council will use the "asset life method" to calculate minimum revenue provision as a provision for repayment of borrowing if applicable.

Annex 2 - Liquidity

- To simplify the performance measurement in terms of investment liquidity in Annex 2 paragraphs 3 and 4 to focus on maintaining minimum levels of working capital in short term vehicles.

Cabinet supported the changes, believing that they would allow the council to fund future spending in the most financially advantageous way. The Joint Audit and Governance Committee had come to the same conclusion. However, Cabinet considered that paragraph 4.1 of the property investment policy should be amended to clarify where the council's property investments could be located. Cabinet considered that new property acquisitions for investment purposes should not normally be located in the Vale of White Horse district. Cabinet asked the head of finance to draft appropriate wording to reflect this and include the change in the strategy being submitted to Council for approval.

RECOMMENDED: to Council to

- (a) approve the treasury management strategy 2017/18 set out in appendix A to the head of finance's report to Cabinet on 3 February 2017, subject to amending paragraph 4.1 of the property investment policy to clarify where the council's property investments could be located;
- (b) approve the prudential indicators and limits for 2017/18 to 2019/20 as set out in table 2, appendix A to the head of finance's report to Cabinet on 3 February 2017; and

- (c) approve the annual investment strategy 2017/18 set out in appendix A (paragraphs 24 to 63) and the lending criteria detailed in table 5 to the head of finance's report.

RESOLVED: to

- (d) authorise the head of finance, following consultation with the Cabinet member for finance, to clarify the wording of paragraph 4.1 of the property investment strategy.

Ca.84 Car park fees and charges

Cabinet considered the report of the head of HR, IT and technical services. This reviewed the council's car park fees and charges for 2017/18. Following an assessment of the car park usage and the car park income and expenditure, the report presented options:

1. To increase all fees
2. Increase the price of permits
3. To maintain the current fees

Cabinet considered that there was no need to increase fees and charges at this time. However as a separate exercise, Cabinet asked officers to review the Christmas parking arrangements for 2017.

RESOLVED: to maintain the current car park fees and charges, as shown in appendix 1 to the head of HR, IT and technical services' report to Cabinet on 3 February 2017.

Ca.85 Revenue budget 2017/18 and capital programme to 2020/21

Cabinet considered the head of finance's report. This brought together all relevant information to allow Cabinet to recommend to Council a revenue budget for 2017/18 and a capital programme for 2017/18 to 2021/22. The Medium Term Financial Plan was included, which provided details of the forward budget model for the next five years. The report also recommended the prudential indicators to be set by the Council in accordance with 'the Prudential Code', introduced as part of the Local Government Act 2003.

The budget preparation had brought a number of challenges around new homes bonus and the new operating environment but Cabinet thanked the officers for their work. The budget included a £5 increase in council tax per Band D property, in line with government expectation. This would allow the council to be more prudent in the medium term financial plan. Cabinet noted that this would be the first council tax increase it had recommended in the past six years.

RECOMMENDED: to Council to

- (a) set the revenue budget for 2017/18 as set out in appendix A.1 to the head of finance's report to Cabinet on 3 February 2017;
- (b) approve the capital programme for 2017/18 to 2021/22 as set out in appendix D.1 to the head of finance's report, together with the capital growth bids set out in appendix D.2 of the head of finance's report;
- (c) set the council's prudential limits as listed in appendix E to the head of finance's report; and

- (d) approve the medium term financial plan to 2021/22 as set out in appendix F.1 to the head of finance's report.

RESOLVED: to

- (e) agree that the head of finance, following consultation with the cabinet member for finance, may make minor adjustments to this report and the prudential indicators should they prove necessary following the publication of the final local government settlement and prior to its submission to Council on 15 February 2017.

Ca.86 Corporate services

This item was withdrawn from the agenda.

The meeting closed at 9.55 am

Minutes of a meeting of the Cabinet



held on Monday 6 March 2017 at 4.00 pm
in the Meeting Room 1, 135 Eastern Avenue, Milton Park

Open to the public, including the press

Present:

Members: Councillors Matthew Barber (Chairman), Roger Cox (Vice-Chairman), Eric Batts, Charlotte Dickson, Robert Sharp and Elaine Ware

Officers: Steven Corrigan, Steve Culliford, David Hill, Mark Stone and Deidre Smith

Also present: Councillors Yvonne Constance and Reg Waite

Number of members of the public: Nil

Ca.87 Apologies for absence

Councillor Mike Murray had sent his apologies for absence.

Ca.88 Declarations of interest

None

Ca.89 Urgent business and chairman's announcements

None

Ca.90 Public participation

Councillor Debby Hallett had registered to address Cabinet on the unitary authority proposals for Oxfordshire but was unable to attend the meeting. Instead, Councillor Hallett submitted written comments to Cabinet.

The leader reported that he would respond in writing to Councillor Hallett. Several of her comments could be answered by reference to the report. With regard to Councillor Hallett's question on how many staff would face involuntary redundancy, the leader referred to the forecasts by Grant Thornton and PwC in their previous reports that the expected level of redundancies was less than the current level of staff turnover.

Ca.91 Unitary authority proposals for Oxfordshire

Cabinet considered the chief executive's report on proposals for the future organisation of local government in Oxfordshire. The report updated Cabinet on the joint statement by the leaders of Vale of White Horse and South Oxfordshire district councils and Oxfordshire County Council relating to the One Oxfordshire engagement proposals and on the current position on negotiations regarding the One Oxfordshire discussion document.

Cabinet noted that since the publication of the One Oxfordshire proposal, the leaders and chief executive of the Vale and South Oxfordshire had entered into dialogue with the leader of Oxfordshire County Council to improve the One Oxfordshire proposal and to promote the 'A New Council for a Better Oxfordshire' proposal. The Better Oxfordshire proposal, based on feedback from the public engagement, included executive area boards for decision making at a more local level and bespoke arrangements for Oxford city area. The proposal for executive area boards included:

- Localised decision making and budgets
- A membership of unitary councillors with voting powers, together with non-voting parish/town council representatives
- The number of executive area boards would be determined by the further work of a new joint committee
- The executive area boards would be formal committees of the unitary council with significant devolved powers, decision making and resources, the detail to be developed by the joint committee
- Local engagement on unitary-wide matters such as consultees on the budget and formulation of policy
- Creation of dedicated 'area' plans to target resources and direct activity

The Better Oxfordshire proposal also included five local planning committees and a strategic planning committee.

The Scrutiny Committee considered the report at its meeting on 27 February 2017 and made the following recommendations:

- (a) That, in order to ensure that decisions are made at a local level, careful consideration be given to the number and structure of executive area boards:
 - that the submission should include a clear statement on the future of Oxford City's housing stock
 - that the submission should propose two councillors for each division
 - that the structure and scheduling of unitary authority meetings should reflect the needs of the community
- (b) That the chief executive's report to Cabinet and Council should include:
 - indicative figures on the impact of council tax harmonisation based on current budgetary arrangements
 - clarification of the process by which council functions can be delegated to town and parish councils
- (c) To note that Oxfordshire County Council's public engagement exercise has not been completed at this time.

Cabinet welcomed Scrutiny Committee's input. In response, and to assist Cabinet, three documents were tabled at the meeting for clarification:

1. A vision of a governance structure for the new unitary authority;
2. An indicative model showing projected council tax levels in Oxfordshire; and

3. A comparison of the Better Oxfordshire proposals with those of the original One Oxfordshire proposals and the governance of Wiltshire and Cornwall.

Cabinet noted that the council tax modelling was based on figures published in the Oxfordshire districts' and county council's medium term financial plans, and assumed council tax increases across these councils in the lead up to the new unitary council being established. The figures also assumed that there would be a new council for Oxford city, setting a precept of £150 in a new town council role. The model showed that it would be possible to achieve levels of council tax no higher than would be expected under the current two-tier principal council system in Oxfordshire.

The report set out the options open to the council. In 2016 the council had considered a three or four unitary council option. However, this was no longer considered to be the preferred option as:

- There was an indication that this would not be financially viable and was likely to be rejected by the government
- There were indications from government departments that they would not endorse strategic safeguarding services being provided on a smaller scale
- There was no longer consensus from Oxfordshire districts over the scope of such unitary authorities, a combined authority, and the potential of a directly elected mayor
- There were strong indications from the Local Government Association that devolution in its previous funded form was not a realistic prospect

Cabinet noted that although the government had not issued recent guidance on unitary council submissions, the Secretary of State had indicated a unitary council population size of between 300,000 and 800,000 would be acceptable; Oxfordshire fell within this range.

Cabinet welcomed the report and considered that the Better Oxfordshire proposal was the best option for the future of local government in the county. It improved upon the original One Oxfordshire proposal and overcame the issues outlined above with the option for three or four unitary councils. A unitary council would achieve the best outcome for the people of Oxfordshire in terms of service delivery and efficiency. Cabinet noted that the Secretary of State was keen to receive councils' proposals for unitary local government. Cabinet did not support the proposals for a mayor and combined authority, believing that this would not provide the best structure for Oxfordshire.

Cabinet welcomed the formation of a joint committee to work on the detail of the Better Oxfordshire proposals. Cabinet amended recommendation 7 to require the head of legal and democratic services to consult the leader and the chief executive before agreeing the terms of reference of the joint committee.

RECOMMENDATIONS: to Council on 8 March 2017:

1. note and commend the approach taken by the Leaders of Vale, South Oxfordshire, and the County Council in putting the interests of residents, business and communities first in bringing forward these proposals;
2. consider the proposals, in particular taking note that 70 per cent of those responding to the County Council's representative household survey supported the proposal for a new unitary council for Oxfordshire;

3. respond to the recent letter from the Secretary of State and submit proposals to Government subject to any amendments required provided that they are materially in accordance with the attached proposal;
4. delegate the power to make such amendments to the chief executive in consultation with the leader and with South Oxfordshire District Council and Oxfordshire County Council;
5. ask officers to seek local support from key stakeholders and the wider public to promote the proposals to government and respond to any subsequent consultation undertaken by the Secretary of State;
6. support the further development of the Area Executive Board model, a joint committee, open to all Districts and City Councils across Oxfordshire and the County Council, should be formed as early as possible. This joint committee should work with the existing County Council advisory group, local communities, Town and Parish Councils, and key delivery partners to develop detailed proposals that articulate the role, powers, format, scale and responsibilities of the Area Executive Boards which will be submitted to the Implementation Executive for inclusion with the proposed constitution of the new council;
7. authorise the head of legal and democratic services, in consultation with the leader and the chief executive, to agree the terms of reference of the joint committee, which will include making recommendations regarding the initial functions of the implementation executive, and to make this council's appointments to the joint committee;
8. ask officers to take steps to establish the City Convention to work with residents and local stakeholders to design the new model of governance in Oxford; and
9. in light of the above decisions, and the absence of unanimity among the current local authorities, confirm that Council does not support the proposals for a Mayor and Combined Authority as being the best structure for Oxfordshire.

The meeting closed at 4.30pm.

Cabinet Report



Report of Head of Development and Housing

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To: CABINET

Date: 7th April 2017

Use of Affordable Housing Commuted Sums

Recommendation

That commuted sums be used solely for the purpose of encouraging the delivery of new-build affordable housing as outlined on Options 1, 2 and 3, i.e. where the new affordable housing:

- (i) meets a shortfall in the delivery of rented accommodation, or increases the range of affordable tenures
- (ii) provides new affordable housing that meets specialist needs
- (iii) provides new affordable housing for people with a strong local connection.

Purpose of Report

1. To seek approval from the Cabinet for a recommended approach that Council Officers should follow when developing projects that could be funded using commuted sums received from developers (in lieu of delivering affordable housing that cannot, for good reasons, be delivered on the development site).

Corporate Objectives

2. Development of prosperous, inclusive and thriving communities that have good access to a range of housing, jobs and services.

Background

3. The council's Affordable Housing Planning Policies require that affordable housing units be delivered on the site where planning permission has been granted.
4. Where it is accepted that on-site delivery is not possible, and viability is not the issue, then any other appropriate sites can be considered for delivery providing such alternative sites are capable of meeting their own affordable housing obligation prior to any additional provision.
5. Where it is not possible to provide the affordable housing units elsewhere, a commuted sum payment in lieu will be required.
6. Acceptance of a commuted sum has been a very rare occurrence for the council as affordable housing has generally been delivered on-site.
7. On-site delivery has always been considered most important as opportunities to deliver these homes elsewhere are very limited. This has been particularly difficult over the last five years with government direction for affordable housing secured through S106 agreements to be delivered grant-free. In addition, there is a paucity of any council-owned land that could be adequate for even the smallest housing schemes.
8. However, the council's Local Plan now also allows for a commuted sum to be sought where the policy compliant level of affordable housing results in a 'part' unit (i.e where 35% of a site in the Vale of White Horse does not result in an exact number of whole affordable units).
9. There is a likelihood that in the future commuted sum payments will happen on a more regular basis and, whilst individually these sums may be relatively small, the total value of commuted sum receipts will continue to grow.
10. S106 agreements may require the council to spend, or commit to spend, commuted sums received within a specified timescale. If they have not been used or allocated for use, a developer may, after the specified period, seek a return of a commuted sum payments.
11. It is therefore important that both councils have an agreed approach to enable timely and appropriate use of these monies.

Current position for the Vale of White Horse

12. Receipts currently held total £820,514.92
13. In general, these funds need to be spent on delivering affordable housing within the district. However, the following sums received need to be spent within the vicinity of the original development site as required by the relevant S106 agreement:

Amount	Site of original development
£150,000	Warnborough College, Boars Hill
£280,000	Old Gaol, Abingdon (plus £720,000 expected over next 4 years)

Options

14. As these payments are made in lieu of the provision of new-build affordable housing it is also expected that these payments will enable new-build provision elsewhere within the same district.
15. When considering how commuted sums can best be used, a number of potential opportunities exist, as follows
16. **Option 1** – to meet a shortfall in the delivery of rented accommodation, or increase the range of affordable tenures

Viability issues are increasingly arising due, for example, to the impact of the 1% rent reduction imposed on Registered Providers (RP) over the next 4 years, or site specific constraints (such as exceptional infrastructure costs). These factors negatively impact on that site's ability to deliver a policy compliant level of affordable housing (i.e 35% of the site with 75% of the affordable housing for rent and 25% as shared ownership). It is anticipated that viability will increasingly be challenged due to these factors and general economic uncertainty. In such circumstances, commuted sums could be used to meet a likely shortfall in delivering the required level of rented accommodation on new development sites and/or extend the range of housing tenures available on new sites, by supporting sites which have the potential to deliver an expanding, more innovative housing offer that meets an identified local need.

17. **Option 2** – to provide new affordable housing that meets specialist needs.

Land owned by the district or county council, or an RP, could provide an opportunity for the development of a small cluster of housing for people with specialist needs such as learning or physical disabilities, or mental health issues. Such sites are likely to need additional financial support to achieve delivery, and commuted sums could be used to provide such support.

18. **Option 3** – to provide new affordable housing for people with a strong local connection.

Committed sum payments can assist where a rural exception site providing affordable housing for people with a strong local connection is at risk of delivery due to exceptional costs such as land contamination or other environmental conditions.

19. The use of commuted sum payments to assist in the delivery of new affordable housing related to the above three opportunity areas, would likely be in the form of a direct grant to a Registered Provider.
20. However in some cases, depending on viability, it may be appropriate to provide commuted sums as a reimbursable investment, so the Councils receive a return on the invested commuted sums.

Financial Implications

21. The use of commuted sum payments does not involve any financial input from the councils unless there is a requirement for the councils to provide additional funding to enable fulfilment of a particular scheme.
22. The Joint Scrutiny Committee has recommended that an annual report is produced on the status of commuted sum payments received and detail of expenditure to date.

Legal Implications

23. The requirement for a commuted sum to be paid in lieu of on-site delivery of affordable housing is secured within a S106 legal agreement. It is necessary to adhere to any specific constraints such as a time limit for the sum to be spent, or restrictions around locality for alternative provision

Risks

24. A S106 agreement may stipulate that the council must spend, or have committed to spend, any commuted sum within a specified timescale. However, in any case, a developer may after a period of time seek a return of a commuted sum payments made which have not been used or allocated for use.

Other implications

25. None

Conclusion

26. Commuted sums provide a valuable opportunity for the councils to ensure that where delivery of affordable housing on a site is not possible, alternative provision can contribute towards the councils' aims of delivering affordable homes to meet local need. In addition, the Homes and Communities Agency takes a more positive view of Registered Provider bids for various funding programmes where, and if appropriate, there is confirmed financial commitment from the local authority.

27. There is a need for guidance to be approved for the spending of commuted sums, which allows for the appropriate and timely use of these payments to provide new-build affordable housing.

Background Papers

None