

# Council Agenda



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Date: 3 October 2017

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## Summons to attend a meeting of Council

to be held on Wednesday 11 October 2017 at 7.00 pm  
The Ridgeway, The Beacon, Portway, Wantage, OX12 9BY

A handwritten signature in black ink, appearing to read "M Reed".

Margaret Reed  
Head of Legal and Democratic Services

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# 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 6 - 17)

To adopt and sign as a correct record the Council minutes of the annual meeting held on 17 May 2017 attached and the special meeting held on 29 June 2017 attached.

### 3. Declarations of disclosable pecuniary 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. Temporary housing accommodation provision to 2022

(Pages 18 - 41)

Cabinet at its meeting on 4 August 2017 considered the report of the head of development and housing on a proposal to provide better temporary housing accommodation. Cabinet agreed the approach which require Council's approval to amend the capital programme allocation. The proposal includes deleting the capital budget to purchase four homes in Abingdon and instead creating a capital budget to convert the council's two existing hostels into self-contained units. This proposal would reduce the projected revenue costs by £25,000 per annum.

The report of the head of development and housing is attached.

**Recommendation: to**

1. delete the current capital budget provision of £920,000 for the estimated costs of purchasing four two-bedroom houses in Abingdon;
2. create a capital budget of £885,000 to convert the council's two hostels into self-contained units; and
3. note that by approving recommendation (2) above, this will result in a reduction in the revenue budget of £25,000 per annum.

**7. Treasury outturn 2016/17**

(Pages 42 - 64)

Cabinet, at its meeting on 6 October 2017, will consider the report of the head of finance on the outturn performance of the treasury management function for the financial year 2016/17.

The report of the head of finance, which Cabinet will consider on 6 October 2017, is **attached**. The Joint Audit and Governance Committee considered the report at its meeting on 25 September 2017. It welcomed the report and made no recommendations to Cabinet. The recommendations of Cabinet will be circulated to all councillors.

**8. Vale of White Horse Scrutiny Committee Annual Report**

(Pages 65 - 72)

To receive the Scrutiny Committee Annual Report **attached**.

**9. Report of the leader of the council**

(1) Urgent cabinet decisions

In accordance with the scrutiny procedure rules, a Cabinet decision can be taken as a matter of urgency, if any delay by the call-in process would seriously prejudice the council's or the public's interest. Treating the decision as a matter of urgency must be agreed by the chairman of the Scrutiny Committee and must be reported to the next meeting of the council, together with the reasons for urgency.

To receive any details of urgent Cabinet decisions taken since the last ordinary meeting of the council, (if any).

(2) Delegation of cabinet functions

To receive details of any changes to the leader's scheme of delegation.

(3) Matters affecting the authority arising from meetings of joint committees, partnerships and other meetings

To receive the report of the leader (if any).

## **10. Questions on notice**

To receive the following questions from councillors in accordance with Council procedure rule 33.

### **1. Question from Councillor Catherine Webber to Councillor Roger Cox, Cabinet member for Planning.**

Please can the Cabinet member for Planning tell us how many electrical car charging points have been in planning applications that were approved in the last two years? Of those, how many have been delivered? If there's a gap, please can you tell us what action Enforcement are taking to remedy it?

### **2. Question from Councillor Debby Hallett to Councillor Charlotte Dickson, Cabinet member for Waste.**

Over the past several months, service from Biffa in my ward has been reliably poor. Repeated instances of missed service have brought in complaints from residents to me, to Biffa, to the Vale and to our local MP. In 2016, I was told the poor service in my ward was due to staff shortages. In 2017, I've been told it is due to old lorry stock. Please can the Cabinet member tell us how many complaints have been received so far this year (since 1 May 2017) in my ward of Botley and Sunningwell. What is the penalty to our contractor for such poor service? If we received such poor service from a private company, most of us would ask for our money back. How do residents apply for a refund for services paid for but not delivered?

### **3. Question from Councillor Catherine Webber to Councillor Elaine Ware, Cabinet member for Environmental Protection.**

It was widely reported in September 2015 that nearly 200 councils in England and Wales exceeded the NO2 limits in 2013; Vale is sadly one of them. Approximately 50 Vale residents die prematurely each year due to air pollution. We've heard before that solutions are difficult and take cross-boundary cooperation. What actions are Vale taking and how is council actively working with other authorities to improve our air quality? What is Vale's current position with respect to any moral obligation to do all we can to reduce the impact of our poor air quality on the mortality rate of our residents?

### **4. Question from Councillor Debby Hallett to Councillor Eric Batts, Cabinet member for Facilities.**

Does the Cabinet member for Facilities agree with me that the front door to our council offices building sets the tone of the districts' professionalism for people who come to call on us? Paper signs are blu-tacked up telling people the doors don't work and to close them behind you, which contradict the other signs saying 'automatic doors'. Council staff working nearby suffer by having to repeatedly get up and close the doors. This has been going on since we moved into the building. Is this Vale's responsibility or Vinci's? Please can the Cabinet member tell us when will these doors be properly functional?

## **5. Question from Councillor Emily Smith to Councillor Mike Murray, Cabinet member for Property.**

Old Abbey House in Abingdon has been empty for some time, and concern is growing for the future of this historic building. Please can you tell council how long Old Abbey House has been vacant. In that time, how much has this council spent on maintenance, security and other costs? In that time, what offers of use has council received? What are your plans now for the sale or rent of the building?

## **6. Question from Councillor Judy Roberts to Councillor Elaine Ware, Cabinet member for Grants.**

Children's Centres in the Vale are trying to fund themselves now that their county council funding has been cut. At our February 2017 Vale budget council meeting, the Leader of the Council said, "the centres could access the existing grant schemes for funding". But in fact, recent applications by children's centres for Vale grants have been refused. Applicants were told they didn't qualify as our current grant system cannot provide funds for services previously provided by the County Council. At that February 2017 council meeting, a motion to form a grants pot for these children's centres was voted down after the Leader assured members that our current grants system could help. Now we learn that it doesn't help, and that in fact it denies the organisations the right to apply and be considered. Please can the Cabinet member explain what has happened, and how these children's services charities can apply for Vale grants? The deadline for applications is 15 October.

## **11. Motions on notice**

To consider motions from councillors in accordance with Council procedure rule 38.

### **Motion to be proposed by Councillor Bob Johnston, seconded by Councillor Jenny Hannaby.**

Council requests Cabinet as part of the 2018/19 budget-setting process to bring forward to Council a new scheme for councillors' community grants, giving each member £4000 to spend as they see fit on not-for-profit community improvements in their ward.

## **12. Exclusion of the public**

To consider whether to exclude members of the press and public from the meeting for the following item of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **13. Minutes**

To adopt and sign as a correct record the confidential Council minutes of the special meeting held on 29 June 2017 **to follow**.

# Minutes

of a meeting of the

## Council



held on Wednesday, 17 May 2017 at 7.00 pm  
at the The Ridgeway, The Beacon, Portway, Wantage, OX12 9BY

### Open to the public, including the press

#### Present:

Members: Councillors Mike Badcock (Chairman), Reg Waite (Vice-Chairman), Alice Badcock, Matthew Barber, Eric Batts, Ed Blagrove, Yvonne Constance, Roger Cox, Margaret Crick, Charlotte Dickson, St John Dickson, Debby Hallett, Robert Hall, Jenny Hannaby, Anthony Hayward, Dudley Hoddinott, Simon Howell, Vicky Jenkins, Bob Johnston, Mohinder Kainth, Monica Lovatt, Sandy Lovatt, Ben Mabbett, Chris McCarthy, Mike Murray, Chris Palmer, Helen Pighills, Judy Roberts, Robert Sharp, Janet Shelley, Emily Smith, Elaine Ware and Catherine Webber

Officers: Steven Corrigan, Susan Harbour, Margaret Reed and Mark Stone

### Co.1 Election of a chairman

The outgoing chairman, Councillor Mike Badcock, reviewed his four years in office, particularly in regard to the civic events which he had attended on behalf of the council. He thanked those people who had assisted him in his time as chairman. He particularly thanked his wife, Marilyn Badcock, the officers in the civic office and democratic services and fellow councillors; particularly for supporting the proposal to offer the Freedom of the Vale to 3 and 4 Royal Logistic Corps Regiments and The Rifles.

He had attended 420 engagements during his time in office and raised £16,113 for his chosen charities including the Amber Phillpot Trust and the Riding for the Disabled Association during the last municipal year.

Councillor Matthew Barber, the leader of the council, thanked Councillor Mike Badcock for his tenure as chairman.

The outgoing chairman requested nominations for the role of chairman of the council.

The leader of the council, Councillor Matthew Barber, proposed current vice-chairman, Councillor Reg Waite.

Deputy leader, Councillor Roger Cox, seconded the nomination.

There were no other nominations.

**RESOLVED: to**

elect Councillor Reg Waite as chairman of the council for the municipal year 2017/18.

Councillor Reg Waite read and signed the declaration of acceptance of office, and was presented with the chairman's chain of office. He presented Councillor Mike Badcock with the past chairman's badge.

Councillor Reg Waite confirmed that his wife Dee Waite would be his escort for the year and he presented her with the chairman's escort badge.

Councillor Reg Waite gave his acceptance speech and highlighted his charities: the Children's Air Ambulance and the Alzheimer's Society. These are national charities but relevant locally in the Vale of White Horse.

*Councillor Reg Waite in the Chair.*

**Co.2 Appointment of a vice-chairman**

Councillor Reg Waite proposed Councillor Monica Lovatt as vice chairman of the council for the 2017/18 municipal year.

Councillor Matthew Barber, leader of the council, seconded this proposal.

There were no other nominations.

**RESOLVED: to**

appoint Councillor Monica Lovatt as vice chairman of the council for the 2017/18 municipal year.

Councillor Reg Waite presented Councillor Monica Lovatt with the vice chairman's chain of office.

Councillor Monica Lovatt read and signed the declaration of acceptance of office.

Councillor Monica Lovatt's escort would be Councillor Sandy Lovatt and he was presented with the vice chairman's escort badge.

**Co.3 Apologies for absence**

Apologies for absence were submitted on behalf of Councillors Stuart Davenport, Gervase Duffield, Katie Finch and Julia Reynolds.

**Co.4 Minutes**

**RESOLVED: to**

approve the minutes of the meetings held on 15 February and 8 March 2017 as a correct record and agree that the chairman sign them as such.

### **Council noted that:**

There were instances in the minutes where there was an agreement to provide written responses. Democratic services would confirm that these had been followed up and posted on the website.

### **Co.5 Declarations of disclosable pecuniary interest**

None.

### **Co.6 Urgent business and chairman's announcements**

The chairman provided housekeeping information and invited councillors to join him for refreshments following the meeting.

### **Co.7 Public participation**

None.

### **Co.8 Appointments to committees, panels and joint committees for 2017/18**

Council considered the report of the head of legal and democratic services on the appointment of those committees and joint committees which are required to be politically balanced; together with the Licensing Acts committee, the area committees and appointments to joint bodies.

#### **RESOLVED: to**

1. appoint the following committees and panels for the 2017/18 municipal year and to appoint the membership, substitutes and chairmen and vice-chairmen as indicated to sit on them (see table below);
2. (with no councillor voting against) allocate one of the Conservative Group's seats on the Corporate Services Joint Scrutiny committee to the Liberal Democrat Group.
3. appoint all local members representing the wards covered by the relevant area committees to those committees for the 2017/18 municipal year with the following chairmen:
  - Abingdon and North East – Ed Blagrove
  - Faringdon – Simon Howell
  - Wantage – St John Dickson
4. appoint Monica Lovatt as the council's representative on the Oxfordshire Joint Health Overview and Scrutiny Committee;
5. appoint Chris McCarthy as the council's representative on the Thames Valley Police and Crime Panel;
6. authorise the head of legal and democratic services to make appointments to any vacant committee or panel seat and substitute positions in accordance with the wishes of the relevant group leader;



7. authorise the head of legal and democratic services to amend the constitution as necessary to reflect the arrangements set out in the report of the head of legal and democratic services to the Council meeting on 17 May 2017.

<b>Names</b>	<b>Planning Committee, 11 Members</b>
<b>Conservative (8)</b>	<b>Liberal Democrat (3)</b>
Stuart Davenport	Jenny Hannaby
StJohn Dickson	Bob Johnston
Anthony Hayward	Catherine Webber
Robert Hall	
Sandy Lovatt (Chairman)	
Ben Mabbett	
Chris McCarthy	
Janet Shelley (Vice-Chairman)	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (8)</b>	<b>Liberal Democrat (3)</b>
Mike Badcock	Margaret Crick
Ed Blagrove	Helen Pighills
Yvonne Constance	Emily Smith
Gervase Duffield	
Vicky Jenkins	
Monica Lovatt	
Chris Palmer	
Julia Reynolds	

<b>Names</b>	<b>Scrutiny Committee, 9 Members</b>
<b>Conservative (7)</b>	<b>Liberal Democrat (2)</b>
Alice Badcock (Vice-Chairman)	Debby Hallett (Chairman)
Mike Badcock	Judy Roberts
Ed Blagrove	
Vicky Jenkins	
Mohinder Kainth	
Sandy Lovatt	
Chris Palmer	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (7)</b>	<b>Liberal Democrat (3)</b>
Yvonne Constance	Dudley Hoddinott
StJohn Dickson	Emily Smith
Simon Howell	Catherine Webber

<b>Names</b>	<b>Scrutiny Committee, 9 Members</b>
Monica Lovatt	
Ben Mabbett	
Chris McCarthy	
Reg Waite	

<b>Names</b>	<b>Joint Scrutiny Committee, 5 Members</b>
<b>Conservative (4)</b>	<b>Liberal Democrat (1)</b>
Alice Badcock	Debby Hallett (Co-Chairman)
Ed Blagrove	
Mohinder Kainth	
Chris Palmer	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (4)</b>	<b>Liberal Democrat (3)</b>
Mike Badcock	Dudley Hoddinott
Vicky Jenkins	Judy Roberts
Monica Lovatt	Emily Smith
Sandy Lovatt	

<b>Names</b>	<b>Corporate Services Joint Scrutiny Committee, 2 Members</b>
<b>Conservative (1)</b>	<b>Liberal Democrat Group (1)</b>
Ed Blagrove	Debby Hallett
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (3)</b>	<b>Liberal Democrat (3)</b>
Alice Badcock	Helen Pighills
Yvonne Constance	Judy Roberts
Chris Palmer	Emily Smith

<b>Names</b>	<b>Joint Audit and Governance Committee, 4 Members</b>
<b>Conservative (3)</b>	<b>Liberal Democrat (1)</b>
Simon Howell (Co-Chairman)	Dudley Hoddinott
Chris Palmer	
Henry Spencer	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (3)</b>	<b>Liberal Democrat (3)</b>

Ed Blagrove	Helen Pighills
Yvonne Constance	Judy Roberts
Reg Waite	Catherine Webber

<b>Names</b>	<b>Community Governance and Electoral Issues Committee, 6 Members</b>
<b>Conservative (5)</b>	<b>Liberal Democrat Group (1)</b>
Ed Blagrove	Debby Hallett
Yvonne Constance (Chairman)	
Charlotte Dickson	
Gervase Duffield	
Ben Mabbett	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (5)</b>	<b>Liberal Democrat (3)</b>
Matthew Barber	Margaret Crick
Stuart Davenport	Helen Pighills
StJohn Dickson	Bob Johnston
Janet Shelley	
Henry Spencer	

<b>Names</b>	<b>Joint Staff Committee, 3 Members</b>
<b>Conservative (2)</b>	<b>Liberal Democrat (1)</b>
Matthew Barber	Debby Hallett
Roger Cox	
<b>SUBSTITUTES</b>	
<b>Conservative</b>	<b>Liberal Democrat</b>
The Leader may be substituted by another Cabinet member. Other members of the Committee may be substituted by any member of that Council's political group (executive or non-executive).	

<b>Names</b>	<b>General Licensing Committee, 12 Members</b>
<b>Conservative (9)</b>	<b>Liberal Democrat Group (3)</b>
Mike Badcock	Margaret Crick
Eric Batts	Jenny Hannaby
Yvonne Constance	Dudley Hoddinott
Charlotte Dickson	
St John Dickson (Chairman)	
Robert Hall	
Chris McCarthy	

<b>Names</b>	<b>General Licensing Committee, 12 Members</b>
Julia Reynolds (Vice-Chairman)	
Reg Waite	
<b>NO SUBSTITUTES</b>	

<b>Names</b>	<b>Licensing Acts Committee, 12 Members</b>
<b>Conservative (9)</b>	<b>Liberal Democrat Group (3)</b>
Mike Badcock	Margaret Crick
Eric Batts	Jenny Hannaby
Yvonne Constance	Dudley Hoddinott
Charlotte Dickson	
St John Dickson (Chairman)	
Robert Hall	
Chris McCarthy	
Julia Reynolds (Vice-Chairman)	
Reg Waite	
<b>NO SUBSTITUTES</b>	

<b>Names</b>	<b>Appeals Panel, 3 Members</b>
<b>Conservative (2)</b>	<b>Liberal Democrat Group (1)</b>
Matthew Barber	Debby Hallett
Roger Cox	
<b>PREFERRED SUBSTITUTES</b>	
<b>Conservative (3)</b>	<b>Liberal Democrat (3)</b>
Yvonne Constance	Jenny Hannaby
Charlotte Dickson	Bob Johnston
Elaine Ware	Judy Roberts

## **Co.9 Councillors' allowances scheme**

Council considered the report of the head of legal and democratic services and the recommendations of the Joint Independent Remuneration Panel on a revised councillors' allowances scheme to run from 1 April 2017.

Councillor Matthew Barber proposed a motion to accept the recommendations of the Joint Independent Remuneration Panel, as set out on the procedural notes, and on the agenda. However, concern was raised that the information on the appendix to the report included the names of councillors who responded and it was easy to attribute comments to them. Officers would discuss the matter with South East Employers and ensure that any comments provided at future reviews remained confidential.

The motion was seconded by Councillor Roger Cox.

Vale of White Horse District Council – Council minutes

**RESOLVED: to**

1. accept the recommendations of the Joint Independent Remuneration Panel;
2. authorise the head of legal and democratic services to finalise a councillors' allowances scheme based on the decision in 1 and to make any consequential amendments to the constitution;
3. agree that the revised scheme should apply from 1 April 2017 but that any reductions will take effect from 18 May 2017;
4. thank the members of the Independent Remuneration Panel for their work in reviewing the councillors' allowance scheme.

**Co.10 Review of the council's constitution**

Council considered the report of the head of legal and democratic services and monitoring officer on proposed amendments to the council's constitution.

A motion, to approve the recommendations, was proposed by Councillor Debby Hallett and seconded by Councillor Yvonne Constance who were members of the joint constitution review group.

The review group was a cross party group, jointly with South Oxfordshire District Council.

The chairman thanked the review group for its work.

**RESOLVED: to**

1. agree to include a three minute restriction on the length of each public question or statement at the Scrutiny, Joint Audit and Governance, General Licensing, Licensing Acts and Joint Staff Committee;
2. agree that at special meetings questions and statements from members of the public must relate to the item due to be discussed;
3. amend delegation 1.6 to the head of planning as set out in paragraph 6 of the report of the head of legal and democratic services and monitoring officer to Council at its meeting on 17 May 2017;
4. include the delegation to the relevant head of service in respect of the council's grants policy in the council's constitution, as set out in paragraph 7 of the report of the head of legal and democratic services and monitoring officer to Council at its meeting on 17 May 2017;
5. authorise the head of legal and democratic services to amend the council's officer employment procedure rules, as set out in paragraph 11 of the head of legal and democratic services to this meeting, and to
6. authorise the head of legal and democratic services to make any minor or consequential amendments to the constitution for consistency and to reflect the councils' style guide.

## **Co.11 Extension of term of offices of independent persons for code of conduct matters**

Council considered the report of the head of legal and democratic services and monitoring officer on an extension to the term of office for the council's two independent persons Chris Smith and Martin Wright.

### **RESOLVED to:**

authorise the Monitoring Officer to extend the terms of office of the council's independent persons, Chris Smith and Martin Wright, for code of conduct matters to 30 September 2019.

## **Co.12 Report of the leader of the council**

The Local Plan part 2 consultation has now closed. The council is considering the responses and analysing the results. The final round of consultation is scheduled for later this year.

The leader was pleased to report that the council had received confirmation through the Housing Supply Statement that it now had a 6.7 year housing land supply.

The unitary proposal "Better Oxfordshire": the council has not yet received a decision from national government as there has been a delay due to the general election on 8 June.

Councillor Katie Finch has had a baby daughter. The Council wished her and her family the very best.

The meeting closed at 7.45 pm

# Minutes

of a special meeting of the

## Council

held on Thursday 29 June 2017 at 7.00 pm

in Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, Abingdon OX14 4SB



### Open to the public, including the press

#### Present:

Members: Councillors Reg Waite (Chairman), Monica Lovatt (Vice-Chairman), Alice Badcock, Mike Badcock, Eric Batts, Matthew Barber, Yvonne Constance, Roger Cox, Margaret Crick, Gervase Duffield, Robert Hall, Debby Hallett, Jenny Hannaby, Dudley Hoddinott, Simon Howell, Vicky Jenkins, Sandy Lovatt, Ben Mabbett, Chris McCarthy, Mike Murray, Helen Pighills, Judy Roberts, Robert Sharp, Janet Shelley and Emily Smith

Officers: Steven Corrigan, Andrew Down, William Jacobs, Margaret Reed and Mark Stone

### Co.13 Adjournment

#### RESOLVED:

To adjourn the meeting of the Council until the conclusion of the meeting of South Oxfordshire District Council's Council meeting.

**The Council adjourned at 7.05pm.**

**The Council reconvened at 7.35pm.**

### Co.14 Apologies

Apologies for absence were submitted on behalf of councillors Edward Blagrove, Stuart Davenport, Charlotte Dickson, St.John Dickson, Kate Finch, Anthony Hayward, Bob Johnston, Mohinder Kainth, Chris Palmer, Julia Reynolds, Henry Spencer, Elaine Ware and Catherine Webber.

### Co.15 Declarations of disclosable pecuniary interest

None.

## **Co.16 Exclusion of the public**

**RESOLVED:** to exclude members of the press and public from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 of Part 1 of Schedule 12A of the Act, and
- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **Co.17 Staffing matters**

Council considered the confidential report of the head of HR, IT and technical services and the head of legal and democratic services and monitoring officer on staffing matters and the recommendations of the Joint Staff Committee which met on 28 June 2017.

**RESOLVED:**

1. to note that South Oxfordshire District Council has agreed to appoint and employ Mark Stone as an acting chief executive with effect from 1 July 2017, with the job description circulated at the meeting, on a salary of £140,000 per annum pro rata for a term expiring on 31 March 2018, with a notice period of three months from the employee and one month from the employer and with a six month probationary period;
2. to note that South Oxfordshire District Council has authorised the head of HR, IT and technical services in consultation with the chief finance (section 151) officer and the monitoring officer to finalise the terms and conditions and the contract of employment of the acting chief executive in accordance with the terms agreed by the Joint Staff Committee;
3. to agree to the acting chief executive appointed by South Oxfordshire District Council being placed at the disposal of Vale of White Horse District Council and to act as its acting chief executive and to the sharing of employee costs in accordance with the existing agreement between the two councils under section 113 of the Local Government Act 1972;
4. to appoint the acting chief executive as the council's head of paid service with effect from 1 July 2017 and authorise the person appointed to nominate appropriate officers to deputise in his absence;
5. to authorise the head of HR, IT and technical services to make any necessary amendments to the council's published pay policy statement arising from the agreed terms and conditions of appointment of the acting chief executive;
6. to note the need for a review of the inter-authority agreement between this council and South Oxfordshire District Council to clarify the employment situation and sharing of staff and related costs and requests officers to conduct a review and bring recommendations to Council by October 2017;



7. that in terms of the Representation of the People Act 1983 and all related legislation appoint Margaret Reed as electoral registration officer and Steven Corrigan as deputy electoral registration officer, with effect from 1 July 2017;
8. that in terms of section 35 of the Representation of the People Act 1983 and all related legislation to appoint Margaret Reed as returning officer, with authority to act in that capacity for elections to the council and all or any parish and town councils within the council's area, with effect from 1 July 2017;
9. to authorise the council's electoral registration officer to act in respect of all related electoral, poll or referendum duties, including in relation to county council elections, elections to the European Parliament and national, regional and local polls or referendums;
10. to agree in relation to the duties of returning officer or any other electoral, referendum or polling duties arising from such appointment, to remunerate the returning officer for local elections, polls or referendums in accordance with the scale of fees approved from time to time by the council and to note that the returning officer will be entitled to the relevant scale of fees prescribed by a fees order in respect of national, regional or European Parliament elections, polls or referendums;
11. to agree that in all cases where it is a legal requirement or normal practice to do so, the fees paid to the returning officer shall be superannuable and that South Oxfordshire District Council as the employing authority shall pay the appropriate employer's contribution to the superannuation fund, recovering such employer's contributions from central government or other local authorities or agencies where this can be done;
12. to agree that in relation to the conduct of local authority elections and polls, and elections to the United Kingdom Parliament, and all other electoral duties where the council is entitled by law to do so, the council shall take out and maintain in force insurance indemnifying the council and the returning officer against legal expenses reasonably incurred in connection with the defence of any proceedings brought against the council or the returning officer and/or the cost of holding another election in the event of the original election being declared invalid (provided that such proceedings or invalidation are the result of the accidental contravention of the Representation of the People Acts or other legislation governing the electoral process, or accidental breach of any ministerial or other duty by the returning officer or any other person employed by or officially acting for her in connection with the election or poll);
13. to agree that in the event of such insurance carrying an 'excess' clause by which an initial portion of risk is not insured, the council will indemnify the returning officer up to the value of such excess.

The meeting closed at 8.55pm

# Cabinet Report



Report of Head of Development and Housing

Author: Phil Ealey

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Textphone: 18001 01235 422456

E-mail: [phil.ealey@southandvale.gov.uk](mailto:phil.ealey@southandvale.gov.uk)

Wards affected: ALL

Cabinet member responsible: Cllr Elaine Ware

Tel: 01793 783026

E-mail: [elaine.ware@whitehorsedc.gov.uk](mailto:elaine.ware@whitehorsedc.gov.uk)

To: CABINET

Date: 4 August 2017

## Temporary accommodation provision 2017-2022

### Recommendations

- (a) After consideration of comments from Scrutiny Committee, Cabinet approve the approach to temporary accommodation provision.
- (b) That Cabinet recommend to Council the deletion of the current capital budget provision of £920,000 for the estimated costs of purchasing 4 two-bedroom houses in Abingdon.
- (c) That Cabinet recommend to Council the creation of a capital budget of £885,000 to convert the council's two hostels into self-contained units.
- (d) For Cabinet to notify Council that approving recommendation (c) will result in a reduction in the revenue budget of £25,000 per annum.

### Purpose of Report

1. To inform Cabinet of the projected demand for temporary accommodation to accommodate homeless households over the next five years.
2. To seek Cabinet approval for the recommended housing option to meet this future demand.

3. For Cabinet to recommend to Council the deletion of the current capital budget provision of £920,000 for the estimated costs of purchasing 4 two-bedroom houses in Abingdon.
4. For Cabinet to recommend to Council the creation of a capital budget of £885,000 to convert the council's two hostels into self-contained units.
5. For Cabinet to notify Council that approving recommendation (c) will result in a reduction in the revenue budget of £25,000 per annum.

## **Corporate Objectives**

6. Actively work to bring forward housing developments where we see gaps in provision.
7. The equality objective to improve physical access to council owned or leased buildings.

## **Background**

8. The council has a statutory duty to assess the housing needs of households who present as homeless to the council. This duty may include the provision of temporary accommodation.
9. The Temporary Accommodation Provision report makes a recommendation on how best to meet the future demand for temporary accommodation in Vale of White Horse.
10. The recommendation follows a review of the current provision of temporary accommodation; a forecast of future demand and an assessment of the available options to meet future demand.
11. This report will be reviewed annually by Officers. The review will identify any variances against forecast and propose any necessary adjustments to temporary accommodation provision.
12. The council owns 19 units of temporary accommodation. There are three houses in Abingdon, a six bed hostel - Tiverton House, Wantage and a ten bed hostel - Elmside, Faringdon.
13. The hostels have shared bathroom and toilet facilities which are not appropriate for housing vulnerable families and individuals. The council has a duty of care towards homeless applicants it places into temporary accommodation.
14. The reconfiguration of the two hostels into self-contained units would result in a reduction of two units at Tiverton House and three units at Elmside.
15. The total number of units available following reconfiguration of the hostels would however remain sufficient to meet current demand. The newly available refurbished houses in Abingdon, together with two rooms at the hostels no longer being used by SODC as part of the strategy, offsets the reduction in units at the hostels.
16. The demand model forecasts that the council will require an additional two units of temporary accommodation to meet newly arising baseline demand over the next five years. This additional demand can be met through increasing the occupancy rates at the hostels.

17. This report considers the options available to meet future demand and makes a recommendation that both hostels are reconfigured into self-contained units, including at least one unit that is wheelchair accessible.

## **Options**

### **a) Do minimum**

18. The council would continue to receive a net rental income of approximately £94,000 from the hostels. This is £25,000 more per annum than achieved by the other options.

19. The hostels would need to be refurbished at an estimated cost of £317,000.

20. The hostels would remain as rooms with shared facilities that are not appropriate for accommodating vulnerable households and would not meet the objectives of the strategy.

21. It is therefore not a viable option for the council to meet its future need for temporary accommodation.

### **b) Reconfigure only the Wantage hostel into self-contained units. Sell the Faringdon hostel and purchase replacement units.**

22. The estimated cost of converting the Wantage hostel into four self-contained units is £322,000.

23. The sale of the Faringdon hostel would generate a capital receipt of approximately £470,000 after the deduction of disposal costs.

24. The estimated cost of purchasing the equivalent seven replacement units in Abingdon, including acquisition costs, would be £1,570,000.

25. The estimated cost of converting the Wantage hostel and replacing the Faringdon hostel units is £1,422,000 and therefore does not represent value for money.

### **c) Reconfigure only the Faringdon hostel into self-contained units. Sell the Wantage hostel and purchase replacement units.**

26. The estimated cost of converting the Faringdon hostel into seven self-contained units is £563,000.

27. The sale of the Wantage hostel would generate a capital receipt of approximately £493,500 after the deduction of disposal costs.

28. The estimated cost of purchasing the equivalent four replacement units in Abingdon, including acquisition costs, would be £940,000.

29. The estimated cost of converting the Faringdon hostel and replacing the Wantage hostel units is £1,009,500 and therefore does not represent value for money.

### **d) Sell both hostels and purchase equivalent accommodation.**

30. The sale of both properties would generate a capital receipt of approximately £963,500 after disposal costs.

31. The estimated cost of purchasing the equivalent number of eleven replacement units in Abingdon, including acquisition costs, would be £2,510,000.
32. The estimated cost of selling both hostels and purchasing an equivalent number of units in Abingdon would be £1,546,500. This would not represent value for money.

**e) Reconfigure both hostels into self-contained units.**

33. The estimated cost of reconfiguring both hostels into self-contained units would be £885,000. This would include at least one unit that has wheelchair accessibility.
34. Reconfiguration of the hostels is the least expensive option that also meets the council's duty to provide suitable temporary accommodation. It is therefore the recommended option.
35. A transitional plan would be necessary to manage the process of converting the hostels.

### **Financial Implications**

36. The implication for the revenue budget 2017/18 can be met within existing budgets. The implication for 2018/19 from a reduction in the revenue budget resulting from a loss of rental income of £25,000 will come forward as an essential growth bid.

### **Legal Implications**

37. The council will be in an improved position to meet its statutory duties under homelessness legislation to provide suitable temporary accommodation.

### **Risks**

38. A risk is that the forecast demand for two additional units is not realised. This risk is mitigated by using the baseline forecast increase of two units, rather than the upper range forecast of six units. The forecast demand will also be reviewed annually by Officers to make any necessary adjustments in provision.
39. There is also the risk that the cost of reconfiguring the hostels will exceed the estimated budget. This risk will be mitigated by detailed planning and project management by the Housing Needs Manager with oversight from the Head of Housing.

### **Other implications**

40. The management of the additional units can be absorbed within the current resources of the housing needs team.

### **Conclusion**

41. Reconfiguration of the hostels is the least expensive option to meet the forecast demand for temporary accommodation that also meets the council's duty to provide suitable temporary accommodation.

## **Background Papers**

- South Oxfordshire District Council and Vale of White Horse District Council:  
A study into future demand for temporary accommodation (Three Dragons)
- Report into the provision of temporary accommodation in South Oxfordshire and  
Vale of White Horse District Councils (Arcadis)
- Equality Impact Assessment



**South Oxfordshire District Council  
Vale of White Horse District Council**

**Temporary Accommodation  
Provision 2017-2022**

May 2017



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## Appendices

### Appendix 1

South Oxfordshire District Council and Vale of White Horse District Council:  
A study into future demand for temporary accommodation

*Three Dragons*

### Appendix 2

Report into the provision of temporary accommodation in South Oxfordshire  
and Vale of White Horse District Councils

*Arcadis*





## EXECUTIVE SUMMARY

1. The councils have a statutory duty to assess the housing needs of households who present as homeless to the authority. This duty may include the provision of temporary accommodation.
2. This provision report makes recommendations on how best to meet the future demand for temporary accommodation in South Oxfordshire and Vale of White Horse.
3. The recommendations follow a review of the current provision of temporary accommodation; a forecast of future demand and an assessment of the available options to meet future demand.
4. This provision report will be reviewed annually by Officers. The review will identify any variances against forecast and propose any necessary adjustments to temporary accommodation provision.

### South Oxfordshire District Council

5. South Oxfordshire does not own any temporary accommodation. The duty to provide temporary accommodation is met through either hotels or by using VWHDC units.
6. The demand model forecasts that SODC will need an additional two units of temporary accommodation. This demand can no longer be met by VWHDC, who will require their hostels to meet their own future demand.
7. There is a business case for SODC to invest in two properties to meet future demand. The council would save expenditure on hotel accommodation and generate its own rental income.
8. The most suitable properties to meet the future demand are two-bed properties in Didcot.
9. This report considers the options available and recommends that South Oxfordshire purchases two units of temporary accommodation in Didcot, at least one of which should be wheelchair accessible.



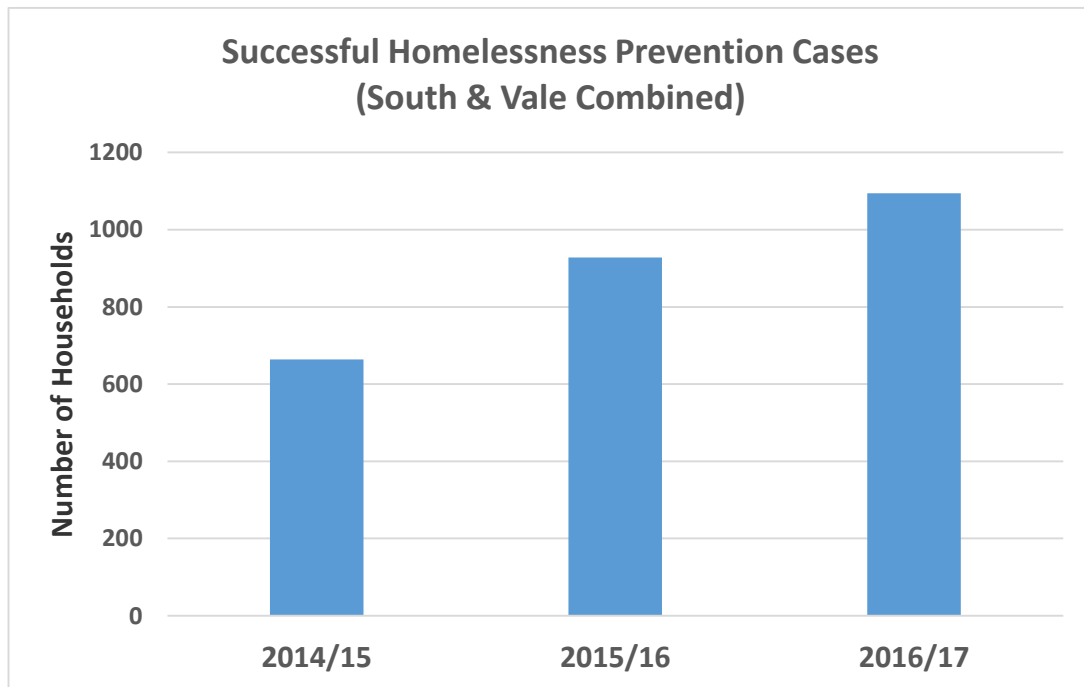
## Vale of White Horse District Council

10. Vale of White Horse District Council owns 19 units of temporary accommodation. There are three houses in Abingdon, a six bed hostel, Tiverton House, in Wantage and a ten bed hostel, Elmside, in Faringdon.
11. Both of the hostels have shared bathroom and toilet facilities which are not appropriate for housing vulnerable families and individuals. The council has a duty of care towards homeless applicants it places into temporary accommodation.
12. The reconfiguration of the two hostels into self-contained units would result in a reduction of two units at Tiverton House and three units at Elmside.
13. The total number of units available following reconfiguration of the hostels would however remain sufficient to meet current demand. The newly-available three refurbished houses in Abingdon, together with the two units vacated by SODC, will offset the reduced number of units.
14. The demand model forecasts that VWHDC will require a further two units to meet newly arising demand over the next five years. This additional demand can be met through increasing the occupancy rates at the hostels.
15. The cost of converting the hostels into self-contained units is more cost effective than selling either or both hostels and purchasing equivalent replacement units.
16. This report considers the options available and recommends that both hostels are reconfigured into self-contained units, including one wheelchair accessible unit.



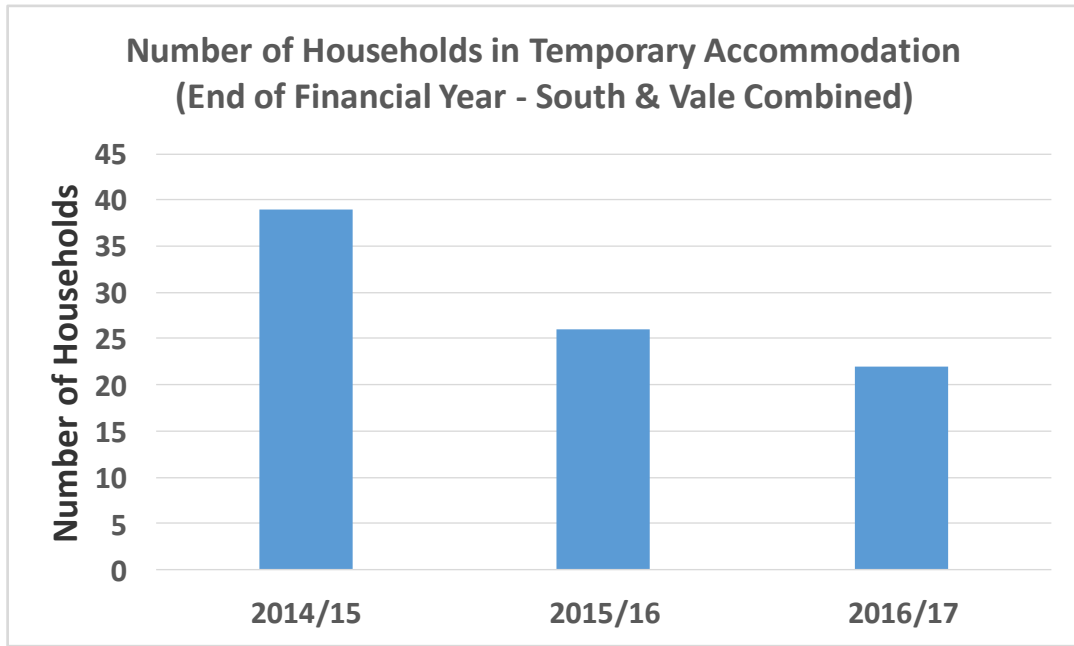
## INTRODUCTION

17. South Oxfordshire and Vale of White Horse District Councils have a strong track record in preventing homelessness. This has been achieved by identifying families and individuals at risk of becoming homeless as early as possible and using a wide range of intervention tools and techniques to overcome this threat. This has led to a steadily increasing number of prevention interventions and a consequent reduction in homelessness.

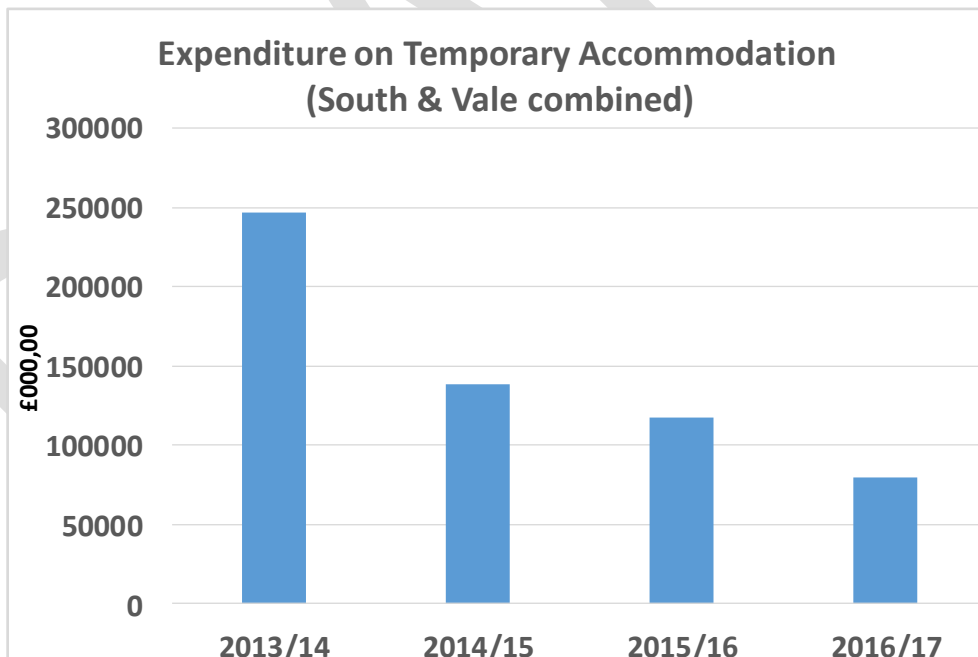


18. South Oxfordshire and Vale of White Horse District Councils successful prevention strategy has also meant that the use of temporary accommodation has reduced in recent years. This has also been helped by an increased supply of affordable housing in recent years, as new housing developments come on stream and developers comply with the Council's affordable housing policy, which requires that 40% and 35% of all new houses be affordable homes in South and Vale respectively.





19. The reduction in the use of temporary accommodation has also led to significant financial savings for the councils over the last four years.



20. However, the pressure on housing services however continues to grow, with a year-on-year increase in the number of households at risk of homelessness approaching the councils for assistance. These increasing pressures have led to a nationwide 30% rise households in temporary accommodation since 2013 – which makes South and Vale’s success in reducing homelessness even more significant.



21. Nevertheless, councils cannot take into account their available resources when deciding what housing duties are owed under homelessness legislation. It is therefore a demand-led service which makes forecasting future demand particularly difficult. There is also the difficulties of predicting the impact of future variables, such as legislative changes and welfare reform.
22. It is therefore desirable for councils to produce a forecast of future demand. It enables a proactive, rather than a reactive, approach to planning the future provision of temporary accommodation.
23. This report is divided into three sections. The first section reviews the current provision of temporary accommodation. The second section is a forecast of future demand and the third section assesses the most effective way of meeting this future demand.

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## THE LEGISLATIVE CONTEXT

24. All district councils have a statutory duty to assess the housing needs of homeless households who approach them for assistance. This statutory duty may include the provision of temporary accommodation.
25. The duties owed to homeless households are set out within the provisions of the Housing Act 1996 (as amended by the Homelessness Act 2002).
26. Homelessness legislation is complex, however in its simplest form a homelessness assessment is a series of tests to establish the extent of the housing duty, if any, owed to the applicant.
27. The five tests applied by councils under homelessness legislation are:
  - a) Is the applicant eligible for assistance?
  - b) Is the applicant homeless?
  - c) Does the applicant have a priority need?
  - d) Did the applicant become homeless intentionally?
  - e) Does the applicant have a local connection?
28. The main categories of priority need are:
  - a) Households with dependent children
  - b) Households with a member who is pregnant
  - c) Households who are vulnerable (eg physically disabled or mental impairment).
  - d) Households fleeing domestic abuse
29. The council only has a duty to provide temporary accommodation if an applicant is eligible for assistance, homeless and has a priority need. The council may however also have a duty to provide temporary accommodation pending a decision on the application.
30. An intentionally homeless applicant will normally only be provided temporary accommodation for a short period of time and any applicant without a local connection will be referred to the authority with whom they do have a local connection.
31. The temporary accommodation provided must be suitable for the needs of the applicant in accordance with the Homelessness (Suitability of Accommodation) (England) Order 2012. The council must also take into account homelessness caselaw, in particular *Nzolameso v City of Westminster* 2015. This caselaw states that a council should provide temporary accommodation within their own district whenever possible.



32. There are a number of circumstances in which the council can end its duty to provide temporary accommodation. The most common reasons are that the applicant is re-housed through the housing register or they have secured alternative accommodation.

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## SECTION ONE - A REVIEW OF CURRENT PROVISION

33. The provision of temporary accommodation is, by its nature, normally for a short period of time. The applicant may not be owed an ongoing housing duty following their assessment; they may be found intentionally homeless or they may be accepted as homeless and moved to accommodation with a Registered Provider.
34. It is essential that councils can quickly move applicants into and out of temporary accommodation. The council therefore offers temporary accommodation under licence to the occupier. The licence agreement enables the council to terminate accommodation with reasonable notice without the requirement to obtain possession through a lengthy court process.
35. The exception to offering licences is when the applicant is offered temporary accommodation by a Registered Provider. Both councils have access to a small number of “joint-protocol” properties owned by Registered Providers for the purpose of providing temporary accommodation. However, these properties can only be offered as Assured Shorthold Tenancies that cannot be terminated without a court order and a warrant for eviction.
36. The provision of temporary accommodation must be sufficiently flexible to allow both emergency placements and emergency evictions. The joint-protocol properties are therefore only suitable for applicants with an ongoing housing duty.
37. There will always be a need to spot purchase emergency temporary accommodation, for example when applicants are placed out-of-hours.
38. Neither council has provision for wheelchair accessible temporary accommodation.

### South Oxfordshire District Council

39. South Oxfordshire District Council does not own any temporary accommodation.
40. The council has access to 11 joint protocol properties available for homeless households. These are self-contained properties mainly located in Didcot and Wallingford. They are provided and managed by SOHA and A2 Dominion.
41. The council also uses temporary accommodation owned by Vale of White Horse District Council.
42. The council uses hotels for emergency temporary accommodation.





## Vale of White Horse District Council

43. Vale of White Horse District Council owns 19 units of temporary accommodation. There are three houses in Abingdon, a six bed hostel in Wantage and a ten bed hostel in Faringdon.
44. Both of the hostels have shared bathroom and toilet facilities which are not appropriate for housing vulnerable families and individuals. The council has a duty of care towards homeless applicants placed into its temporary accommodation.
45. The council has access to nine self-contained units of joint protocol properties for homeless households located in Abingdon. The properties are owned and managed by A2 Dominion.
46. The council uses hotels for emergency temporary accommodation.

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## SECTION TWO - A FORECAST OF FUTURE DEMAND

47. The councils have a statutory duty to accommodate certain homeless households. This duty cannot be limited by the council's available resources.
48. A demand-led service makes forecasting future demand particularly difficult. There are a number of future variables, such as legislative changes and welfare reform, for which it is difficult to assess the impact on homelessness.
49. It is however beneficial for councils to forecast demand. By adopting a planned approach councils are in a better position to manage resources effectively.
50. A model of future demand was developed by Three Dragons consultancy in their report: "*South Oxfordshire District Council and Vale of White Horse District Council: A study into future demand for temporary accommodation*" (Appendix 1). The report is a detailed analysis of the projected future demand for temporary accommodation over the next five years.
51. The model of future demand assesses the potential range and impact of certain defined variables. These variables are related to the effect of:
  - a) demographic change
  - b) the benefit cap in private rented sector
  - c) households excluded from the private sector on affordability grounds
  - d) LHA on vulnerable single households in social rented sector
  - e) changes to service provision for vulnerable rough sleepers
52. The report forecasts that temporary accommodation will increase over the lifetime of the strategy despite the council's successful track record in preventing homelessness.

### South Oxfordshire District Council

53. The model of future demand indicates a newly arising **baseline-need of two units** of temporary accommodation across the lifetime of the strategy.
54. The upper range forecast is for an additional seven units of temporary accommodation needed over the lifetime of the strategy.



Table 1: SODC: Summary of newly arising demand for temporary accommodation

	2017/18		2018/19		2019/20		2020/21		2021/22	
	B	UR	B	UR	B	UR	B	UR	B	UR
Households	9	29	6	10	7	23	4	24	4	25
<b>Units</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>6</b>

B = Base Rate forecast

UR = Upper Rate forecast

The figures are not cumulative– they give the number for additional units in each distinct year.

55. The report states that two-bedroom properties offers the most flexible solution to meet the demand from differing household sizes.
56. The highest demand areas for temporary accommodation are Didcot and then Henley.
57. The report also identifies that there is ongoing unmet demand for the provision of wheelchair accessible accommodation.

#### Vale of White Horse District Council

58. The model of future demand indicates a newly arising **baseline-need of two units** of temporary accommodation over the next five years.
59. The highest demand areas are Abingdon and then Wantage.
60. The upper range forecast is for an additional six units needed over the lifetime of the strategy.

Table 2: VWHDC: Summary of newly arising demand for temporary accommodation

	2017/18		2018/19		2019/20		2020/21		2021/22	
	B	UR	B	UR	B	UR	B	UR	B	UR
Households	2	9	1	3	9	25	9	25	9	25
<b>Units</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>6</b>

B = Base Rate forecast

UR = Upper Rate forecast

The figures are not cumulative– they give the number for additional units in each distinct year.

61. The report states that two-bedroom properties offers the most flexible solution to meet the demand from differing household sizes.
62. The report also identifies that there is ongoing unmet demand for the provision of wheelchair accessible accommodation.



## SECTION THREE - MEETING THE FUTURE DEMAND

63. The forecast of demand produced a baseline and upper range of the additional units of temporary accommodation needed by both councils over the lifetime of the strategy.
64. The procurement of additional units would require significant capital expenditure by the councils. ***The prudent approach adopted in this strategy is therefore to meet the baseline need for additional units, while keeping under annual review the level of demand.***
65. The baseline demand for both councils is two additional units over the lifetime of the strategy.
66. A second report compiled by Arcadis Design and Consultancy was commissioned to consider the options available to meet the identified South and Vale's baseline temporary accommodation requirements and make recommendations to meet the baseline demand for both councils.
67. The report takes into account the specific requirements of temporary accommodation and the management of the properties, and a detailed financial assessment is provided for each viable option appraised in the report.
68. The report also considers the management of temporary accommodation. It recognises that it is a specialist housing function, dealing with vulnerable people in potentially volatile circumstances.
69. The report concludes that the experience and expertise of the temporary accommodation team at the councils are the best option to provide the ongoing management of the properties.
70. The option of leasing accommodation from a Registered Provider is not a viable option. Registered Providers are not in a position to meet the specialist demands of temporary accommodation.

### South Oxfordshire District Council – Options appraisal

71. The forecast demand for SODC is that two units of temporary accommodation will be required to meet the baseline demand over the lifetime of the strategy.
72. The options available to SODC are as follows:



### **a) Do nothing**

73. If SODC does not make any provision for the baseline increase in demand for temporary accommodation there is a high risk that hotel expenditure will increase significantly over the next five years.

The net cost of providing the equivalent of two units of temporary accommodation in hotels would be approximately £48,000 per annum.

### **b) Purchase own temporary accommodation**

74. The cost of purchasing and refurbishing two units of temporary accommodation in Didcot would be approximately £520,000. This figure includes the acquisition costs.
75. The council could potentially save approximately £48,000 per annum in hotel accommodation costs. The properties would also generate a rental income of approximately £14,000 per annum after deducting ongoing maintenance costs. This means that purchasing appropriate property would provide a nominal annual benefit of £62,000, which effectively provides a realistic payback on any investment they may make in purchasing and refurbishing two properties in Didcot.
76. The council would also retain a capital asset that may appreciate over the next five years.
77. A detailed financial appraisal of this proposal is included within the Arcadis report.
78. The potential risks of purchasing properties are capital depreciation or a reduction in rental income. The reduction in rental income may result from changes to subsidy levels or welfare reform.
79. These risks are partially mitigated by the historic increase in property values and the necessity of Government to ensure councils are able to meet their legal duty to provide temporary accommodation.

### **Vale of White Horse District Council – Options appraisal**

80. The forecast demand for VWHDC is that two additional units of temporary accommodation are necessary to meet the baseline demand over the next five years.
81. This increase in demand for two additional units can be met by increasing the occupancy of the hostels from 63% in 2016/17 to 80%.
82. There is however an issue concerning the suitability of the hostels. The shared bathroom and toilet facilities are not appropriate for housing vulnerable families and individuals. The council has a duty of



care towards homeless applicants placed into its temporary accommodation.

83. The hostels could be converted into self-contained units to resolve the problems associated with shared facilities. They would also provide a minimum of one wheelchair accessible unit.

84. The optimum use of space when converting the hostels into self-contained units would result in the following configuration:

Wantage hostel – 2 x 1 bedroom units  
2 x 2 bedroom units

An overall reduction of two units

Faringdon hostel - 5 x 1 bedroom units  
2 x 2 bedroom units

An overall reduction of three units

85. The options available to VWHDC are therefore as follows:

**a) Do minimum**

86. The demand for temporary accommodation would continue to be met over the lifetime of the strategy. In addition, the council would receive a net income of approximately £94,000 from the hostels. This is £25,000 more per annum than achieved by the other options.

87. The hostels however are in need of refurbishment that would incur an estimated cost of £317,000.

88. The hostels would also remain as rooms with shared facilities that are not appropriate for accommodating vulnerable households and may be subject to legal challenge. Option a) is therefore not a viable option.

**b) Reconfigure only the Wantage hostel into self-contained units.  
Sell the Faringdon hostel and purchase replacement units.**

89. The estimated reconfiguration cost for converting the Wantage hostel into four self-contained units is £322,000.

90. The sale of the Faringdon hostel would generate a capital receipt of approximately £470,000 after the deduction of disposal costs.

91. The estimated cost of purchasing the equivalent seven replacement units in Abingdon, including acquisition costs, would be £1,570,000.



92. The cost of reconfiguring the Wantage hostel and replacing the Faringdon hostel units would not represent value for money.

**c) Reconfigure only the Faringdon hostel into self-contained units. Sell the Wantage hostel and purchase replacement units.**

93. The estimated reconfiguration cost for converting the Faringdon hostel into seven self-contained units is £563,000.
94. The sale of the Wantage hostel would generate a capital receipt of approximately £493,500 after disposal costs.
95. The estimated cost of purchasing the equivalent four replacement units in Abingdon, including acquisition costs, would be £940,000.
96. The cost of reconfiguring the Faringdon hostel and replacing the Wantage hostel units would not represent value for money.

**d) Sell both hostels and purchase equivalent accommodation.**

97. The sale of both properties would generate a capital receipt of approximately £963,500 after disposal costs.
98. The cost of replacing both hostels with an equivalent number of units in Abingdon, including acquisition costs, would be approximately £2,510,000.
99. The cost of selling both hostels and replacing them with an equivalent number of units would not represent value for money.

**e) Reconfigure both hostels into self-contained units.**

100. The estimated cost of reconfiguring both hostels into self-contained units would be £885,000.
101. The cost of reconfiguring the hostels is £661,500 less than selling the hostels and purchasing the equivalent number of temporary accommodation units.
102. The reconfiguration of the hostels therefore represents the most cost efficient approach to meeting the need for temporary accommodation.
103. However, a transitional plan would be necessary to manage the process of converting the hostel accommodation.
104. A detailed financial appraisal of each proposal is included within the Arcadis report. However the summary figures are present in Table 3.



Table 3: Options Table

	Sales receipt	Reconfiguration cost	Replacement Units cost	Net Cost
<b>Option b)</b> Reconfigure Wantage hostel; sell and replace the Faringdon hostel	£470,000	£322,000	£1,570,000	<b>£1,422.000</b>
<b>Option c)</b> Reconfigure the Faringdon hostel; sell and replace the Wantage hostel	£493,500	£563,000	£940,000	<b>£1,009.500</b>
<b>Option d)</b> Sell and replace both hostels	£963,500	£0	£2,510,000	<b>£1,546.500</b>
<b>Option e)</b> Reconfigure both hostels	£0	£885,000	£0	<b>£ 885,000</b>





## CONCLUSION

105. The current provision of temporary accommodation will not meet the future demand forecast in both South Oxfordshire and Vale of White Horse.
106. South Oxfordshire District Council will need to provide a minimum of two additional units of temporary accommodation to meet demand. These units would ideally be two bedroom properties in Didcot with at least one unit having wheelchair accessibility.
107. An appraisal of the options identified the most cost effective and practical option for South Oxfordshire District Council would be to purchase and self-manage the units.
108. Vale of White Horse District Council is able to meet future demand for temporary accommodation within its current stock by increasing occupancy rates. This, however, would mean the retention of the hostels that are not appropriate due to their shared facilities.
109. An appraisal of the options available to Vale of White Horse District Council identifies that the reconfiguration of both hostels is the most cost effective and appropriate option to meet demand. This includes one unit of wheelchair accessible accommodation.
110. This appraisal also recommends that the management of temporary accommodation should remain in-house due to the specialist skills required.

## RECOMMENDATIONS

### South Oxfordshire District Council

111. The council should make provision for a capital allocation of £520,000 for the purchase of two properties in Didcot to meet the forecast demand for temporary accommodation.

### Vale of White Horse District Council

112. The council should make provision for a capital allocation of £885,000 for the reconfiguration of both hostels into self-contained units.
113. The council should make provision for a revenue allocation of £25,000 per annum to offset the estimated reduction in rental income.



# Cabinet



Report of Head of Finance/Principal Accountant (Capita)

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To: Joint Audit and Governance Committee, Cabinet and Council

DATE: 25 September 2017 by Joint Audit and Governance Committee

5 Oct 17(S) / 6 Oct 17 (V) by Cabinet

12 Oct 17 (S) / 11 Oct 17 (V) by Council

## Treasury Outturn 2016-17

That Joint Audit and Governance Committee:

1. notes the treasury management outturn report 2016/17,
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and
3. make any comments and recommendations to Cabinets as necessary.

That Cabinet:

Considers any comments from Joint Audit and Governance Committee and recommends Council to:

1. approve the treasury management outturn report for 2016/17;
2. approve the actual 2016/17 prudential indicators within the report.

## **Purpose of report**

1. This report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities and that the councils' prudential indicators are reported to the councils at the end of the year. The report provides details of the treasury activities for the financial year 2016/17.
2. This complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Practice on Treasury Management (revised) 2009.

## **Strategic objectives**

3. Effective treasury management is required to help the councils meet their strategic objectives.

## **Background**

4. The councils' treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice require a report to be provided to the councils at the end of the financial year.
5. This report provides details on the treasury activity and performance for 2016/17 against prudential indicators and benchmarks set for the year in the 2016/17 Treasury Management Strategy (TMS), approved by each council in February 2016. Each council is required to approve this report.
6. Capita Asset Services are the councils' retained treasury advisors.
7. On 1 August 2016, the operational treasury management staff were outsourced to Capita. The executive decision making function remains with the head of finance.
8. There are three types of investment, the performance of which is covered in this report
  - a. True Treasury investments – these investments are primarily for generating interest for the councils. Examples of these are loans to banks or other local authorities. It also includes investments in property funds.
  - b. Non-treasury loans – these are loans to third parties, which earn a return, but they do not fall under the strict definition of a treasury investment.
  - c. Property investments - both councils have investment properties let on commercial bases. The primary purpose of holding these assets is for investment purposes and they are not part of regeneration schemes.
9. The councils continue to invest with regard for security, liquidity and yield, in that order.

## **Economic conditions and factors effecting investment returns during 2016/17**

10. UK bank base rates were cut to 0.25 per cent in August 2016, having been at an historic low of 0.5 per cent since 2009. Capita Asset Services provide a regular forecast of interest rates and the latest forecast is reproduced in **appendix A**. This forecast shows that base rates are expected to continue at low levels for the near future. There are a number of reasons for this assumption, including subdued domestic inflationary pressure, in particular wage growth and uncertainty over the final terms of Brexit.
11. The TMS makes clear that investment priority is given to the security of principal in the first instance. As a result, investments have only been made with counterparties of high credit quality and low risk. Since the global banking crisis and the downgrading of the credit ratings of many banks, it has become increasingly difficult to place money, as institutions with high credit ratings have been offering lower rates.
12. Average treasury investment balances were higher for both councils than expected in the year. This arose from a combination of accumulated revenue and capital surpluses/slippage and unbudgeted grant receipts. More cash to invest has been a factor in the surplus of treasury investment income over budget in the year. This was also the case in 2015/16.
13. Investments that have helped to keep yields up for both councils include longer term investments taken out when rates were higher, such as the CCLA property fund at both councils, and the unit trusts at South.
14. Outlook for 2017/18 – as discussed above, interest rates are expected to remain low for the near future. In order to reduce risk, efforts are being made to rebalance the treasury portfolio to reduce the value held by building societies. Other counterparties considered are other councils, housing associations and treasury bills.

## **Summary of investment activities during 2016/17**

15. Prudential limits (security). Both councils are required by the Prudential Code to report on the limits set each year in the TMS. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they may impair the opportunities to reduce costs/improve performance. These limits are shown in **appendix B**.
16. During December 2016, due to high balances being held at Vale, a fixed term investment for £2 million was placed with Principality Building Society. Although this was the best course of action in the circumstances the investment inadvertently breached the prudential indicator limit for fixed term deposits set at £40 million. In January 2017 the Head of Finance retrospectively approved an increase in the Vale prudential fixed interest rate limit as per the Treasury Management Strategy to £43 million from December until the end of March 2017 under delegated powers

17. South counterparty limits were breached during September 2016. The council invested £2 million with Newcastle Building Society on 1 September 2016. This investment took the council £0.5 million over the agreed limit of £12 million. A temporary authorisation was sought and obtained from the Section 151 officer. The breach was corrected in April 2017 when £1 million matured, bringing the council back within its agreed limits.

18. The benchmark for liquidity is the Weighted Average Life (WAL) of treasury investments in days, which sets an indicator for how long investments should be made. Both councils were well within the acceptable ranges for WAL as set out in the TMS for 2016/17. The benchmarks for liquidity are set to ensure that sufficient funds can be accessed at short notice. These are set as targets and not definitive limits.

19. Yield - the performance of the two councils is summarised in the tables below.

South		Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance	124,883	15,000	139,883	5,075	144,958
2	Budgeted investment income	1,574	623	2,197		
3	Actual investment income	1,867	623	2,490	307	2,797
4	surplus/(deficit) (3) - (2)	293	0	293		
5	Rate of return (3) ÷ (1)	1.49%	4.15%	1.78%	6.05%	1.93%

Vale		Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	51,603	8,455	60,058
2	Budgeted investment income	411		
3	Actual investment income	582	482	1,064
4	surplus/(deficit) (3) - (2)	171		
5	Rate of return (3) ÷ (1)	1.13%	5.70%	1.77%

20. With the exception of unit trusts, both councils have exceeded their treasury budgeted investment income this year in terms of both actual income against budget and rates of return against benchmark. As benchmarks are quite detailed, they are not included above, but are included in the appendices that follow this report. The performance of the unit trusts are within five per cent of the benchmark.

21. Capita manages the councils' treasury investments and cash flow on a daily basis. Arcadis looks after the councils' short to medium term property investments.

22. Detailed reports on the treasury activities for each council and performance for 2016/17 against prudential indicators and benchmarks set for the year in the 2016/17 are contained in **appendix C** – South Oxfordshire DC and **appendix D** – Vale of White Horse DC.

23. A detailed list of both councils' treasury investments as at 31 March 2017 is shown at **appendix E**.

## **Debt activity during 2016/17**

24. During 2016/17, there has not been a need for either council to borrow and both councils continue to take a prudent approach to their debt strategy. The prudential indicators and limits set out in **appendix B** provide the scope and flexibility for the Council to borrow in the short-term if such a need arose for cash flow purposes to support the council(s) in the achievement of their service objectives.

## **Financial implications**

25. The treasury investments made in 2016/17 ensured that both councils exceeded their budgeted targets for treasury investment income. Income earned from investments supports the councils' medium term financial plans and contributes to the councils' balances, or supports the in-year expenditure programmes.

26. Looking forward income is anticipated to remain stable with any increase due to ongoing surplus cash balances and rises in market rates offset by a general reduction in the balances available to invest. This will be reflected in the councils' 2018/19 budgets and medium term financial plans.

## **Legal implications**

27. There are no significant legal implications. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the DCLG Local Government Investment Guidance provides assurance that the councils' investments are, and will continue to be, within their legal powers.

## **Conclusion**

28. Despite a difficult operating environment, both councils continued to make investments during 2016/17 that maintained security and liquidity whilst providing a return that exceeded market benchmarks.

## **Background papers**

- Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for treasury management in the public sector.
- DCLG Local Government Investment Guidance
- CIPFA treasury management in the public services code of practice and cross sectoral guidance notes
- Treasury Management Strategy 2016/17 – Councils in February 2016.

## **Appendices**

- A. Interest rate forecasts
- B. Prudential limits
- C. SODC – Treasury activities 2016-2017
- D. VWHDC – Treasury activities 2016-2017
- E. Treasury investments as at 31 March 2017
- F. Glossary of terms

**Interest rate forecast as at April 2017**

The table below shows Capita Asset Services' forecast of the expected movement in medium term interest rates:

	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BANK RATE	0.25	0.25	0.25	0.25	0.25	0.25
3 month LIBID	0.23	0.30	0.30	0.30	0.30	0.30
6 month LIBID	0.40	0.40	0.40	0.40	0.40	0.40
12 month LIBID	0.63	0.70	0.70	0.70	0.70	0.80
5 yr PWLB	1.38	1.60	1.60	1.60	1.70	1.70
10 yr PWLB	2.11	2.30	2.30	2.30	2.30	2.40
25 yr PWLB	2.78	2.90	2.90	3.00	3.00	3.00
50 yr PWLB	2.54	2.70	2.70	2.80	2.80	2.80
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BANK RATE	0.25	0.25	0.25	0.50	0.50	0.75
3 month LIBID	0.30	0.40	0.50	0.60	0.70	0.80
6 month LIBID	0.40	0.50	0.60	0.70	0.80	0.90
12 month LIBID	0.80	0.90	1.00	1.10	1.20	1.30
5 yr PWLB	1.70	1.80	1.80	1.90	1.90	2.00
10 yr PWLB	2.40	2.40	2.50	2.50	2.60	2.60
25 yr PWLB	3.10	3.10	3.20	3.20	3.30	3.30
50 yr PWLB	2.90	2.90	3.00	3.00	3.10	3.10

## Prudential limits (indicators) as at March 2017

Prudential indicators as at 31 March 2017				
	Vale		South	
	Original estimate £m	Actual position £m	Original estimate £m	Actual position £m
<b>Authorised limit for external debt</b>				
Borrowing	30	0	5	0
Other long term liabilities	5	0	5	0
	<b>35</b>	<b>0</b>	<b>10</b>	<b>0</b>
<b>Operational boundary for external debt</b>				
Borrowing	25	0	2	0
Other long term liabilities	0	0	3	0
	<b>25</b>	<b>0</b>	<b>5</b>	<b>0</b>
<b>Investments</b>				
<b>Interest rate exposures</b>				
Limits on fixed interest rates	40	28	100	87
Limits on variable interest rates	30	7	30	14
<b>Maximum principal sums invested &gt; 364 days</b>				
Upper limit for principal sums invested > 364 days	30	6	70	17
Limit to be placed on investments to maturity				
1 - 2 years	NA	NA	70	2
2 - 5 years	NA	NA	50	15
5 years +	NA	NA	50	0

**Prudential indicators – explanatory note****Debt**

There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of most likely, but not worst case scenario.

The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, "invest to save" projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows.

The Operational Boundary is a more realistic indicator of the likely position.

**Interest rate exposures**

The maximum proportion of interest on borrowing which is subject to fixed/variable rate of interest.



## **Investments**

### **Interest rate exposure**

The purpose of these indicators is to set ranges that will limit exposure to interest rate movement. The indicator required by the Treasury Management Code considers the net position of borrowing and investment and is based on principal sums outstanding.

### **Principal sums invested**

This indicator sets a limit on the level of investments that can be made for more than 364 days.

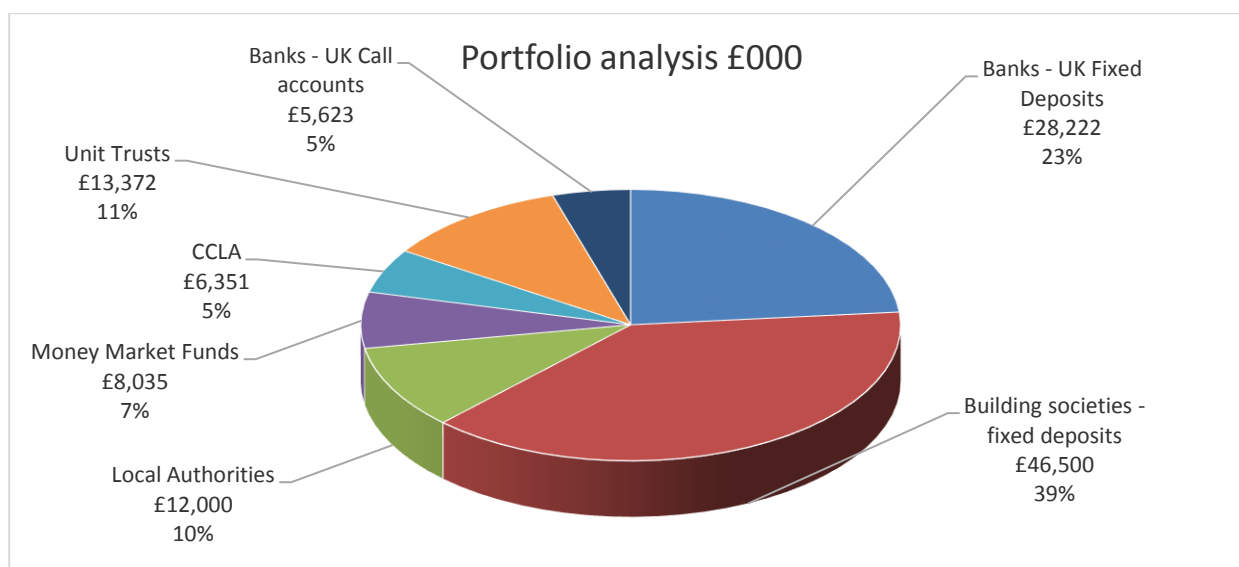
## SODC treasury activities in 2016/17

### Council treasury investments as at 31 March 2017

1. The council's treasury investments, analysed by age as at 31 March 2017 were as follows:

<b>Table 1: maturity structure of investments at 31 March 2017:</b>		
	<b>£000</b>	<b>% holding</b>
Call	5,623	5%
Money market fund	8,035	7%
<b>Cash available within 1 week</b>	<b>13,658</b>	<b>12%</b>
Up to 4 months	38,000	32%
5-6 months	6,500	5%
6 months to 1 year	25,000	21%
Over 1 year	17,000	14%
Kaupthing Singer & Friedlander	222	0%
<b>Total cash deposits</b>	<b>100,380</b>	<b>84%</b>
CCLA Property Fund	6,351	5%
Equities	13,372	11%
<b>Total investments</b>	<b>120,103</b>	<b>100%</b>

2. The majority of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.
3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
4. The chart below shows in percentage terms how the portfolio above is spread across the investment types:



### Treasury investment income

5. The total income earned on investments during 2016/17 was £1.9 million, compared to the original budget of £1.6 million, as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Interest earned		
	Annual Budget	Actual	Variation
	£000	£000	£000
Fixed term and call	940	1,098	158
Corporate Bonds	24	9	(15)
Equities	360	456	96
CCLA property fund	250	304	54
	1,574	1,867	293

6. The actual return achieved was £0.3 million more than the original budget. This was due to:

- The call accounts earned less interest than forecast because of rates reducing on our accounts.
- Interest earned on cash deposits was £0.2 million higher than forecast due to an increase in interest rates achieved during the first part of the financial year.
- Dividend received on equities was £0.1 million higher than forecast due to the overall increase in the value during the year. As the value of our capital investment increases, the dividend earned goes up.
- Dividend earned on CCLA was £54,000 higher due to fluctuations in the price of units held.

7. The actual average rate of return on treasury investments for the year was 1.49 per cent.

### Performance measurement

8. A list of treasury investments as at 31 March 2017 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £125 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.32%	1.07%	0.75%	3 Month LIBID
Equities	17.52%	16.76%	(0.76%)	FTSE All Shares Index
Property related investments (excluding SOHA loan)*	4.60%	6.71%	2.11%	IPD balanced property unit trust index
Corporate Bonds	0.25%	11.50%	11.25%	BoE base rate

\*source CCLA Local Authorities Property Fund Report March 2017

Note: the benchmark return for unit trusts and CCLA includes the movement in capital value. All other benchmarks reflect earnings of treasury investment income.

9. Returns on Bank and building society deposits (Call accounts, money market funds and fixed term deposits) are benchmarked against the three-month LIBID rate, which was an average of 0.32 per cent for 2016/17. The performance for the year of 1.07 per cent exceeded the benchmark by 0.75 per cent.
10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.
11. The CCLA property fund principal investment of £5 million (March 2013) increased in value during 2016/17 to £6.4 million. Dividends received in the year totalled £0.3 million. Both the capital appreciation and the interest earned are included in the performance of 6.71 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 4.79 per cent.

### Equities

12. The council's holdings with the Legal & General (L&G) UK 100 Index Trust were purchased in 2000/01 at an initial cost of £10 million. This is an authorised unit trust incorporated in the United Kingdom and regulated by the FSA. The trust's objective is to track the capital performance of the UK equity market as represented by the FTSE 100 index which represents 98-99 per cent of the UK market capitalisation.
13. The index shows the performance of all eligible companies listed on the London Stock Exchange main market and today covers 630 constituents with a combined value of nearly £1.8 trillion. It is recognised as the main benchmark for unit trusts.

<b>Table 4: Unit Trusts - Movement in capital</b>		
	£	£
Market Value as at 31.3.17		13,372,084
Less:		
Dividends received in year	276,453	
Accrued dividends	180,000	
		(456,453)
Add:		
Disposal in year		2,000,000
Amended market value as at 31.3.17		14,915,631
Market value as at 1.4.16		12,774,260
Increase in Market Value in year		2,141,371

14. The increase above is compared to the performance of the stock market as a whole using the benchmarking in table 5 below. The funds underperformance of 0.76 per cent equates to £96,679 in real terms.

<b>Table 5: Unit Trust performance</b>	
Increase in FTSE all share was	17.52%
Increase in Market Value	16.76%
Under-performance	(0.76%)
	£
Market Value 1.4.16	12,774,260
Plus 17.52% FTSE increase	2,238,050
Benchmark Market Value at 31.3.17	15,012,310
Market Value (amended at 31.3.17)	14,915,631
<b>Under performance 1.4.16 to 31.3.17</b>	<b>(96,679)</b>

15. The performance of the fund over the past few years is summarised in table 5.1 below.

Table 5.1 Unit Trust past performance	2013/14	2014/15	2015/16
Performance against FTSE all share % (Under)/Over	(0.22%)	0.49%	(0.46%)
Performance against FTSE all share £000 (Under)/Over	(30,492)	61,163	(61,601)

The justification for holding this investment is regularly reviewed.

16. Dividends received of £0.46 million were reinvested to acquire additional fund units.

17. Officers monitor the performance of the unit trust holding on a regular basis. When the market value reaches £14 million, a disposal of £2 million is made. During September 2016, the value of our unit trust holding reached the £14 million threshold and a disposal of £2 million took place.

### Corporate Bonds

18. The Council's corporate bonds are also accounted for in the financial statements at fair value. The opening carrying value for 1 April 2016 was £0.3 million. The RBS corporate bond matured and was disposed of during the year; therefore, the council has no corporate bond holdings at 31 March 2017. The carrying values and market values for the corporate bonds are shown in table 6 below:

Table 6: Corporate bond values					
	Original cost	Nominal value	Carrying Value as at 1.4.16	Carrying Value as at 1.4.17	Market value at 1.4.17
Bonds	£000	£000	£000	£000	£000
Santander 11.50%	422	270	287	0	0
	422	270	287	0	0

### Icelandic bank default – Kaupthing Singer & Friedlander

19. The Council invested £2.5 million in July 2007 with the failed Icelandic bank Kaupthing Singer and Friedlander Ltd (KSF). The Council has received £2,240,529 to date in respect of the claim for £2.6 million (£2.5 million investment plus interest).

20. As a wholesale depositor, the Council is treated as an unsecured creditor in the administration process and ranks equally with all other unsecured creditors. The administrators intend to make further payments at regular intervals. The latest creditors' report now indicates that the estimated total amount to be recovered should be in the range of 86.25p to 87p in the pound. In total terms, this would mean receiving between £2,269,094 and £2,288,826.

### **Non-treasury investment loan**

21. During 2013/14, the council entered into a secured loan agreement with SOHA to enable them to finance affordable housing schemes. The Council lent £15 million over 20 years at a fixed rate of 4.15 per cent. Interest is paid quarterly and during 2016/17, the council received £0.6 million.

### **Land and property**

22. The Council holds a portfolio of investment properties, which includes land, depots, garages, and shops that are let on a commercial basis. These assets had a net book value of £5.08 million at 31 March 2017 (£8.95 million at 31 March 2016) and generated income of £0.24 million in 2016/17 (£0.77 million in 2015/16) giving a gross rate of return of 4.67 per cent.

23. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.

24. Performance of the councils investment property portfolio is assessed annually by Arcadis in order to advise whether assets should be retained or disposed of and to propose any actions to improve where this would enhance the value of the investment property holdings.

### **Liquidity and yield**

25. The council uses short-term investments to meet daily cash-flow requirements and aims to invest a proportion of the portfolio over longer dated cash deposits where possible.

26. The amount maintained for liquidity was £14 million, which is higher than the benchmark. A review of the benchmark took place during 2016/17 and it was removed from the strategy in 2017/18. This will allow officers to place more short term deposits, covering cash flows, which will achieve better yields for the council.

27. The actual for the weighted average life of 200 days was within the range set of 0.5 years to 3 years.

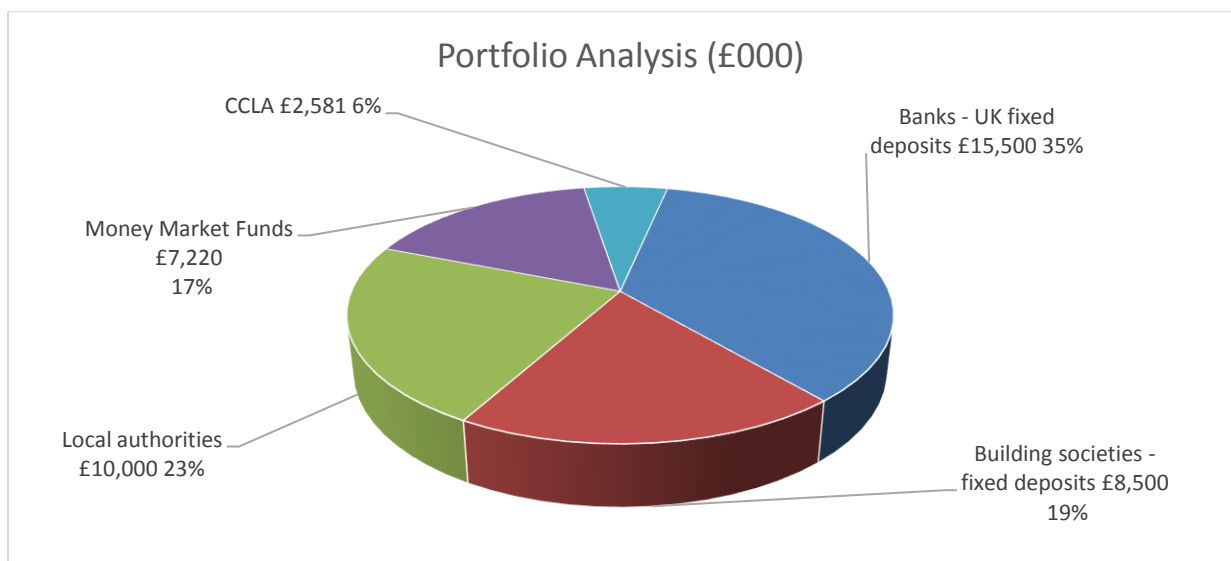
VWHDC detailed treasury performance in 2016/17

Council treasury investments as at 31 March 2017

1. The council’s treasury investments analysed by age as at 31 March 2017 were as follows:

Table 1: maturity structure of investments at 31 March 2017:		
	£000	% holding
Call	0	0%
Money market fund	7,220	16%
Cash available within 1 week	7,220	16%
Up to 4 months	13,500	31%
5-6 months	4,000	9%
6 months to 1 year	10,500	24%
Over 1 year	6,000	14%
<b>Total cash deposits</b>	<b>41,220</b>	<b>94%</b>
CCLA Property Fund	2,581	6%
<b>Total investments</b>	<b>43,801</b>	<b>100%</b>

2. The majority of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.
3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
4. The chart below shows in percentage terms how the portfolio above is spread across investment types:





### Treasury investment income

5. The total interest earned on treasury investments during 2016/17 was £0.6 million compared to the original budget estimate of £0.4 million as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Annual Budget	Actual Interest	Variation
	£000	£000	£000
Call accounts	20	1	(19)
Cash deposits - less than 1 year	145	282	137
Cash deposits - greater than 1 year	106	131	25
MMFs	40	48	8
CCLA Property Fund	100	120	20
<b>Total Interest</b>	<b>411</b>	<b>582</b>	<b>171</b>

6. The actual return achieved was £0.2 million higher than the original budget. This was due to average balances throughout the year remaining higher than forecast.
7. The total actual average interest rate achieved for the year was 1.13 per cent.

### Performance measurement

8. A list of treasury investments as at 31 March 2017 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £51.6 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark return	Actual return	Growth (below)/above Benchmark	Benchmarks
Internally managed - Bank & Building Society deposits	0.32%	1.13%	0.81%	3 month LIBID
Property related funds (CCLA)*	4.60%	6.71%	2.11%	IPD balanced property unit trust index

\*Source: CCLA Local Authorities Property Fund Report March 2017

9. Returns on bank and building society deposits (internally managed cash deposits) are benchmarked against the 3-month LIBID rate, which was an average of 0.32 per cent for 2016/17. The performance for the year of 1.13 per cent exceeded the benchmark by 0.81 per cent.

## Appendix D

10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.
11. The CCLA property fund principal investment of £2 million (April 2013) increased in value during 2016/17 to £2.5 million. Dividends received in the year totalled £0.1 million. Both the capital appreciation and the interest earned are included in the performance of 6.71 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 4.65 per cent.

### Land and Property

12. The council holds a portfolio of investment properties, which includes land, offices and shops that are let on a commercial basis. These assets had a net book value of £8.46 million at 31 March 2017 (£8.21 million as at 31 March 2016) and generated income of £0.5 million (£0.5 million in 2015/16). This is equivalent to a gross return of 5.70 per cent.
13. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.
14. Performance of the council's investment property portfolio is assessed annually by Arcadis in order to advise whether assets should be retained or disposed of and to propose any actions to improve where this would enhance the value of the investment property holdings.

### Liquidity and yield

15. The council uses short-term investments to meet daily cash-flow requirements and has also aims to invest a proportion of the portfolio over longer dated cash deposits where possible.
16. The amount maintained for liquidity was £7.2 million and was above the benchmark. This was due to the better rates of return on MMFs compared with other short-term deposits making it more attractive to hold funds short.
17. The actual for the weighted average life of 252 days was below the range set. When the benchmark of 460 days was set, the council had fewer short term investments, however the portfolio has grown during the year and investments made have been less than one year in duration.
18. The year-end position against the original benchmarks approved in February 2016 is shown below:

<b>Table 4: Risk-liquidity against benchmark</b>		
	<b>2016/17 Benchmark £m</b>	<b>2016/17 Actual £m</b>
Bank overdraft	0	0
Short term deposits - minimum available within 1 week	0.5	7.2
	<b>2016/17 Benchmark £m</b>	<b>2016/17 Actual £m</b>
Weighted average life (days)	460.0	252.0

## Appendix E

South Oxfordshire District Council investments as at 31 March 2017

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Close Brothers	Fixed	Apr-17	2,000,000	1.41%
Progressive Building Society	Fixed	Apr-17	2,000,000	1.00%
Progressive Building Society	Fixed	Apr-17	1,000,000	0.97%
Newcastle Building Society	Fixed	Apr-17	1,000,000	1.15%
Newcastle Building Society	Fixed	Apr-17	2,000,000	1.15%
Newcastle Building Society	Fixed	May-17	2,000,000	1.15%
National Counties Building Society	Fixed	May-17	1,000,000	0.95%
Skipton Building Society	Fixed	May-17	2,000,000	1.04%
Newcastle Building Society	Fixed	May-17	2,000,000	1.15%
Principality Building Society	Fixed	May-17	2,000,000	1.03%
West Bromwich Building Society	Fixed	Jun-17	3,000,000	1.07%
Nottingham Building Society	Fixed	Jun-17	1,000,000	1.01%
Goldman Sachs International Bank	Fixed	Jun-17	2,000,000	1.00%
Newcastle Building Society	Fixed	Jun-17	1,500,000	1.15%
West Bromwich Building Society	Fixed	Jul-17	4,000,000	1.00%
Principality Building Society	Fixed	Jul-17	2,000,000	0.80%
Nottingham Building Society	Fixed	Jul-17	2,000,000	0.81%
Progressive Building Society	Fixed	Jul-17	2,500,000	0.70%
West Bromwich Building Society	Fixed	Jul-17	1,000,000	0.85%
Goldman Sachs International Bank	Fixed	Jul-17	2,000,000	0.60%
Newcastle Building Society	Fixed	Aug-17	2,000,000	0.77%
Newcastle Building Society	Fixed	Aug-17	2,000,000	0.77%
Nottingham Building Society	Fixed	Sep-17	2,500,000	0.72%
Goldman Sachs International Bank	Fixed	Sep-17	2,000,000	0.70%
National Counties Building Society	Fixed	Oct-17	1,500,000	0.69%
Progressive Building Society	Fixed	Oct-17	1,000,000	0.70%
Progressive Building Society	Fixed	Nov-17	2,000,000	0.66%
Close Brothers	Fixed	Nov-17	3,000,000	1.60%
National Counties Building Society	Fixed	Dec-17	1,500,000	0.70%
Goldman Sachs International Bank	Fixed	Dec-17	2,000,000	0.78%
Royal Bank of Scotland	Fixed	Jan-18	2,000,000	1.50%
Goldman Sachs International Bank	Fixed	Feb-18	2,000,000	0.88%
Lloyds Bank	Fixed	Mar-18	2,000,000	0.90%
Principality Building Society	Fixed	Mar-18	2,000,000	0.77%
Goldman Sachs International Bank	Fixed	Mar-18	3,000,000	0.80%
Close Brothers	Fixed	Mar-18	1,000,000	0.80%
Royal Bank of Scotland	Fixed	Feb-19	2,000,000	1.20%
Royal Bank of Scotland	Fixed	Apr-19	3,000,000	1.31%
Kingston upon Hull City Council	Fixed	Aug-20	3,500,000	2.70%
Kingston upon Hull City Council	Fixed	Aug-20	1,500,000	2.70%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Bury MBC	Fixed	Jul-21	5,000,000	1.50%
Santander	Call		5,525,464	0.15%
Royal Bank of Scotland	Call		2,329	0.15%
Royal Bank of Scotland	Call		95,101	0.15%
Goldman Sachs	MMF		7,345,000	Variable
Deutsche Bank	MMF		0	Variable
Blackrock	MMF		690,000	Variable
L&G Equities	Unit trust		13,372,084	Variable
CCLA - property fund	Property fund		5,000,000	4.85%
<b>GRAND TOTAL</b>			<b>118,529,978</b>	

## Appendix E

### Vale of White Horse District Council investments as at 31 March 2017

Counterparty	Deposit Type	Maturity Date	Principal	Rate
National Counties Building Society	Fixed	May-17	1,000,000	0.55%
Nottingham Building Society	Fixed	Jun-17	1,500,000	0.54%
Cumberland Building Society	Fixed	Jun-17	1,000,000	0.37%
Lloyds Bank	Fixed	Jun-17	6,000,000	0.45%
Blackburn with Darwen BC	Fixed	Jun-17	2,000,000	0.40%
Office of PCC for Northumbria	Fixed	Jul-17	2,000,000	0.41%
Goldman Sachs International Bank	Fixed	Aug-17	2,000,000	0.78%
Cambridge Building Society	Fixed	Sep-17	2,000,000	0.60%
Close Brothers Ltd	Fixed	Sep-17	2,000,000	0.80%
Goldman Sachs International Bank	Fixed	Oct-17	2,000,000	0.90%
Close Brothers Ltd	Fixed	Nov-17	2,000,000	1.60%
Newcastle Building Society	Fixed	Dec-17	1,000,000	0.80%
Goldman Sachs International Bank	Fixed	Dec-17	1,500,000	0.80%
National Counties Building Society	Fixed	Jan-18	2,000,000	0.70%
Places for People Homes Ltd	Fixed	Jun-18	2,000,000	1.70%
Hull City Council	Fixed	Aug-20	2,000,000	2.70%
Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Goldman Sachs	MMF		1,220,000	0.21%
LGIM	MMF		6,000,000	0.25%
CCLA	Property fund		2,000,000	4.64%
<b>GRAND TOTAL</b>			<b>43,220,000</b>	

Note – these do not reconcile to table 1 figures seen in appendix c and d as these are original investment levels whereas the values in table 1 are the fair values of investments held.

## GLOSSARY OF TERMS

<b>Basis point (BP)</b>	1/100th of 1%, i.e. 0.01%
<b>Base rate</b>	Minimum lending rate of a bank or financial institution in the UK.
<b>Benchmark</b>	A measure against which the investment policy or performance of a fund manager can be compared.
<b>Bill of Exchange</b>	A non-interest-bearing written order used primarily in international trade that binds one party to pay a fixed sum of money to another party at a predetermined future date.
<b>Callable Deposit</b>	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
<b>[Cash] Fund Management</b>	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
<b>Certificate of Deposit (CD)</b>	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
<b>Commercial Paper</b>	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
<b>Corporate Bond</b>	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
<b>Counterparty</b>	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
<b>Credit Default Swap (CDS)</b>	A swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.

<b>Capital Financing Requirement (CFR)</b>	The amount the council has to borrow to fund its capital commitments.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy.
<b>CLG</b>	[Department for] Communities and Local Government.
<b>Derivative</b>	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
<b>Debt Management Account Deposit Facility (DMADF)</b>	Deposit Account offered by the Debt Management Office, guaranteed by the UK government
<b>European Central Bank (ECB)</b>	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
<b>European and Monetary Union (EMU)</b>	The Economic and Monetary Union (EMU) is an umbrella term for the group of policies aimed at converging the economies of all member states of the European Union.
<b>Equity</b>	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital appreciation. Equity values can decrease as well as increase.
<b>Forward Deal</b>	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
<b>Forward Deposits</b>	Same as forward dealing (above).
<b>Fiscal Policy</b>	The government policy on taxation and welfare payments.
<b>GDP</b>	Gross Domestic Product.
<b>[UK] Gilt</b>	Registered UK government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
<b>LIBID</b>	London inter-bank bid rate
<b>LIBOR</b>	London inter-bank offered rate.

<b>Money Market Fund</b>	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
<b>Monetary Policy Committee (MPC)</b>	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
<b>Other Bond Funds</b>	Pooled funds investing in a wide range of bonds.
<b>PWLB</b>	Public Works Loan Board.
<b>QE</b>	Quantitative Easing.
<b>Retail Price Index</b>	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
<b>Sovereign Issues (excl UK Gilts)</b>	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
<b>Supranational Bonds</b>	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.
<b>Treasury Bill</b>	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.





**Vale of White Horse Scrutiny Committee**  
**Annual Report to Council 2016/17**



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## Foreword by the Chairman



Councillor Debby Hallett, Chairman of Scrutiny Committee

I assumed the Chair of Vale of White Horse Scrutiny Committee in May 2016. We had emerged from a period of different chairmen with different styles of scrutiny and with a focus on different things. My experience had been as a member of the Scrutiny Committee, and to be an effective chairman I sought support from officers and consultant Scrutiny experts to find my way toward my own style and focus.

I set three main objectives for the year:

1. Increase engagement of committee members, council members, officers, Cabinet members, and the public in the Scrutiny process.
  - a. I began this by implementing more inclusive practices of query within the committee, such as circulating Individual Cabinet Member Decisions and prompting pre-committee discussion about upcoming issues. I've had positive feedback.
  - b. We've agreed a process for proactively managing our Scrutiny work programme, to engage more members in their areas of interest or expertise, and bring issues of greatest concern to the Scrutiny Committee.
  - c. We've increased the training courses available to committee members so they will feel more competent and confident. Opportunities for general and targeted O&S training come along every few months. I encourage committee members to take part.
  - d. We respond, where we can, to public requests to look more closely at some policies or processes.
  - e. I'd like to poll all council members for their suggestions; I've tried this a few times and got low engagement, so I'll reconsider my approach.
2. Improve the reputation of Overview and Scrutiny for adding value to our policies and strategies.
  - a. One tool for this is to commit to producing an annual Scrutiny Report to Council, where we will report to council what we've contributed in the year.
  - b. Another key change is to resist the temptation to correct grammar, typos and spelling, and to encourage policy writers to use the Communications team to create a better document. We need Scrutiny Committee to contribute substantive recommendations, not to be the punctuation police.
  - c. Another way to do this is to discuss with heads of services their concerns about Scrutiny and ways they see Scrutiny to add value to their work. I met with individual Heads of Service in summer of 2016, and that has helped us to adopt approaches that work for the Heads of Service and the Scrutiny Committee, and therefore for the whole council.
3. Improve the working relationship of Scrutiny with Cabinet, to bring draft policy and strategy documents to Scrutiny earlier in the process, not at the very end, one day before adoption. We've improved how we do this, and I've had feedback that things are more effective and communications are better now. I'm always trying to improve and I welcome feedback from Cabinet.

## **What is Scrutiny?**

The national advisory body, the Centre for Public Scrutiny, defines 'scrutiny' as follows:

*Public scrutiny is an essential part of ensuring that government remains effective and accountable. Public scrutiny can be defined as the activity by one elected or appointed organisation... examining and monitoring all or part of the activity of a public sector body with the aim of improving the quality of public services.*

Scrutiny ensures that decision-making processes are clear and accessible to the public and that the people taking decisions are held accountable for those decisions.

All of this leads the council to making better policy decisions and bringing more effective strategies to inform the work we do on behalf of people who live and work in the Vale of White Horse.

## **Membership of the Scrutiny Committee 2016/17**

Councillor Debby Hallett (Chairman)

Councillor Alice Badcock (Vice-Chairman)

Councillor Ed Blagrove

Councillor Katie Finch (until October 2016)

Councillor Vicky Jenkins

Councillor Mohinder Kainth (from October 2016)

Councillor Monica Lovatt

Councillor Ben Mabbett

Councillor Chris Palmer

Councillor Judy Roberts

Scrutiny Committee is a politically balanced committee

In addition, Vale members also serve on other Scrutiny committees:

- Councillors Debby Hallett (co-chairman), Alice Badcock, Katie Finch (until October 2016), Mohinder Kainth (from October 2016), Monica Lovatt, (until October 2016) Ben Mabbett and Chris Palmer serve on Joint Scrutiny Committee (with South Oxfordshire District Councillors) which considers matters that affect both councils' areas or their residents.
- Councillor Debby Hallett and Councillor Ed Blagrove serve on the Five Councils' Partnership Corporate Services Scrutiny Committee, which scrutinises decisions made, or action taken, by the Five Councils' Partnership Corporate Services Joint Committee in connection with the provision of services through the joint outsourcing of corporate services.
- Councillor Monica Lovatt serves on the Oxfordshire Joint Health Overview and Scrutiny Committee, which looks at the health services provided by the NHS and other providers in the county.

## Training

During 2016/17 Scrutiny members have attended the following training:

<b>Course</b>	<b>Provider</b>	<b>Attendees</b>
Financial Scrutiny 22.09.16	Centre for Public Scrutiny (CfPS)	Chris Palmer
Questioning Skills 20.10.16	CfPS	Debby Hallett Chris Palmer Judy Roberts
Scrutiny in Challenging Times 04.11.16	CfPS	Debby Hallett
Developing an Effective Work Programme 05.04.17	South East Employers	Debby Hallett Chris Palmer Judy Roberts

## Summary of Scrutiny Activity

During 2016/17 the committee met on 8 occasions. Its work included:

- Undertaking a detailed review of both the draft Local Plan Part 1 document and the lessons learnt from the process.
- Suggesting amendments to the draft Statement of Community Involvement which were accepted by the Cabinet member.
- Carrying out an annual review of The Beacon's operation and recommending the implementation of a detailed performance plan. This was accepted by the Cabinet member.
- Recommending alterations to the proposed Abingdon moorings policy which were accepted by the Cabinet member and incorporated into the final policy.
- Considering and making recommendations to Cabinet and Council on the Better Oxfordshire proposal for a single unitary authority for Oxfordshire. These recommendations were included in the final proposal to the Department for Communities and Local Government.
- Developing a detailed work plan for 2017/18.

In addition, the Joint Scrutiny Committee met on 7 occasions. Its work included:

- Reviewing the performance of contractors Biffa Municipal, Sodexo Ltd (Horticultural ) Services and GLL
- Reviewing and recommending amendments to a preliminary draft of the temporary accommodation strategy.
- Holding a special meeting in order for representatives of OxLEP to give a presentation and answer the committee's and the public's questions on its Strategic Economic Plan.
- Considering a report on the operation of the Five Councils' Partnership and recommending the Five Councils' Partnership Corporate Services Scrutiny Committee and the Cabinet to address a number of issues when considering the contracts
- Reviewing and endorsing the draft joint communications strategy.

## **For Next Year**

In 2017/18, intentions include:

- Publish the committee's work programme on the Council website.
- Introduce an annual "Ask the Leader" meeting for the Leader of the Council to answer questions from the committee and members of the public.
- Hold a Scrutiny best practice workshop.
- Continue to encourage members to take up training opportunities.
- Develop closer working relationships with the Cabinet/Cabinet members for to enable Scrutiny Committee to add value to the decision making process.
- Commission at least one "task and finish" group to carry out a detailed review of an important topic. These Groups focus on a particular topic area/issue and they have a particular value in assisting in the development of policy.