

# **Companies Scrutiny Panel minutes of the meeting held on 7 June 2018 for Shareholder Meeting Monday 11 June 2018**

## **4. Scrutiny recommendations (Pages 3 - 6)**

The Scrutiny Officer will be present at the meeting to brief the Shareholder on the observations made at the Companies Scrutiny Panel meeting held on 7 June 2018.

The Chair and Members of the Companies Scrutiny Panel send their apologies and regret that they are unable to attend the Shareholder meeting.

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## MINUTES OF THE COMPANIES SCRUTINY PANEL

Thursday 7 June 2018

**COUNCILLORS PRESENT:** Councillors Fry (Chair), Henwood, Simmons, Landell Mills, Corais and Munkonge.

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### 22. WELCOME AND INTRODUCTIONS

The Chair, Councillor Fry, welcomed new and returning members, and asked all attendees to introduce themselves.

The Chair explained that the principle of setting up Oxford City Housing Limited ("The Company"), with two separate subsidiaries, as a wholly owned Council company was to gain greater borrowing freedoms and control over the housing supply. A separate wholly owned council company, Oxford Direct Services Limited, was also established to run frontline commercial services for the Council. This again permitted greater freedoms in the commercial market.

A director of the Company offered to meet new members of the Panel to provide more detail on the business of the Company, if requested.

### 23. APOLOGIES

There were no apologies for absence.

### 24. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 25. MINUTES OF THE PREVIOUS MEETING

The Scrutiny Officer apologised that the minutes of the previous meeting were not included in the agenda, and these would be included in the agenda of the next Panel meeting on 31 July 2018. The Chair requested that this date be reviewed to suit member availability.

### 26. HOUSING DEVELOPMENT PROGRAMME - PROGRESS UPDATE

The Housing Development Manager provided the Panel with a presentation on eight housing development schemes, and said that these were a realistic view of the completion dates. These were:

- Harts Close – May 2019
- Cumberlege Close – Oct 2019
- Rose Hill sites – March 2020
- Warren Crescent – January 2020
- Elsfeld Hall – April 2020
- Between Towns Road – July 2020
- Underhill Circus – late 2020
- Lucy Faithfull House – not yet programmed

It was explained that the BCIS Building Costs Index recorded a 13.4% rise in costs over the previous year which specifically affected the Barton Park affordable housing pricing mechanism, not the wider development programme. Whilst significant, this rise was still within contingency parameters. The Housing Development Manager said the cost to the Council of purchasing the homes outlined in the development programme was below the cost it would be to build them.

The Housing Development Manager outlined progress with the various sites:

**Barton Park** - The first homes were due to transfer to the Company in August 2018, but slippage has taken place due to weather and other factors.

**Harts Close** – Plans for two three bed semi-detached homes were on track. The planning application was being finalised prior to submission in June 2018.

**Elsfield Hall and Cumberlege** – It was likely that the 9 units planned for Cumberlege would be 100% affordable housing. This site would be combined with Elsfield Hall to produce 50% affordable housing across the two sites. There was potential for the number of units at Elsfield Hall to extend to 23, with 17 being the lowest expected level of delivery. OPT approval is required for the Cumberlege development under the terms of a covenant.

**Rose Hill** – The Scout Hut and Old Community Centre site had been combined due to their proximity. Issues with a memorial tree have been resolved and a redesign was underway due to pre-application feedback resulting in fewer homes on both sites than previously expected. A public consultation would be undertaken by the end of June 2018. The number of units deliverable across the two sites at Rose Hill had been revised down from 53 in March 2018 to 43 in June 2018.

**Between Towns Road** – There had also been a reduction in the number of deliverable units on this site from 46 in March 2018 to 30 in June 2018. This was due to a redesign following pre-application feedback.

**Lucy Faithfull House** – Demolition was underway and projected to finish by the end of July 2018. Initial pre-application feedback indicated that a 18.2m high building would not be acceptable, therefore fewer homes would be provided than originally profiled. This would see a reduction in the number of deliverable units on this site from 53 in March 2018 to 39 in June 2018. This was in part due to a reduction in the number of floors permitted.

**Warren Crescent** - Baseline water monitoring was continuing at the site and procurement of the build contract was due to start over the summer for a start on site in January 2019.

**Underhill Circus** - Work was underway to finalise the retail provision here and at Barton Park, and negotiations had begun on purchasing maisonettes above the shops. It was clarified that redeveloping the existing retail offer at the site

was within the Company's scope, and the Company was not restricted from developing retail units, but their focus was housing.

Members noted that previous assurances were given about the number of units that were deliverable, and the reduction was disappointing.

In response, it was explained that architects are first commissioned to devise a scheme that maximises the number of deliverable units. As the designs make their way through the planning process, the number of units was usually revised down to adjust for planning restrictions. Furthermore, compared to most other planning authorities, Oxford has tighter controls on building elevation and densities. A reduction in the number from design to planning stage should therefore be expected in the majority of cases. The Council Board Member for Housing explained that the priority was to deliver as many affordable units as soon as possible, and delaying sites for the possibility of adding a few more units may make them unviable and risks pushing the scheme into the next financial year.

Members asked whether the priorities of the Company and the Council aligned, suggesting that the Council's ambition to maximise the number of units may compete with the Company's aim to bring units forward as quick as possible. It was suggested that pressure within the company to meet revenue targets may not be conducive to maximising unit numbers.

It was explained that the quicker that units were brought forward by the Company, the quicker the Council could begin receiving an income. Company directors stated that the ambitions of the Council and the Company remained aligned.

Members of the Panel expressed concern about the decline in deliverable units across the sites, and asked whether this caused problems in terms of the Oxford Strategic Plan. Whereas the Company projected delivering 793 units in March 2018, this had been reduced to 740 in June 2018. It was clarified that most of the units in the Company development programme were not allocated within the Oxford Strategic Plan. Also, the majority of the reduction was in the outright sale category (from 117 to 78), with the number of rental homes only reducing from 658 to 656. Therefore, the loss in revenue income would be limited.

The Panel suggested that the Company might wish to explore opportunities for securing further medium size developments through the open market, to mitigate against the loss in outright sale numbers. It was clarified that there were contingency sites in the pipeline for later development.

Members of the Panel suggested that in future, any presentations more clearly highlight data to show changes in the number of units expected to be delivered on a site, against the original architect's projections.

The Housing Development Manager explained that two of the year's five Housing Revenue Account acquisitions had already been identified that were capable of being extended or developed, with a particular priority being to build

houses big enough to accommodate large families. In the case of the seven houses already transferred to the Company, 12 additional bedrooms were expected and six further three bed houses on the attached land. Consideration was also being taken on whether non-extendable developments could be acquired. The Panel expressed regret that only two of a potential maximum of five void dwellings were transferred to the Company in 2017/18.

It was clarified that there was no conflict of interest for members of the Panel who previously sat on the Planning Review Committee, given that the Panel only operated in a scrutiny capacity, and has no decision making powers. More broadly, the Council's Head of Law and Governance explained that there was a clear separation of responsibility between the Company and the Council, and that no favour would be displayed in the planning process.

Other issues explored included:

- Whether the Community Housing Model would be beneficial
- The potential for developing housing units above retail sites
- The Company is not restricted to buying land within the City limits
- The Company's ability to lock in material costs at a fixed price
- That no major refurbishment plans on housing blocks were scheduled in the development programme
- That the Company was keeping a watching brief on whether HM Government will mandate the provision of the Right to Buy offer.

## **27. FUTURE MEETING DATES**

The Panel noted the following meeting dates, which were scheduled for 6pm:

31 July 2018  
11 September 2018  
29 October 2018  
12 December 2018  
3 January 2019

The Chair requested that attempts are made to reschedule the 31 July 2018 and 29 October 2018 dates to better suit member availability.

**The meeting started at 6:00pm and Finished at 7:19pm**