

# Agenda

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## Shareholder Meeting

Date: **Tuesday 20 March 2018**

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Time: **3.30 pm**

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Place: **St Aldate's Room, Town Hall**

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For any further information please contact the Committee  
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# Shareholder Meeting

## Membership

**Chair**            Councillor Susan Brown

Councillor Bob Price

Councillor Tom Hayes

Councillor Mike Rowley

Councillor Linda Smith

Councillor Marie Tidball

Councillor Alex Hollingsworth

Councillor Dee Sinclair

Councillor John Tanner

Councillor Ed Turner

The quorum for this meeting is three members.

### **Copies of this agenda**

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- viewed on our website – [mycouncil.oxford.gov.uk](http://mycouncil.oxford.gov.uk)
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# AGENDA

	Pages
<b>Items to be considered in public</b>	
<b>1 Apologies for absence</b>	
<b>2 Declarations of interest</b>	
<b>3 Minutes of the previous meeting</b>	7 - 12
<b>Recommendation(s):</b> That the Housing Group Shareholder resolves to approve the minutes of the previous meeting held on 20 December 2017.	
<b>4 Scrutiny recommendations</b>	
The Shareholder to consider comments and recommendations from the Companies' Scrutiny Panel.	
<b>5 Appointment of Auditors for the Housing Group</b>	13 - 16
The Head of Financial Services has submitted a report provides an update on the current position in respect of external auditor procurement.	
<b>Recommendation(s):</b> That the Housing Group Shareholder resolves to:	
1. note the appointment of Mazars LLP as external auditors for the Oxford City Housing Group.	
<b>6 Housing Group Policies: Rent &amp; Lettings; Debt Recovery (Reserved to Shareholder)</b>	17 - 30
The Housing Group Board of Directors has submitted a report seeking agreement to a set of policies relating to rent, lettings and debt recovery as these are matters reserved to the Shareholder.	
<b>Recommendation:</b>	

That the Housing Group Shareholder resolves to:

1. Agree the Reserved Policies: Rent & Lettings and Debt Recovery

## **7 Housing Group Business Plan 2017-18 - update**

31 - 36

The Housing Group Board of Directors has submitted a report which updates the Shareholder on the Business Plan 2017-18.

### **Recommendation:**

That the Housing Group Shareholder resolves to:

1. Note and agree the updates to the Housing Group Business Plan 2017-18

## **Matters Exempt from Publication**

### **Items to be considered in private - matters exempt from publication**

If the Shareholder wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Shareholder to pass a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

The Shareholder may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **8 Housing Group Business Plan 2017-18 update - exempt items**

37 - 40

### **Recommendation:**

That the Housing Group Shareholder resolves to:

1. Note the exempt financial appendices to the updated Housing Group Business Plan 2017-18



## **Councillors declaring interests**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your\* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

\*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

## Minutes of a meeting of the SHAREHOLDER MEETING on Wednesday 20 December 2017

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### Committee members:

Councillor Price

Councillor Hollingsworth

Councillor Rowley

Councillor Sinclair

Councillor Smith

Councillor Tanner

Councillor Tidball

### Officers:

Jackie Yates, Director

Stephen Clarke, Director

Lindsay Cane, Company Secretary

Anita Bradley, Monitoring Officer

Nigel Kennedy, Head of Financial Services/s151 Officer

Catherine Phythian, Committee Services Officer

### Apologies:

Councillor(s) Brown, Hayes and Turner sent apologies.

## 1. Declarations of Interest

There were no declarations of interest.

## 2. Minutes of the previous meeting

The Shareholder resolved to approve the minutes of the meeting held on 23 March 2017.

## 3. Appointment of a Director to the Housing Group

The Company Secretary presented this item.

The Shareholder noted Jane Winfield's credentials and commercial experience, particularly with regard to the Barton development.

### The Shareholder resolved to:

1. **Note** the resignation of Fiona Piercy as a Director of each of Oxford City Housing Limited, Oxford City Housing (Development) Limited and Oxford

City Housing (Investment) Limited with effect from 31 January 2018;

2. **Appoint** Jane Winfield as a Director of Oxford City Housing Limited, Oxford City Housing (Development) Limited and Oxford City Housing (Investment) Limited with effect from 1 February 2018.

#### **4. Appointment of Auditors for the Housing Group**

The Council's Head of Financial Services (s151 Officer) presented this item and referred the Shareholder to the report which had been circulated. He said that the appointment of external auditors was a reserved matter within the Shareholder Agreement and explained that to facilitate the 2017/18 audit it was necessary to procure an external audit service for all the Council's owned or jointly owned companies including the Housing Group.

**The Shareholder resolved to:**

**Delegate** the award of the contract for the provision of external audit services for the Housing Group to Oxford City Council's Head of Financial Services (S151 Officer).

#### **5. Proposed amendment to Shareholder's Agreement re inter-company loans**

The Company Secretary presented this item and said that while the making of loans was a matter properly reserved for shareholder consent, it had become apparent that in practice this requirement was unduly restrictive for routine operations between the Housing Group companies. He explained that this might occur, for example, if the holding company were to receive a loan from the Council to make a property purchase, but when in the normal course of business that property is transferred to another group company, say the investment company for sale or letting, the repayment obligations under the loan could not "follow" the property without express shareholder consent.

To prevent the Housing Group having to request consent from the Shareholder on each such occasion, it was proposed that the Shareholder grant continuous authorisation to permit any of the Housing Group companies to make and accept inter-group loans and inter-group loan transfers.

**The Shareholder resolved to:**

**Amend** the Shareholder's Agreement for the Housing Group in the manner specified in the report to facilitate inter-company loan transfers.

#### **6. Project Delivery Programme**

Councillor Tidball and the Monitoring Officer joined the meeting at the start of this item.

The Chair of the Board of Directors presented this item and reminded the Shareholder of the four initial corporate objectives, set by the Council and underpinned by the Business Plan, which set the Housing Group's initial business lines:



- The purchase and management of the new affordable rental homes at Barton Park
- To develop new affordable housing with a range of tenures
- The purchase and management of high value void properties from the Council to help fund the Government's levy on stock holding Local Authorities to compensate Registered Social Landlords for the costs of Right to Buy
- To undertake estate regeneration schemes

The Shareholder then discussed each of these business lines in detail and the following points were noted:

### **Barton Park**

- The transfer of the first tranche of properties was expected in May 2018
- The Housing Group could not influence the scheduled transfer dates
- The Housing Group Project Team and the Council's Landlord Services team were leading on the work needed to prepare for the transfer and ensure that the properties would be ready to let in May 2018
- The Housing Group would have a Service Level Agreement with the Council's Landlord Services to manage the Housing Group stock and this would address sub-contracting arrangements with the Direct Services Trading Companies
- tenants of the Housing Group would have the same level of service and experience as the Council's tenants; service delivery should be unchanged but it would be made clear to tenants, from the outset, whether the landlord was the Housing Group or the Council
- Those policies which are reserved matters for the Shareholder: Rent, Lettings, Sales and Debt Recovery would be considered at the next shareholder meeting in March 2018
- That the costs of the Barton Park Green Levy would be defrayed by the Housing Group as landlord; and that future Housing Group developments should not adopt that specific model but would explore the scope to use the Council's Parks team for landscaping and site maintenance

### **Affordable Housing site development**

- a consortium including Levitt Bernstein architects, Currie and Brown project managers, GL Hearn Planning consultants led by WSP had been appointed to provide the range of professional services required to deliver a successful development programme
- Officer capacity was an issue for the Housing Group as staff were currently undertaking the new tasks for the Housing Group alongside existing work for the Council's housing function
- An officer had been appointed as a dedicated project management resource for the Housing Group to address, in part, this issue
- A Project Team, chaired by Stephen Clarke, met twice monthly to provide co-ordination and oversight on project management; this team included Council officers from other service areas such as Planning and Communications and operated on the principle of "ethical barriers" to separate the needs of the Housing Group from those of the Council

- the initial design feasibility studies for all eight development sites (to assess capacity and including pre-planning application discussions) were underway
- The initial assessment is that the Development Programme could deliver an additional 20-25 housing units over and above the assumptions in the Business Plan

### **The purchase and management of high value void properties from the Council**

- Five properties had been purchased in 2016-17
- A further five properties had been identified for purchase in 2017-18 in accordance with the Business Plan
- the Business Plan assumed that 5 units per annum will be sold by the Council and transferred to the Housing Group over the term of the Plan (equating to 200 units). Not transferring the quota of units in any single year would be a lost opportunity and over time it would have a detrimental impact on the Housing Group's finances which would need to be addressed.

Having considered the arguments presented in the report the Shareholder confirmed that the Housing Group should proceed with the purchase of up to five properties in 2017-18.

### **Estate Regeneration**

- The redevelopment of Blackbird Leys central area was progressing and the Council was expected to appoint a development partner in the summer of 2018
- The local community would be closely involved in the regeneration project

### **Right to Buy**

The Shareholder noted that the Government's policy on the high value void levy and right to buy remained uncertain and was being monitored by officers in both the Council and the Housing Group. The matter would be presented to the Shareholder for a decision once there was greater clarity on the Government's policy position.

The Chair of the Board of Directors explained that their initial view was that the Housing Group should not introduce a Right to Buy policy, until and unless required to do so by Government policy. The justification for this was the requirement to increase and retain the stock of social housing in the city. In the event that a Right to Buy policy was required the Housing Group would explore options to set appropriate qualifying periods and discount levels and the scope to minimise the risk of losing properties to speculative external buyers. Any such policy would be presented to the Shareholder for approval.

### **The Shareholder resolved to:**

1. **note** the report; and
2. **agreed** to meet quarterly to monitor and review the progress being made on the delivery of the Housing Group development programme against the Business Plan objectives

## Items to be considered in private - matters exempt from publication

The Shareholder resolved to:

exclude the press and public from the meeting during consideration of the item in the exempt from publication part of the agenda in accordance with the provisions in Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972 and that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

### 7. Lucy Faithfull House

The Chair of the Board of Directors presented this item and explained the background to the proposal that the Housing Group should acquire the Lucy Faithfull House site from the City Council through the provision of a loan facility from the City Council. The site would then be included in the Company's Business Plan.

The Shareholder noted the content of the report and the confidential appendix.

**The Shareholder resolved to:**

1. **Agree** to the acquisition of the Lucy Faithfull House site from Oxford City Council and its inclusion in the Company's Business Plan; and
2. **Support** the provision of a loan facility of up to £13 million to facilitate the development of the site.

**The meeting started at 3.05 pm and ended at 3.55 pm**

Chair .....

**Date: Tuesday 20 March 2018**

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**To:** Housing Group Shareholder Meeting  
**Date:** 20 March 2018  
**Report of:** Head of Financial Services  
**Title of Report:** Procurement of External Auditor – Oxford City Council Housing Group

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To provide an update on the current position in respect of external auditor procurement.
<b>Recommendation(s): That the Housing Group Shareholder resolves to:</b>	
1.	<b>note</b> the appointment of Mazars LLP as external auditors for the Oxford City Housing Group.

<b>Appendices</b>
None

### **Introduction and background**

- At the meeting on 20 December 2017 it was resolved to delegate the award of the contract for the provision of external audit services for the Housing Group to Oxford City Council’s Head of Financial Services (S151 Officer).

### **Procurement Process**

- A Request for Quotation was released and the tender was open to any audit firms to bid. Tenders were received from:
  - Company A (2016/17 auditor for Oxford City Housing);
  - Mazars; and
  - Company B (2016/17 auditor for OxWED).
- 13 other entities expressed an interest but these didn’t follow through to a tender.
- The contract period is intended to be for an initial period of three years with the option to extend for two further periods of 1 year up to a maximum contract period of 5 years.
- The tendered prices for Oxford City Housing Group were as follows:

Audit Fees	Company A	Mazars	Company B	Company B (adj for CPI)
Year	£	£	£	£
2017/18	1 11,000.00	10,000.00	10,500.00	10,500.00
2018/19	2 22,500.00	15,000.00	19,800.00	19,800.00
2019/20	3 23,000.00	18,000.00	19,800.00+ inflation	20,205.90
2020/21	4 23,500.00	19,000.00	19,800.00+ inflation	20,191.05
2021/22	5 24,000.00	20,000.00	19,800.00+ inflation	20,186.10
Total	<b>104,000.00</b>	<b>82,000.00</b>	<b>89,700.00</b>	<b>90,883.05</b>
Ranking	3	1	2	
%	32%	40%	37%	36%

An adjustment had to be made to the figures from Company B to allow for inflation, however this did not impact on the overall result.

- Mazars are the most competitively priced for the Housing Group. Both Mazars & Company B scored comparably well in the qualitative review. Mazars appeared to present a generic, well drafted, but cut & paste response (at one point they refer to 'Red Lion' as the prospective audit client & in several places include details not required by the specific question in the document). Company B's narrative response appears more specifically focused & individually tailored, hence slightly outscoring Mazars in the qualitative total.
- The results of the combined Quality and Price scores still show Mazars as being the successful bidder as shown in the table below:

		Company A	Mazars	Company B
<b>Oxford City Housing</b>	Qualitative Total (%)	43%	50%	53%
	Price - lump sum total (%)	32%	40%	36%
	<b>Total (%)</b>	<b>75%</b>	<b>90%</b>	<b>89%</b>

- Oxford City Council's Head of Financial Services (S151 Officer) therefore awarded the contract for the provision of external audit services for the Housing Group to Mazars.

### Financial implications

- Financial implications are contained in the report.

### Legal issues

- There are no implications arising from of contracting an auditor. There are however compliance issues if an auditor is not in place.

### Level of risk

11. Low.

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**To:** Housing Group Shareholder Meeting  
**Date:** 20 March 2018  
**Report of:** Housing Group Board of Directors  
**Title of Report:** Reserved Policies

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To propose a set of policies relating to rent, lettings and debt recovery
<b>Recommendation(s): That the Housing Group Shareholder resolves to:</b>	
1. <b>Agree the Reserved Policies: Rent &amp; Lettings and Debt Recovery</b>	

<b>Appendices</b>	
Appendix 1	Rent & Lettings
Appendix 2	Debt Recovery

## **Introduction and background**

- OCHL continues to make good progress with all of the preparations necessary to be able to effectively manage their first homes when the first phase of Barton Park begins to be handed over beginning in May 2018.
- The work programme includes the development and agreement of a range of corporate and landlord policies, performance frameworks, service level agreements for the provision of landlord services by the Council, as well as the sub-contracting arrangement that needs to be in place between the Council and the council's other wholly owned company Oxford Direct Services. The shareholder meeting in December 2018 noted the range of policies that were being developed and noted that the shareholder agreement included some policies that were reserved for agreement by the shareholder namely rents, lettings, sales and debt recovery.
- Appendices 1 and 2 detail the proposed policies in relation to rents and lettings and debt recovery. A sales policy will be submitted for approval to a future meeting.
- In drawing up all policies the principle adopted is to mirror as far as is practicable those of the Council.

## **Financial implications**

- There are no financial implications arising directly from this report.

Legal issues

2. There are no legal issues arising directly from this report.

Level of risk

3. Low.

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## **Appendix 1 - Rent & Lettings Policy (Reserved Policy)**

### **Policy Statement**

OCHL properties to be let at social, affordable, intermediate or market rents levels will be let to nominees of Oxford City Council under its Choice Based Lettings system, in accordance with Oxford City Council's Allocations Scheme.

Where an applicant is a Secure tenant of a Local Authority or an Assured (Non-Shorthold) tenant of a Registered Provider, they will be offered an Assured (Non-Shorthold) Tenancy.

Where an applicant is not a Secure tenant of a Local Authority or an Assured (Non-Shorthold) tenant of a Registered Provider, they will be offered a Starter Tenancy which will be an Assured Shorthold Tenancy. Providing that the tenant does not breach any of the conditions of the Tenancy Agreement, after 12 months they will be offered an Assured (Non-Shorthold) Tenancy.

OCHL determines that certain categories of applicant would not be considered as suitable as nominees. Those categories are set out in this policy.

This policy sets out the methodology to be adopted by OCHL with regards to its rent and service charges setting activities across all its rental tenure types.

OCHL will set initial property rent at social, affordable, intermediate or market levels, in accordance with the requirements of the individual development scheme and the OCHL Business Plan. The tenancy agreement sets out the provisions for increasing rent during the term of an Assured Non-Shorthold Tenancy or an Assured Shorthold Tenancy.

This policy supports the strategic requirements of the OCHL Business and Strategic Development Plan.

### **Objectives**

The policy ensures that:

- OCHL makes the best use of its housing stock and minimises the risk of excessive rent loss and tenancy failure by making appropriate allocations
- To ensure that properties are let to those in housing need and that the accommodation offered is appropriate to their needs
- Tenants are treated fairly and in accordance with the Equality, Diversity & Customer Care Policy.
- Tenants are fully aware of the rent increase mechanisms that will operate during the course of their tenancy.

- Tenants are fully aware what their rent and service charges will be spent on
- Rents are broadly consistent with comparable rents charged by similar local social landlords in similar circumstances
- Sufficient income is generated to meet all financial requirements including the costs of managing and maintaining the homes and any associated borrowings

## **Specific Policy Decisions**

### **Rent & Rent Review**

Rental periods will be monthly and the rent becomes due on the 1<sup>st</sup> day of each month. For new lettings, an apportionment of the months' rent becomes due on the tenancy commencement.

The rent "review date" means the first day of the month immediately following the first anniversary of the start of the Tenancy and each anniversary of that date. For example, if the tenancy started on 10<sup>th</sup> September 2017, the anniversary would be 10<sup>th</sup> September 2018 and the first review date would be 1<sup>st</sup> October 2018 and 1<sup>st</sup> October in subsequent years.

In order to increase the rent, OCHL must serve a rent review notice on the tenant not less than 28 days but not more than 90 days before the relevant review date specifying the percentage by which the rent will increase on the relevant review date and the new rent payable from the relevant review date.

OCHL will increase the rent on each review date by a maximum of the percentage change in the Consumer Prices Index over the preceding year plus no more than 6%.

This must be calculated by reference to the last index published before the date on which the rent increase notice is served and the 11 previous indices.

## **Service Charges**

OCHL will operate a Variable Service Charge regime.

Service charges will be payable on a monthly basis on the same day as the rent is due. Any reference to rent, rent due or the payment of rent will mean rent and any service charges applicable, as a single entity.

Service charges for the first year of occupation of a property will be estimated and charged on a monthly basis with the rent. Where there is a difference between the estimate for year one and the actual for year one, this will be factored into the year two charges.

Service charges for the second and subsequent years will be based on the actual charges for the previous year.

Service charges will apply if the property benefits from the service and is not dependant on the residents making use of the service.

Service charges will be apportioned equally between the number of properties of a block, regardless of size so if there are 10 properties in a block, each tenant will be charged 10 per cent of the total charges for the block.

OCHL will consult with residents before introducing a new service which will result in a charge. We will take the views of residents into account, however, some services may be required to comply with legislation, regulation or health and safety requirements. The consensus of all residents to introduce new services is not required.

## **Allocation of Assured (Non-Shorthold) and Assured Shorthold Tenancies**

Properties will be allocated in accordance with the Oxford City Council Allocations Scheme and the Oxford Register for Affordable Housing (ORAH) Partnership Agreement. Oxford City Council's Allocation Scheme sets out the criteria for the assessment of housing need and priority for housing.

The priority for housing will be determined by Oxford City Council taking into account a number of factors, including

- Overcrowding
- Homeless/threatened with homelessness
- Health or social and welfare needs
- Unsuitable housing
- Under-occupation
- Decant need

Oxford City Council will confirm the identity and status of all household members on an application, including

- Eligibility (passport/ immigration status)
- Proof of Identity
- Proof of Income/Savings

Oxford City Council will consider how suitable an applicant is for a particular property, taking account of issues such as

- Affordability
- The size and type of the property
- Family pets

OCHL will consider whether an applicant is suitable for an offer of accommodation. The reasons for this could include a history of unacceptable behaviour, such as:

- Rent arrears
- Anti-social behaviour or nuisance
- Housing fraud.

An applicant will also be considered unsuitable if they would not be able to afford to meet the rent payments on the property.

## **Reviews and Appeals**

An OCHL appeal panel will consider requests for a review from applicants who have been rejected as unsuitable for a nomination.

Nine months into the Assured Shorthold Tenancy (Starter Tenancy), a review of the tenant's conduct will be carried out, to determine whether an Assured (Non-Shorthold) Tenancy should be offered at the end of 12 months or whether the tenancy should be ended at the end of 12 months through the service of a Section 21 Notice. The rent payment history and the behaviour of the tenant will be considered as part of the review.

OCHL will ensure that there is an appeals process and that the Appeals Panel will decide the merits of the case and determine whether possession should be sought or whether an Assured (Non-Shorthold) Tenancy should be granted.

## **Monitoring**

This policy will be monitored through the regular policy review programme.



## **Appendix 2 - Debt Recovery Policy (Reserved Policy)**

### **Introduction**

Oxford City Housing Limited (OCHL) has a responsibility to safeguard its financial viability and is required to ensure that the payment of rent, service charges and other rechargeable debts are made promptly in line with the tenants' obligations under the Tenancy Agreement.

Being in debt can be a major issue for tenants. OCHL aims to prevent tenants from accumulating rent and other arrears that may trap them between a cycle of poverty or lead to their eviction.

OCHL will take prompt, appropriate and effective action to prevent and minimise rent arrears.

### **Policy Statement**

This policy determines sets out the approach OCHL will take to prevent rent arrears and what action will be taken to recover rent arrears or other OCHL debts.

OCHL will ensure that all reasonable steps have been exhausted before considering legal proceedings. If a tenant fails to co-operate in reducing arrears OCHL will commence legal action to recover the debt.

### **Objectives**

- To promote a payment culture
- To prevent rent arrears, where eviction is seen as a last resort
- To ensure tenants are treated fairly and in accordance with the Equality, Diversity & Customer Care Policy.
- To provide clarity regarding the debt recovery process
- To prevent homelessness and sustain tenancies.

## **Support and Customers with Vulnerabilities**

OCHL acknowledges that the promotion of a payment culture from the outset is key to preventing rent arrears. Appropriate support or sign-posting will be provided to each customer dependant on their individual needs.

Causes of vulnerability can include age, chronic illness, learning difficulties, physical disabilities, mental health and addiction. Any of these vulnerabilities can cause or contribute to financial difficulties. OCHL will help vulnerable tenants and where appropriate, their representatives, to be fully aware of their obligation to pay rent and other charges when due so that the tenancy can be maintained.

OCHL provides a Tenancy Sustainment Service that can support vulnerable tenants to maintain their tenancy.

We will consider individual circumstances and support needs when considering legal action and work with any support agencies as necessary.

## **Grounds for Possession**

OCHL will use grounds for possession 8, 10 and 11 under Section 8 of the Housing Act 1988 as necessary during the course of an Assured (Non-Shorthold) Tenancy. At the point of reviewing starter tenancies and at the end of the fixed term, OCHL may use a Section 21 Notice (under the Housing Act 1988) (to activate the landlord's break clause) to enable possession proceedings. Where a Section 21 Notice has been served on a Starter Tenancies or at the end of the fixed term, OCHL will ensure that there is an appeals process and that the Appeals Panel will decide the merits of the case and determine whether possession should be sought.

## **Starter Tenancies**

If the applicant has not previously been a Council or Housing Association tenant then they will be granted an Assured Shorthold Tenancy (starter tenancy) for the first 12 months. Where applicants have been a tenant of a Council or housing association tenancy for one year, immediately prior to the OCHL tenancy, the starter period of the tenancy will not apply.

Nine months into the Assured Shorthold Tenancy (Starter Tenancy), a review of the tenant's conduct will be carried out, to determine whether an Assured (Non-Shorthold) Tenancy should be offered at the end of 12 months or whether the tenancy should be ended at the end of 12 months through the service of a Section 21 Notice. The rent payment history and the behaviour of the tenant will be considered as part of the review.

OCHL will ensure that there is an appeals process and that the Appeals Panel will decide the merits of the case and determine whether possession should be sought or whether an Assured (Non-Shorthold) Tenancy should be granted.

## **Assured (Non-Shorthold) Tenancies**

Rent is payable monthly in advance, and payments by Direct Debit are encouraged, although alternative payment methods may be available.

Recovery processes will be explained to new tenants during pre-tenancy work and subsequently at the tenant's sign-up interview.

Tenants will be advised of any arrears or an unacceptable payment pattern promptly after these arise. OCHL will make every effort to reach an agreement with the tenant to clear the arrears.

If the tenant fails to comply with an arrangement to clear the arrears or is persistently in arrears, OCHL will consider possession proceedings using any appropriate ground(s) for possession. OCHL will always seek Court Costs for any claim.

OCHL will fully comply with the Pre-Action Protocol for Possession Claims by Private Landlords.

## **Refunds**

In accordance with the tenancy agreement rent is payable in advance and the Company will not refund credit on an account where this will result in arrears building up before the next payment is expected.

## **Write-offs**

OCHL will not generally write-off rent on current tenancies unless the property is uninhabitable through no fault of the tenant.

OCHL will not generally write-off any debt owed by a current tenant.

Where current rent is required to be written-off under the terms of bankruptcy, an administration order, a debt relief order or any equivalent scheme, OCHL will seek possession of the property.

Any debt that has been written-off, can be "written-on" if the circumstances regarding the debtor changes.

OCHL will make provision for bad debts. All write-offs by OCHL will be classified as bad debt.

OCHL will pursue former tenant arrears providing it is economical to do so until the criteria and thresholds for write-offs are met as set out in this policy. This may include the use of external enforcement agencies.

## **Former tenant write-off criteria**

Approval for former tenant write-offs will be automatically requested when any of the following criteria are met:

- Where the debt is under £20
- Where the total debt is under £50, where no payment has been received within six months of sending the final demand for payment.
- Where an external enforcement agency advises they are unable to collect the debt and all options are exhausted.
- Where the debtor has absconded and cannot be traced
- Where the debtor has been made bankrupt or is subject to a similar order
- Where the debtor is deceased and there are insufficient funds in the Estate to clear the outstanding charge

For arrears over £50, in order to identify which debts should be written off, OCHL has a schedule which refers to the amount of the debt, the age of the debt, action taken to recover the debt and the seniority of the person/body authorised to write-off the debt. The schedule is:

<b>Amount</b>	<b>Age of Debt</b>	<b>Action taken</b>	<b>Write-off approval</b>
£50 - £100	Over 6 months	Three letters requesting payment therefore uneconomical to pursue	Income Team Leader
£100 - £500	Over 6 months	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	Income Manager/Service Manager Revenues and Benefits
£500 - £1,500	Over 6 months	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	Head of Finance
Over £1,500	Over a year old	Three letters requesting payment and returned from External Enforcement Agency therefore uneconomical to pursue	OCHL Board

## Monitoring

This policy will be monitored through the regular policy review programme.

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**To:** Housing Group Shareholder Meeting  
**Date:** 20 March 2018  
**Report of:** Housing Group Board of Directors  
**Title of Report:** 2017-18 Business Plan update

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To provide a business plan update for the shareholder.
<b>Recommendation(s):</b> That the Housing Group Shareholder resolves to:	
1. <b>Note and agree the revised Business Plan</b>	

<b>Appendices</b>	
Appendix 1	OCHL Summarised Financial Statements

### **Introduction and background**

1. In December 2017 the Shareholder noted progress with Oxford City Housing Limited's (OCHL) Business Plan that had previously been approved in March 2017. This report provides an update of the plan.
2. This report provides an update of the business plan.
3. The main aims of the Company are to increase the supply and range of housing, in particular affordable housing and to provide a financial return to the Council.
4. OCHL remains on track to purchase the new homes at Barton Park with the first handovers scheduled for May 2018.
5. OCHL has reviewed and revised its business plan.

### **Business Plan Refresh**

6. OCHL has carried out a refresh of its Business Plan, 12 months after the original plan was approved by the Shareholder. This updated plan reflects the work that has been carried out on the development programme in the intervening period due to the appointment of professional advisors who have reviewed site capacity and cost assumptions, as well as the addition of the development opportunity at the Lucy Faithfull House site.

**Programme Delivery**

7. Extensive design work has now taken place on most sites, costs have been reviewed and discussions have begun with Planning on the principles of development. This has enabled a more detailed development programme to be assembled which reflects the best estimate of when schemes will actually deliver:

Harts Close	2	February 2019
Warren Crescent	10	January 2020
Cumberlege Close	9	September 2019
Elsfield Hall	29	April 2020
Rose Hill Community Centre	33	June 2019
Rose Hill Advice Centre	20	January 2020
Between Towns Road	46	May 2020
Underhill Circus	41	October 2020
Lucy Faithfull House	53	TBD

8. These numbers reflect the upper limit of each site in terms of development quantum and it is expected that they will reduce as we progress the sites through the Planning system. As these changes are made each appraisal will be updated to ensure the development site still meets the company’s development financial parameters and then the Business Plan will be adjusted accordingly.
9. The company is receiving detailed professional advice on likely build costs for each site and these are being updated as the schemes develop through the Planning system. This remains the single biggest risk of the development programme and will be monitored accordingly.
10. From a stand-alone development appraisal basis the company has continued to use the threshold parameters agreed as part of the original Business Plan, namely;
- A Payback period by year 40, although given potential cross subsidisation in later years this is not too critical;
  - A positive Net Present Value (NPV) i.e. the development adds value to the company;
  - An Internal Rate of Return (IRR) of at least 4.00%.

**Tenure Changes**

11. The design work already undertaken has identified a potential 27 additional homes that could be delivered on these sites, reflected in an increased number of social rented homes instead of more expensive Affordable Rented properties. The addition of Lucy Faithfull house as a development site could yield a further 22 social rented homes as part of this high density city centre scheme, although the development process could be protracted due to the extensive archaeological remains that are



likely to be present. This means that further investigation work post-demolition will be required before a detailed programme can be constructed.

12. The table below sets out how the revised programme compares against that previously reported:

Corporate Objective	Original Development Programme						Revised Development Programme					
	SR	AR	SO	OS	MR	Total	SR	AR	SO	OS	MR	Total
<b>CO1 - Barton Homes</b>												
Phase 1	95	-	-	-	-	95	95	-	-	-	-	95
Phase 2	259	-	-	-	-	259	259	-	-	-	-	259
<b>Sub-total</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354</b>
<b>CO2 - Development Prog.</b>												
Cumberledge	5	6	-	-	-	11	Cumberledge Combined With Elsefield					
Elsefield	7	4	-	6	-	17	14	1	4	19	-	38
Harts Close	-	-	2	-	-	2	-	-	2	-	-	2
Rose Hill	10	5	9	-	-	24	Both Rose Hill Schemes Now Combined					
Rose Hill (SH/AC)	6	12	-	-	-	18	22	-	5	26	-	53
Between Towns Road	16	5	4	15	-	40	18	-	5	23	-	46
Underhill Circus	16	4	-	20	1	41	16	4	-	20	1	41
Warren Crescent	-	10	-	-	-	10	-	10	-	-	-	10
Lucy Faithful House	n/a	n/a	n/a	n/a	-	n/a	22	-	5	26	-	53
<b>Sub-total</b>	<b>60</b>	<b>46</b>	<b>15</b>	<b>41</b>	<b>1</b>	<b>163</b>	<b>92</b>	<b>15</b>	<b>21</b>	<b>114</b>	<b>1</b>	<b>243</b>
<b>CO3 - HRA Acquisitions</b>												
2016/17	5	-	-	-	-	5	5	-	-	-	-	5
2017/18	5	-	-	-	-	5	2	-	-	-	-	2
2018/19	5	-	-	-	-	5	5	-	-	-	-	5
2019/20	5	-	-	-	-	5	5	-	-	-	-	5
2020/21	5	-	-	-	-	5	5	-	-	-	-	5
Remainder (not funded)	175	-	-	-	-	175	175	-	-	-	-	175
<b>Sub-total</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>
<b>TOTAL</b>	<b>614</b>	<b>46</b>	<b>15</b>	<b>41</b>	<b>1</b>	<b>717</b>	<b>643</b>	<b>15</b>	<b>21</b>	<b>114</b>	<b>1</b>	<b>794</b>
<b>TOTAL (%)</b>	<b>85.6%</b>	<b>6.4%</b>	<b>2.1%</b>	<b>5.7%</b>	<b>0.1%</b>	<b>100%</b>	<b>81.0%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>14.4%</b>	<b>0.1%</b>	<b>100%</b>

## Financial Highlights

13. The headline financial outcomes from the BP re-fresh are as follows:

- All schemes development model thresholds are by and large met; there are a handful of schemes that just exceed the 40 year payback threshold but this is not deemed to be significant;
- Over 80% of the projected development dwellings will be at social rents;
- All development model interest rates are based on a weighted average methodology that provides state aid compliance but also includes a 0.5% uplift for potential rate rises to future prevailing PWLB rates;
- Loan covenants and their levels have still to be agreed but they will be sympathetic towards, accommodate and reflect the position of OCHL, namely a highly geared newly incorporated company;
- The peak debt position occurs in 2026/27 at £78.985m.
- Turnover is greatest in 2019/20 at £25.432m;
- Corporation Tax is anticipated to be first paid in 2019/20.
- Capitalised interest to be earned by the Council is estimated at £8.6m.

14. Estimated financial statements over the next MTFP timeframe are appended to the report (Appendix 1) and include:

- Statement of Profit and Loss and other Comprehensive Income  
It can be seen that given the start-up timeline associated with the activities of OCHL, annual profits do not materialise until 2019/20 when the start of open market and shared ownership sales are planned to take place;

- **Statement of Financial Provision**  
An asset base (before re-valuations) of nearly £59m is planned to be achieved by 2021/22, with associated debt at £51m.
- **Statement of Cashflows**  
The company is reliant on new development loans from its main funder, the Council and it is anticipated cash generating activities are positive once development is underway.

15. It should be noted that work is about to start on the development of a dividend policy between companies within the OCHL group and with OCHL and OCC and this will be presented for consideration by the shareholder at an appropriate future point.

### **Housing Growth Deal**

16. The expected Housing Deal for Oxfordshire has the potential to offer significant resources for the housing company subject to its ability to comply with the requirements of the programme. Much of the development programme could be supported to provide affordable housing above the level that can be demonstrably provided through the Planning system. As several of the company sites are marginal, this funding could both improve the level of affordable housing and the viability of the programme. It should be noted that the inclusion of grant subsidy into the BP will be a matter for agreement by the Directors and Shareholder at some future date when more detail about the proposals are known.

### **Potential Future Schemes**

17. The current development programme has been expanded with the inclusion of Lucy Faithfull House but it is critical for the success of the company that a development and acquisition pipeline is established for future years to ensure a steadily increasing stream of new homes is being delivered. At present the focus is on developing Council sites or acquiring s106 properties on schemes that the Council is directly involved in delivering, such as Oxpens and Blackbird Leys. As the company develops and builds its skills and capacity it will become more capable of directly involving itself in market opportunities including the acquisition of development land. Current Council sites that the housing company could either deliver or take the affordable homes from include the affordable housing at East Oxford Community Centre, the vacant Royal British Legion Club at Barton, Blackbird Leys central area regeneration, the Sandy Lane site and a programme of smaller sites on HRA estates.

### **Financial implications**

18. There are no financial implications arising directly from this report.

### **Legal issues**

19. There are no legal issues arising directly from this report.

### **Level of risk**

20. The business plan has been reviewed taking into account known risk factors.

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# Agenda Item 8

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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