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| To: | Shareholder and Joint Venture Group |
| Date: | **17 March 2020** |
| Report of: | Companies Scrutiny Panel |
| Title of Report:  | **Scrutiny Response to agenda item 8b – Housing Company: Finance and Performance Report**  |

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| Summary and recommendations |
| Purpose of report: | To present Companies Scrutiny Panel recommendations concerning the Housing company Finance and Performance report |
| Recommendation: The Shareholder and Joint Venture Group is asked to |
|  | state whether it agrees or disagrees with the recommendation in the body of this report. |

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| Appendices |
| None |  |

# Introduction and overview

1. At its meeting on 13 March 2020, the Companies Scrutiny Panel considered a finance and performance report on the Oxford City Council’s housing group of companies (“the Housing Group”).
2. The Panel would like to thank Lindsay Cane, Housing Group Company Secretary, for compiling the reports, and Stephen Clarke and Jane Winfield, Housing Group Company Directors, David Watt, Housing Group Strategic Finance Manager for supporting the meeting. The Panel would also like to thank Nigel Kennedy, Head of Financial Services, and Anita Bradley, Monitoring Officer for supporting as advisors to the Shareholder and Joint Venture Group.

**Summary and recommendation**

1. The Housing Group Company Directors, Stephen Clarke and Jane Winfield, introduced the report. Due to the item having been held in confidential session the majority of the discussion is not recounted in this report but will be available in the minutes of the meeting.
2. Having heard the presentation of the report the Panel’s area of focus was in relation to the Housing Group’s approach to sustainability issues. The Panel was assured to be informed that the Housing Group’s business plan already had factored in compliance with the requirements of the emerging Local Plan 2036, but that even since the development of the business plan considerations around improved levels sustainability had become more pressing and were being proactively assessed.
3. The Panel makes two recommendations concerning housing efficiency and sustainability.

**Housing Efficiency and Sustainability**

1. Discussion took place about the potential for improved levels of sustainability within the houses built by the Housing Company. It was reported that it was clearly possible to improve the levels of efficiency of homes built by the Housing Company. The information which was lacking was on the financial impact of doing so, which made it difficult to understand the impact on the Council’s other priorities for the Housing Company – delivery of 50% social housing whilst also making returns to the Council. As part of its response to the Citizens’ Assembly the Council had agreed to develop a net-zero pilot site in Oxford, which would possibly be developed by the Housing Company. The learning from that would help inform discussions of how the Housing Company might further improve the efficiency standards of its builds. This information was not anticipated to be ready for six months.
2. The Panel recognises that the Council is seeking to achieve multiple corporate priorities through its Housing Company, and that there are times when there may be trade-offs between those different priorities. In such an event it is felt that it is important to be data-led, and that the Shareholder and Joint Venture Group should consider a scenario-planning document based on the learning from the net-zero pilot site and any other information available on the implications on returns to the Council and the number of affordable homes delivered of various levels of improvements to energy efficiency.

**Recommendation 1: That the Shareholder and Joint Venture Group considers a report, when suitable data is available, detailing the impacts of the Housing Company building to differing levels of energy-efficiency, particularly with reference to the potential impact on returns to the Council and the proportion of social housing delivered.**

1. The Panel has previously made comments about the desirability of mechanisms to invest money spent by tenants of Council homes on heating into improvements in energy efficiency instead. This is a view which has also been supported by the Climate Emergency Review Group, which favourably considered the Energiesprong (“Energy Leap” in Dutch) model implemented by Nottingham City Homes. It is the suggestion of the Panel that it should be possible to determine a level of capitalisation such that a meaningful amount of money spent on heating is invested in energy efficiency measures, whilst also providing a clear benefit to tenants through reduced bills. The Nottingham model claims a 30 year payback on retrofitting existing housing stock. The payback would period be significantly shorter when Energiespong is applied to newbuild housing stock.

**Recommendation 2: That the Shareholder and Joint Venture Group seeks the Housing Company to outline a model through which tenant spending on heating can instead be invested in energy-efficiency measures, and which balances the cost of delivering any such measures with the need to provide tangible reductions in heating bills to tenants.**

**Further Consideration**

Should the recommendations above be adopted, the Panel looks forward to considering the reports when they are available.

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**Shareholder response to recommendations of the Companies Scrutiny Panel made on 12/03/2020 concerning the Housing Company Finance and Performance Report**

**A verbal response will be provided by Councillor Mike Rowley, Shareholder and Joint Venture Group member with responsibility for the Oxford Housing Group of Companies**

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| ***Recommendation*** | ***Agree?***  | ***Comment*** |
| 1. **That the Shareholder and Joint Venture Group seeks the Housing Company to outline a model through which tenant spending on heating can instead be invested in energy-efficiency measures, and which balances the cost of delivering any such measures with the need to provide tangible reductions in heating bills to tenants.**
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