

Agenda

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Companies Scrutiny Panel

Date: **Tuesday 28 May 2019**

Time: **6.00 pm**

Place: **Plowman Room - Oxford Town Hall**

For any further information please contact:

Stefan Robinson, Scrutiny Officer

Telephone: 01865 252191

Email: srobinson@oxford.gov.uk

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Companies Scrutiny Panel

Membership

Chair Councillor James Fry

Vice-Chair

Councillor Tiago Corais

Councillor Richard Howlett

Councillor Craig Simmons

Councillor Andrew Gant

Councillor Chewe Munkonge

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ITEMS TO BE CONSIDERED IN PRIVATE - MATTERS EXEMPT FROM PUBLICATION	
Please note that the appendices to the report on "The future strategic direction of the Council's Group of Housing Companies" is exempt from publication under the terms of Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972. Accordingly, to consider this item, the Panel will be required to pass a resolution "That members of the public be excluded from the meeting on the grounds that their presence would involve the likely disclosure of exempt information."	
5 CONFIDENTIAL APPENDICES - THE FUTURE STRATEGIC DIRECTION OF THE COUNCIL'S GROUP OF HOUSING COMPANIES	21 - 26
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6 FUTURE MEETING DATES	
To note the dates of future meetings, which will be held at 6pm:	
<ul style="list-style-type: none">• 3 July 2019• 23 July 2019• 17 October 2019• 19 November 2019	

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 COMPANIES SCRUTINY PANEL on Thursday 28 February 2019

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Committee members:

Councillor Corais

Councillor Landell Mills

Councillor Munkonge

Councillor Howlett

Officers and Oxford Direct Services Staff:

Nigel Kennedy, Head of Financial Services

Anita Bradley, Monitoring Officer

Simon Howick, Managing Director, Oxford Direct Services

Tim Sadler, Chair of Oxford Direct Services

Stefan Robinson, Scrutiny Officer

Also present:

Councillor Nigel Chapman, Board Member for Customer Focussed Services

52. Apologies for Absence

Apologies for absence were received on behalf of Councillors Fry and Simmons.

In the absence of Councillor Fry, Councillor Munkonge was appointed as Chair for this meeting only.

53. Declarations of Interest

There were no declarations of interest.

54. Minutes of the previous meeting

The minutes of the previous meeting held on 12 December 2018 were agreed as an accurate record.

55. Items to be considered in private - matters exempt from publication

The Panel resolved to move into private session on the grounds that the presence of the public would involve the likely disclosure of exempt information in accordance with Paragraph 3, Part 1 of Schedule 12a of the Local Government Act 1972. A summary of the discussion is provided below for the benefit of the public.

56. Oxford Direct Services Quarter 3 Performance Report

Simon Howick, Managing Director of Oxford Direct Service (ODS), and Tim Sadler, Chair of ODS, gave an overview of the reasons for establishing the Company.

Simon explained that ODS continues to perform well against its key performance indicators, and continued to build its capacity. During discussion, it was emphasised that any profit from the Company would be returned to the Council through a dividend for reinvestment in Council services. In the past year, there had been a particular focus on improving health and safety management and understanding customer satisfaction.

The Panel discussed the customer satisfaction scores in relation to public toilets (an average of 2.74 out of 5). The Panel agreed that the condition of public toilets could be better in the City Centre. However, it was highlighted that these spaces can be a hotspot for anti-social behaviour, which presented challenges for cleanliness and public safety in some circumstances. Discussions were ongoing about how these facilities could be better managed.

The Panel discussed how a shortage of building labourers nationally might affect ODS. It was explained that the Company had ambitions of increasing its throughput of apprentices to help grow and retail their own workforce. There was evidence to suggest that development and retail jobs in Bicester were drawing some people away from working in the City.

In response to questions, it was explained that parking income would not be used as a performance indicator, given that the ambitions of the Council were more aligned to promoting alternative and more sustainable transport options to personal car use. A discussion took place on pricing, and it was clarified that ODS would continue to demonstrate good value, as the Council (the sole Shareholder of the Company) must comply with its best value duties. The Head of Financial Services, Nigel Kennedy, said that various check and balance functions were undertaken in this regard.

The Panel discussed the reasons for slippage in the Seacourt Park and Ride extension, which were expressed to be principally because of delays in receiving planning permission, the complex design due to the flood plain and the new flood relief channel.

Councillor Fry had submitted a number of questions in advance of the meeting. A summary of the responses is set out below.

Aled Bath, ODS Finance Director, said that key targets in the pipeline in the past had been optimistic, and there was now a target of 40% slippage on major projects. The establishment of the Council's project management office was expected to help with reducing slippage. The mix of revenue income was 78% City Council, 2% County Council and 17% external clients. There was still more work to be done on phasing income throughout the year, as a higher level of

income was expected in the final quarter. Income from vehicle auctions, for example, would not be used to provide a sustainable income in future years.

There had been an increase in tipping charges. This was because more recyclable waste was being generated, which had come at a financial cost to ODS. Time series data would be made available on street scene survey feedback once more data had been gathered. Repairs performance remained very good.

One off costs listed in the budget line for staffing were related principally to the appointment of non-executive directors. The target for debt recovery over 90 days (20%) was considered reasonable, but this would be reviewed next year.

57. Oxford Direct Services Business Plan - Verbal Update

Tim Sadler provided the Panel with a brief update on progress with the revised Business Plan. An additional Shareholder meeting would need to be held at the end of March 2019 to consider a report. The Panel asked that they be updated accordingly.

58. Future meeting dates

The Panel noted the dates of future meetings, set out below:

- 17 April 2019 (Oxford City Housing Group Scrutiny)
- 3 July 2019 (Oxford Direct Services Scrutiny)
- 23 July 2019 (Oxford City Housing Group Scrutiny)
- 17 October 2019 (Oxford City Housing Group Scrutiny)
- 19 November 2019 (Oxford Direct Services Scrutiny)

The meeting ended at 7:50pm

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To: Oxford City Housing Ltd Shareholder Meeting
Date: 30 May 2019
Report of: Stephen Clarke Company Director and Board Chair
Title of Report: The future strategic direction of the Council's Group of Housing Companies

Summary and recommendations

Purpose of report: To consider and approve changes to the arrangements between the Council's Group of Housing companies and the Council's Housing Revenue Account for the delivery of affordable housing in response to recent government policy changes and to agree to a review of future Housing Group development with a view to expanding activity and accelerating affordable housing delivery.

Recommendation(s)

1. The Shareholder is asked to approve the change in company policy as recommended in paragraph 8.
2. The Shareholder is asked to agree the objectives of the review of the future role of OCHL group of companies as detailed at paragraph 10.
3. The Shareholder is asked to agree the revised Oxford City Housing Limited business plan as detailed at Appendix 1.

Appendices

Appendix 1	Financial Statements Revised OCHL Business Plan
Appendix 2	Trowers & Hamblins Advice

Introduction and background

1. The Council's City Executive Board on the 17th March 2016 agreed to set up a group of housing companies ("OCHL") to be wholly owned by the Council with a primary aim of building and owning social housing. This was in response to changes in Government policy namely the introduction of four years of rent reductions and a high value asset levy, which taken together severely restricted the Council's ability to continue with its ambitious council house building programme funded from the Housing Revenue Account (HRA). The OCHL Shareholder has previously approved a development and acquisition programme and business plan to deliver 572 new homes over the period 2018 to 2026. This includes the purchase from the Council by OCHL of the social rented homes being developed at Barton Park by Barton Oxford LLP (BOLLP).
2. The table below summarises progress with the development sites. In addition, so far 35 of the 95 social rented units in the first phase of Barton Park have been handed over.

Scheme	Number of homes	Status	Estimated Completion
Rose Hill	43 (all affordable)	Planning permission obtained – build contract signed with Feltham	Nov 2020
Warren Crescent	10 (all affordable)	Planning permission obtained – build contract signed with Leighfield	July 2020
Elsfield Hall and Cumberlege Close	35 (18 affordable)	Planning permission obtained. Procurement of contractor underway	Dec 2020
Between Towns Road	38 (19 affordable)	Planning permission obtained. Procurement of contractor underway.	Dec 2020
Harts Close	2 (both affordable)	Planning permission obtained – price being negotiated with contractor	April 2020
Lucy Faithfull House	36 (18 affordable)	Pre planning application underway	April 2021

Underhill Circus	36 (18 affordable)	Pre planning application underway	Sep 2021
Edgecombe Drive	7 (all affordable)	Pre planning application underway	Aug 2020
Bracegirdle, Mortimer, Broad Oak	8 (7 affordable)	Planning permission obtained, tenders received and being assessed	July 2020

3. Recent government policy changes have removed restrictions on the Council's ability to borrow within the HRA. This necessitates a review of the approach previously adopted by the Council and OCHL with respect to affordable housing delivery and subsequent on-going management.

Review

4. The objectives of this initial review by the Council have been to;
 - Maintain the existing social housing new build programme.
 - Maximise the potential to expand and accelerate the programme using the new borrowing flexibilities.
 - Protect the assumed position in the Medium Term Financial Plan (MTFP) and explore the potential for an increased contribution from OCHL, if financially prudent and affordable for the company.
 - Provide a more efficient and coherent model for the management of the Council's social housing stock.
5. OCHL's current approved business plan reflected the previously agreed Council position namely;
 - A development programme of Council owned sites that would be sold to OCHL and would deliver an estimated 207 mixed tenure properties including external sales with the remainder of the dwellings being owned by OCHL long term and managed by OCHL via a Service Level Agreement (SLA) provided by Oxford City Council;
 - A programme of acquisitions from the Council of 354 social rented units at Barton Park developed by BOLLP (the Barton Units);
 - A funded trickle transfer of 5 HRA voids each year for the first 5 years of the business plan with an aspiration that this would continue thereafter to effectively create larger units and/or new units, where land footprint allowed.
6. The Council's current MTFP and Treasury Management Strategy agreed at Council in February 2019 reflected this base position.
7. The lifting of the HRA debt cap raises the question of whether continuing to deliver affordable housing through OCHL is necessary or advantageous, since expanded borrowing capacity means it could now be done directly from within the HRA. There

are, however, advantages to a continued role for OCHL and disadvantages in undertaking all activity through the HRA, which include the following:

- **Protection from future government policy changes.**

The delivery of developments of significant value and the associated long term borrowing plans require certainty. It is clear that even since the introduction of self-financing in 2012, the Government has continued to interfere with the financial elements of Local Authorities' HRAs. The now retracted Pay to Stay and high value void levy and the imposition of rent reductions over 4 years being examples of this. Therefore leaving the Council with only one delivery vehicle to deliver new housing supply, namely the HRA, leaves open the real risk of future negative Government interventions that would work against locally held Oxford aspirations to meet housing need.

- **Greater opportunity for diversifying housing mix.**

Whilst Local Authorities do have the legal powers to undertake mixed development activity within the HRA, the current arrangement of operating a local housing company nonetheless allows greater opportunity for OCHL to diversify into the development of other tenures such as sub market rent in order to meet the differing requirements and aspirations of Oxford's various housing need groups.

- **Recovery of funds already invested**

The on-going set-up and development activity associated with OCHL since its creation in 2016 has resulted in approximately £1m of costs being incurred to date and the plan is that these will be recovered by future sales receipts and this has always been part of the OCHL strategy and business plan.

- **Contribution to the MTFP**

One of the two principal purposes associated with the creation of OCHL was to provide a return to support the Council's MTFP and as such any detrimental impact to the ability to generate such returns would clearly be a significant negative impact on the Council's current and on-going MTFP.

- **Balancing risk**

Undertaking £100m+ of development within the OCHL group, ensures liability is limited to this entity. This as such de-risks the development activity out of the HRA and therefore does not impact on the investment in and the management and maintenance of the Council's existing stock.

- **Management of housing stock**

The additional HRA borrowing headroom provides an opportunity for a more efficient and coherent model for the management of the Council's social housing stock and for OCHL to concentrate almost exclusively on development. The Council through its HRA would contract to buy the social rented and shared ownership units from OCHL. This provides transparency in that tenants would be clearer with regard to rights and responsibilities. The exception to this however is that the acquisition and ownership of the Barton units would remain with OCHL as this purchase is integral to OCHL's commitments to the Council's MTFP and it provides a much needed revenue

stream for the company. Another considerable advantage of this option is that it would avoid the need for OCHL to establish a Registered Provider subsidiary. This is because grant provided from the Growth Deal required for a number of sites to deliver a minimum of 50% affordable housing could now be drawn down through the HRA being an automatically registered entity. This would avoid the cost of regulatory compliance having to be borne by OCHL

- **Transfer of voids**

The HRA 'trickle' transfer of 5 voids per year to OCHL was initially agreed for two main reasons. Firstly the HRA had developed an initiative to identify void properties with the potential for extension and /or development. The previous government policy changes that negatively impacted the HRA threatened to affect the continuation of this initiative so the activity was transferred to OCHL. The second reason was to provide income back to the HRA (through purchase by OCHL) to help fund the high value asset levy; the latter policy has now been abandoned by Government.

8. The Council's Cabinet planned for the 29/05/19 will be considering a report with a series of recommendations incorporating the following issues:
 - that OCHL continues with the current development and Barton acquisition programmes;
 - that OCHL continues with the current development programme with the Council committing to purchase back the affordable units via the HRA and that Barton Park social rented units would continue to be acquired by OCHL;
 - that OCHL extends its development programme with the inclusion of an additional three sites that were originally in the OCHL programme, namely Bracegirdle, Mortimer and Broad Oak (8 units of bungalows), that were transferred back to the HRA as they were potentially to be in receipt of Homes England grant which OCHL could not draw down. The scheme was later transferred into the growth deal. Again, the affordable units would be purchased by the Council's HRA;
 - that the transfer of voids that are not suitable for development is ceased after the 2018/2019 financial year as there is now no perceived benefit and it adds complexity in housing management terms. It is however proposed that the option to extend or redevelop voids should continue to be available for OCHL to consider on a case by case basis in order to potentially deliver larger and/or additional units. Experience has shown that there are only a small number (3-4) suitable each year. It should be noted that this activity could be constrained as the Council has a current Government imposed limit of 5 units or plots of housing land that can be transferred each year under a general consent. If the limit of 5 units transferred from the HRA to OCHL was reached in any one year then as a fall back option the development could alternatively take place within the HRA.
 - that the Council commits to the delivery of more additional affordable units with the option of the Council's HRA purchasing some or all of the market sale units on individual sites within the current development programme. The HRA has the financial strength to acquire additional units and has the ability

to draw down Growth Deal grant and give a greater confidence to delivery of the year 2 Growth Deal commitments;

- the above proposed housing company policy changes are recommended for OCHL and this requires an adoption of a revised business plan (BP) and the associated 4 year financial statements are detailed at Appendix 1 and the associated BP re-fresh assumptions that are summarised under financial implications section of this report;
- however, development activity remains heavily focussed on the first 4 years of the business plan (BP) Therefore, in support of this strategic direction and to reflect the dynamic nature of both housing development and the operating environment, further work is now underway to scope increased development activity. This will form part of the continuous annual business plan cycle and will be aligned to the Council’s 2020/21 budget setting timetable;
- it is important for the Shareholder to note that given the competitive environment OCHL finds itself in with regards to future development activity the action of consistently reviewing and revising BP assumptions as a response to these ever-changing activities is a normal and necessary event. The OCHL Board as part of the monitoring exercise receive revised BPs that are stress tested to reflect current impacts and possible future variations to current assumptions and the Shareholder must also agree and accept that regular and on-going changes to OCHL’s BP is inevitable, necessary and critical to the company’s current and future success. Obviously moving forward as development intensifies regular BP revisions will be reported and explained as a matter of course to the Shareholder and at all times the two principal objectives of delivering new affordable housing and making a return for the Shareholder will be key to all the associated changes in assumptions subsequently made and proposed.

Recommendation: The Shareholder notes the above activities as being proposed to Cabinet and on the basis this is subsequently approved the Shareholder is now being asked to approve the consequential change in company policy which results from the above..

Potential future OCHL development sites

9. The Council is continuing to bring forward additional potential sites and has appointed professional teams to assess the feasibility of sites including those listed below with further site feasibilities currently being tendered.

Hill View Farm	c80 units
Goose Green	c60 units
Bertie Place	c30 units
Redbridge Paddock	c175 units
Westlands Drive	c15 units

Review of future role and activity of OCHL

10. The Council and OCHL is continuing to review how it can accelerate the delivery of affordable housing units, the development of alternative tenures to meet housing need and support economic growth as well as meeting MTFP commitments. OCHL has recently recruited an interim managing director to lead a 6 month review feeding into the 2020/21 budget setting, with the following objectives:

- Examine the resources and expertise currently available to the Housing Company and how it is organised and make recommendations on what is needed to improve the pace of programme delivery.
- Develop a delivery programme for the next batch of Council sites that have been identified as having potential to be delivered by OHCL.
- Develop a viable proposition for alternative tenure offer in addition to social rent, including an affordable Private Rented Sector (PRS) offer.
- Given the finite number of Council owned development sites appraise opportunities for an expansion of OHCL's activity, including potential purchase of land for development, commission the required work to identify potential sites and develop costed proposals for these sites.
- Explore delivery vehicle options and make recommendations for appropriate partnership arrangements and subject to agreement, take forward the development of the partnership(s).
- Develop proposals and make recommendations for appropriate governance of the Housing Company, including additional Board Directors and clarity about the relationship with stakeholders.

Recommendation: The Shareholder is asked to agree the objectives of the review of the future role of OCHL group of companies.

Financial implications

11. The 2018/19 accounts at the time of drafting this report were still being prepared. It is however planned to bring the OCHL's group Annual Report to the July Shareholder meeting.

12. OCHL's delivery programme is based upon the development of 10 sites that are currently in Council ownership. In order to facilitate this development programme and to reduce the financial risk to OCHL, the Company will buy the individual sites before it enters into build contracts (the exception being that Rose Hill and Warren Crescent will be transferred following agreement by Cabinet) and the affordable units will be sold back to the HRA. Where sales have mixed tenure (flatted schemes) the freehold will be owned by the Council.

13. When OCHL buys sites from the Council it will accept covenants that protect the use of the affordable units in perpetuity at the start of the development process for each site. The land associated with the affordable housing would be transferred

back to the HRA when the development is completed along with the freehold of blocks containing both affordable and private homes. Any market sales that were capable of a freehold disposal would be disposed of completely.

14. The development programme has been structured to ensure that at least 50% affordable housing is provided on all qualifying sites and homes are constructed to high levels of insulation to reduce carbon footprints and address fuel poverty for tenants. It is therefore important that the value of land transferring into OCHL fully reflects the costs of meeting Council aspirations for these schemes and the current build costs being experienced in the market. Hence these sites will be valued once the quantum of development and tenure mix is fixed and the build costs are understood, to maximise the chance of success for OCHL and to maximise the returns to the Council from this process.

Business Plan Re-Fresh Assumptions

Property Mix and Future Management

15. As has been previously explained the BP now reflects the individual site changes to overall property numbers but also more importantly the proposal that all development sites effectively now pursue 100% sales activity, open market sales to third parties and social housing provision (social rent, affordable rent and shared ownership) rather than be managed by OCHL will now be bought by OCC's HRA (made possible by Government announcing late last year the removal of the HRA borrowing cap).
16. This has the effect of ensuring most development schemes undertaken within the development subsidiary effectively finish when subsequent sales are completed. Thus, all associated debt should be extinguished leaving profits arising from sales to be used to accelerate other remaining debt redemption where possible. This activity of paying off debt with available resources was an initiative put forward and agreed within the first BP in 2016 and continues with the OCHL Board's support today, although other uses are available including dividends to the shareholder. OCHL should realise gains from its development activity in the early years. Therefore, it is critical if OCHL is to ensure a constant return is made available to its Shareholder and the Council's MTFP each year, that a continuous and profitable stream of future development schemes are undertaken by OCHL moving forward. As such OCHL has strengthened its development team SLA with the Council to pursue this initiative actively along with the appointment of a Managing Director to OCHL to provide the experience, knowledge and contacts so the future success of OCHL is assured.

Borrowing

17. The revised development models interest rate calculations continue to reflect a weighted average rate where there is mixed tenure development. The original BP stated the mark-ups that would apply to the prevailing Public Works Loan Board (PWLB) rate for the associated loans for each different tenure type, as this was to ensure OCHL's borrowing from the Council complied with state aid rules and principles taking account of the financial standing and asset cover of the company group. To reflect the possibility of rates increasing over the proposed development period when the loans would be procured, an additional 0.50% has been added to each scheme's weighted average loan rate. The current weighted average interest rate used for financial evaluation of all schemes to be undertaken by the Company

is currently 5.65% although this will change depending on when the loan is drawn down from the Council and the different tenure types to be developed.

Loan Covenants

18. The loan covenant threshold levels continue to be very flexible and generous from the lender, Oxford City Council. Certainly this is the case in the first 3 years of the Company's BP when very little revenue generating activity has taken place and the associated gearing position of loans to equity of the Company group is high. Compliance with recommended industry standard levels simply cannot be achieved in the early years but improvements are anticipated over the longer term as the company matures and develops. The loan covenants used relate to:
- **Asset Cover.** The asset coverage ratio is a test that determines a company's ability to cover debt obligations with its assets after all liabilities have been satisfied.
 - **Interest Cover.** The interest coverage ratio is used to determine how easily a company can pay its interest expenses on outstanding debt.
 - **Earnings Before Interest Tax Depreciation and Amortisation.** A good comparison tool that looks at true revenue generating performance between similar organisations as it excludes borrowing activity and locally agreed depreciation policies.
 - **Debt/Unit.** Average debt position per property,
 - **Overall Debt.** Total debt position of entity.
19. The covenants are a good tool to ensure the OCHL Board firstly understands that its programme of development, financial assumptions and projected performance are compliant and if there are identified breaches then prior corrective action can be implemented so that compliance is ultimately maintained over the long term. They are also a good tool for the lender to be able to instil some control and discipline to company activities.
20. The thresholds depending on development activity and performance can be flexible as long as the lender Oxford City Council agrees that the risks associated with the company's proposals are identified and subsequently managed by the company Board.

Effect of the Change in Strategy of the Company

21. The BP's Peak Debt position occurs in 2034/35 and will total £56.935m. In-year surpluses are anticipated from 2019/20 but cumulative surpluses are not expected until the following year when significant sales receipts start to materialise.
22. The 2020/21 year is when Corporation Tax is first due and is estimated at £375k for the year. Receipts generated in 2020/21 and 2021/22 will principally be used to redeem debt. Loans totalling £28.729m and £16.964m respectively are planned to be paid off in these years.
23. The consolidated financial statements over the next few years are shown at Appendix 1.

Corporate and Social Responsibility

24. Despite the initial associated costs the OCHL Board wants, through its actions, in future draft versions of its BP, to promote and adhere to the aspirations of the Councils cleaner and greener corporate objective.

25. OCHL's procurement construction activities will be aligned with the Council's and will have reference to incorporating where it can and in the realms of affordability, the concept of sustainability at its core and OCHL believes it can certainly contribute to the low carbon commitments the Council has identified with the introduction of solar panels on its new build schemes where the opportunity arises.
26. Furthermore, OCHL will promote appropriate focus on waste and recycling activities undertaken by its construction partners, as well as prioritising opportunities in its construction design for its tenants and new build purchasers to engage fully with the green agenda in their new homes.

Recommendation: The Shareholder is asked to agree the revised OCHL business plan at Appendix 1.

Legal issues

27. The approach set out in the proposal contained in this report is legally compliant. External legal advice from Trowers and Hamlin solicitors was obtained. Their confidential and privileged advice is attached as an exempt appendix to this report. The Council and OCH (D) L will of course need to ensure that the value of the property transactions made between them creates no opportunity for challenge as representing unlawful State Aid to OCHL.

Level of risk

28. The policy changes and revised OCHL Business Plan will be reflected in the risk register and will continue to be managed by the OCHL Board. The Council commitment to purchase the majority of the affordable units reduces the risks to OCHL of on-going management and maintenance and the further commitment to purchase units currently ear marked for market sale again reduces the risk posed by an uncertain property market going forward.

Report author	Stephen Clarke
Telephone	01865 252447
e-mail	sclarke@oxford.gov.uk

Housing Group Board clearance:	Stephen Clarke
Finance clearance:	Nigel Kennedy
Legal clearance:	Lindsay Cane

Agenda Item 5

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

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