

Agenda

for a meeting of the

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Shareholder and Joint Venture Group for Oxford City Council Companies

Date: **Wednesday 1 March 2023**

Meeting starts at: **6.00 pm**

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

For any further information please contact the Committee Services Officer:

Lucy Brown, Committee and Member Service Officer

Telephone: 01865 252784

Email: democraticservices@oxford.gov.uk

This meeting will be held mostly or entirely in private session as the Group will be discussing commercially sensitive matters and information relating to the Council's companies.

Many of the reports are not available to the public as they contain commercially sensitive information relating to the Council's companies.



OXWED

Oxford West End Development Ltd

*Barton Oxford
LLP*

Shareholder and Joint Venture Group

Membership

Chair Councillor Susan Brown

Vice-Chairs Councillor Ed Turner

Members Councillor Chewe Munkonge Councillor Alex Hollingsworth
Councillor Nigel Chapman Councillor Linda Smith
Councillor Shaista Aziz Councillor Anna Railton

The quorum for this meeting is three members.

Advisers to the Group (the SJVG)

Lucy Brown	Law and Governance	Alice Courtney	Law and Governance
Nigel Kennedy	s151 Officer / Head of Financial Services	Marcia Ecclestone	Law and Governance

Agenda items

Number	Agenda item	Approximate start times/ Pages
	<p>Public reports can be viewed individually from the SJVG meeting page on the council's website.</p> <p>Separate packs for each company, containing all the reports for that company, are sent to the SJVG members and their support officers and to those attending on behalf of that company.</p> <p>This agenda shows the approximate time when the SJVG will consider reports from each company.</p>	
1	Apologies for absence	
2	Declarations of interest	
3	Scrutiny comments and/or recommendations	
	<p>The Group is asked to consider any comments and/or recommendations from the Companies' Scrutiny Panel on matters not on the agenda.</p> <p>Representatives of the Companies' Scrutiny Panel may also comment on substantive items.</p>	
Items for the Shareholder and Joint Venture Group		
	<p>Items unrelated to an individual company or companies for consideration by the Group.</p> <p>The agenda item text indicates which documents are available to the public and which are private.</p> <p>Public reports in this section are available on the website under each agenda to download individually but are not included in an agenda pack.</p>	
4	External Auditor Appointments 2022/23 [public]	
4a	External Auditor Appointment 2022/23 - Barton Oxford LLP	
	<p>Purpose of report:</p> <p>To propose the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.</p> <p>Recommendation: that the Shareholder and Joint Venture Group resolves to:</p> <ol style="list-style-type: none"> Note the current position in respect of 2021/22, the current state of the audit market, and the increase in audit requirements. 	15 - 18

2. **Approve** in principle the appointment of Mazars LLP as external auditor for the 2022/23 financial statements whilst noting that the appointment will need to be formally approved by the partnership board.

4b **External Auditor Appointment 2022/23 - Oxford City Housing Group**

Purpose of report:

To propose the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.

Recommendation: that the Shareholder and Joint Venture Group resolves to:

1. **Note** the current position in respect of 2021/22, the current state of the audit market, and the increase in audit requirements.
2. **Approve** the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.

19 - 22

Items relating to the Companies

The agenda item text indicates which documents are available to the public and which are private.

Public reports in this section are available on the website under each agenda to download individually but are not included in an agenda pack.

5 **Barton Oxford LLP [public]**

The Council's representatives on the Limited Liability Partnership (LLP) and supporting officers:

- Ian Brooke, Director
- Carolyn Ploszynski, Director
- Jane Winfield, Director
- Sarah Knight, Head of Development (Housing Services)

5a **Quarterly Progress Report**

Purpose of report:

This report provides an update into the activities of Barton Oxford LLP (BOLLP) over the past quarter.

Recommendation:

That the Shareholder and Joint Venture Group **resolves** to note the contents of the report.

23 - 26

6 SJVG Confidentiality and private session

If the SJVG 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 SJVG 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 SJVG 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.

7 OX Place [private]

The following OxPlace representatives and supporting officers are expected to attend for this item:

- Helen Horne, Managing Director, OX Place
- Sarah Knight, Head of Development
- Kerry Kyriacou, Chair of OX Place
- David Watt, Finance Business Partner
- Michelle Chidgey, Head of Sales & Marketing
- Stephen Gabriel, Director
- Jane Winfield, Director
- Lindsay Cane, Company Secretary

7a Introduction from the Chair

7b Managing Director's Report

Purpose of the report:

To update the Shareholder on the day to day actions and progress since the previous OX Place Shareholder and Joint Venture Group meeting.

Recommendation:

That the Shareholder and Joint Venture Group **resolves** to agree the recommendations detailed in the report.

7c	Proposal for re-appointment of Non-Executive Directors to the Board	49 - 52
	Purpose of report:	
	<p>The Shareholder and Joint Venture Group is asked to consider the reappointment of both Kerry Kyriacou and Rosemary Farrar as non-executive directors of the housing group of companies.</p>	
	Recommendations:	
	<p>That the Shareholder and Joint Venture Group resolves to agree the recommendations detailed in the report.</p>	
7d	Appointment of Additional Member of the Housing Companies' Audit, Risk and Governance Committee	53 - 56
	Purpose of the report:	
	<p>The Shareholder and Joint Venture Group is presented with this report primarily for information purposes, but also to consider whether and how it wishes to participate in the selection process for an additional independent person to join OCHL's Audit, Risk and Governance Committee.</p>	
	Recommendation:	
	<p>That the Shareholder and Joint Venture Group resolves to agree the recommendations detailed in the report.</p>	
7e	OX Place Development Finance Update - December 2022/23	57 - 62
	Purpose of report:	
	<p>This report provides a development financial performance position for OX Place as at the end of December 2022 (Period 9), together with a related forecast projected outturn for the remainder of the 2022/23 financial year.</p>	
	Recommendation:	
	<p>That the Shareholder and Joint Venture Group resolves to agree the recommendations detailed in the report.</p>	
7f	OX Place Proposal for a For-Profit Registered Provider	63 - 66
	Purpose of report:	
	<p>The initial rationale for an OX Place Registered Provider (RP) was to facilitate the continued growth and delivery of more new affordable homes, thereby enabling this new entity to bid for Social Housing Grant</p>	

(SHG) funding and over time ensure the Housing Group can enhance its existing asset base to generate a more consistent, long-term, regular dividend for the Shareholder, whilst at the same time providing an additional exit route option for OCH(D)L.

Recommendation:

That the Shareholder and Joint Venture Group **resolves** to agree the recommendations detailed in the report.

8 OxWED [private]

The following Oxford City Council representatives on the OxWED LLP and supporting officers are expected to attend for this item:

Tom Bridgman, Director

Caroline Green, Director

Carolyn Ploszynski, Director

Kevin Minns, Managing Director, OxWED LLP

8a OxWED LLP: Stage 2-3 update to OCC Shareholder and Joint Venture Group

Purpose of the report:

This report provides an update into the activities of OxWED LLP.

Recommendation:

That the Shareholder and Joint Venture Group **resolves** to agree the recommendations detailed in the report.

67 - 86

9 Minutes of the previous meeting [part private]

Recommendation: to approve the public and private minutes of the Shareholder and Joint Venture Group meeting on 2 November 2022 as a true and correct record.

87 - 96

Commercially sensitive information

The private/ restricted access parts of this agenda contain commercially sensitive information relating to the Council's companies and joint ventures. The handling of confidential information is an important element in the relationship of trust that exists between members, officers and the public.

A mishandling of such information or its accidental or deliberate disclosure will damage that trust as well as possibly lead to formal proceedings being taken against the Council, individual members or officers.

The duty not to disclose information provided to a member in confidence is governed by the General Obligations under the Members' Code of Conduct contained in the Council's constitution (Paragraph 22.7).

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". 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.

Members Code – Other Registrable Interests

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing** of one of your Other Registrable Interests*** then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Members Code – Non Registrable Interests

Where a matter arises at a meeting which ***directly relates*** to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under Other Registrable Interests, then you must declare the interest.

You must not take part in any discussion or vote on the matter and must not remain in the room, if you answer in the affirmative to this test:

“Where a matter affects the financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest You may speak on the matter only if members of the public are also allowed to speak at the meeting.”

Otherwise, you may stay in the room, take part in the discussion and vote.

*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.

** Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person’s quality of life, either positively or negatively, is likely to affect their wellbeing.

*** Other Registrable Interests: a) any unpaid directorships b) any Body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority c) any Body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Shareholder and Joint Venture Group

Information about Oxford City Council companies

Information about each company is also available on the [Companies House](#) website.



1. Oxford Direct Services (ODS)

ODS is the wholly owned trading arm of the Council. It is structured as two companies that work together to deliver cost-effective public and commercial services include building, waste & recycling, streetscene, parks & open spaces, highways & engineering, motor transport and pest control.

Companies:

- (i) **Oxford Direct Services Limited (ODSL)** (Company no.10719222)
a “Teckal” company* which provides services directly to the Council; and
- (ii) **Oxford Direct Services Trading Limited (ODSTL)** Company no.10719214
is a trading company which trades and competes for business in the wider city economy:

Oxford City Council is the sole shareholder in both companies and both are controlled by the same Board of Directors.

*see para 5 for the definition of “Teckal”



2. The Housing Group Oxford

Oxford City Housing Limited (OCHL) is the Council's wholly owned housing company which aims to increase housing supply in Oxford. OCHL has two wholly-owned subsidiaries and the three companies are known collectively as “The Housing Group”

The Housing Group benefits from “Teckal” status

Oxford City Housing Limited – OCHL (Company no.10212716)

This is the parent or holding company for the two subsidiaries (listed below) which were established for the purposes of:

- (i) Buying and selling of own real estate and
- (ii) Letting and operation of own or leased real estate
- (iii) Development of housing projects

Oxford City Housing (Investment) Limited – OCH(I)L (Company no.10370637)

The purposes include:

- (i) Buying and selling of own real estate and
- (ii) Letting and operation of own or leased real estate

The company primarily procures the social rented housing being delivered at the major new mixed-tenure development at Barton Park, required of housebuilders as part of the Section 106 Agreement entered into by Barton Park LLP (the joint venture between the City Council and Grosvenor Estates). This arrangement is planned to continue for both current and future phases and is anticipated to provide in total 354 social rented homes over a number of years. The homes are let and managed by the Council but ownership remains with the company. The rental stream services the loans taken out by the company from the Council's General Fund. Future activity would also potentially include forms of ownership of market rented housing.

Oxford City Housing (Development) Limited – OCH(D)L (Company no.10370647)

The purpose is:

- (i) Development of housing projects

The company delivers mixed tenure housing developments which include the sale of affordable housing units to the Council. For each development scheme there is usually:

- Open market housing for sale
- a 50% affordable housing requirement (subject to scheme viability) in the negotiated S106 agreement and
- 'additionality' where the Council secures grant/subsidy to support the purchase of some or all of the open market housing on each scheme, to 'flip the tenure' to achieve additional affordable housing, where this represents value for money.

3. Oxford West End Development Ltd (OXWED) (Company no.09957392)



OXWED is a joint venture development partnership company with Nuffield College created to enable the delivery of a major new mixed used development on the Oxpens site, a key site to the west of Oxford City Centre.

The Council and Nuffield College each have a 50% holding in OXWED and each can appoint three directors to the OXWED Board which takes some strategic and all operational decisions.

OXWED has different shareholder arrangements from the other Council Companies because most shareholder decisions must only be taken by jointly by the shareholders (the Council and Nuffield College).

4. Barton Oxford Limited Liability Partnership (LLP) (Company no.OC368330)

Barton Oxford LLP is a joint venture development partnership of the Council and Grosvenor Developments Ltd created to enable the delivery of the major new development now known as Barton Park.

The structure and governance of an LLP is different from that of a Limited Company.

5. Definitions

Teckal status: The Housing Group and ODS benefit from “Teckal” status allowing them to trade (contract for works, services or supply) with the Council and other “Teckal” companies wholly within the ownership of the Council, without having to go through a competitive tender process.

A “Teckal” company benefits from contracts for works, services or supply from its controlling Contracting Authority (the Council) without having to go through a competitive tender process and must meet these tests among others:

- the Council must exercise a control which is similar to that which it exercises over its own departments – this means it/they must exercise a decisive influence over both strategic objectives and significant decisions of the controlled company either itself or through another subsidiary; and
- more than 80% of the activities of the company must be carried out in the performance of tasks entrusted to it by the Council.

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To: Shareholder and Joint Venture Group
Date: 1 March 2023
Report of: Head of Financial Services
Title of Report: Barton Oxford LLP External Auditor Appointment 2022/23

Summary and recommendations	
Purpose of report:	To propose the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.
Recommendation: that the Shareholder and Joint Venture Group resolves to:	
	<ol style="list-style-type: none"> 1. Note the current position in respect of 2021/22, the current state of the audit market, and the increase in audit requirements. 2. Approve in principle the appointment of Mazars LLP as external auditor for the 2022/23 financial statements whilst noting that the appointment will need to be formally approved by the partnership board.

Appendices
None

Background

1. The contract for the external audit of the Council's wholly owned group companies plus Barton Oxford LLP is with Mazars LLP up to the conclusion of the 2021/22 audit. This report is being brought in order to gain approval from the Barton Oxford LLP partner for the appointment of Mazars LLP for a further year to enable the delivery of the 2022/23 financial year audit. The intention would be to tender the contract for auditing the 2023/24 accounts. The contract is arranged by the Council as shareholder of Oxford City Housing Limited, Oxford Direct Services Limited (ODSL), and Oxford Direct Services Trading Limited (ODSTL) and 50% partner in Barton Oxford LLP, however the services are to be provided to the relevant legal entity and the fees are payable by them.
2. The current contract is let to a single auditor for them to provide the audit for all of these companies due to both the complex inter-company relationships which are best dealt with on a consistent basis by one auditor and also to enable Council officers to have one point of contact and one process through which to manage the audit. These requirements continue to be important and as such a report is

being sent to the shareholder meetings of each of the entities to gain the same approval.

The Position in Respect of the 2021/22 Audit

3. The audit is ongoing for ODS 2021/22 due mainly to issues experienced with QL and is unlikely to be concluded until June 2023 at the earliest, at which point the next year's financial year closedown process will be underway. Audit rely on the completion of the prior year accounts for the brought forward figures and the 2021/22 carry forwards will not be available. This therefore means that no reliance can be placed on the balance sheet until the 2021/22 accounts are completed. The issues around systems and the accuracy of financial information within ODSL during 2021/22 and the closedown relating to that year means that any new auditor would not be able to easily place reliance on processes and systems of internal control.

Audit Market Capacity

4. There is a lack of capacity in the audit market for large scale audits such as Councils and Council group companies and auditors are able to choose work that fits their capacity. Increased scrutiny from the Financial Reporting Council (FRC) on the work of audit firms has led to a number of very significant fines of audit firms. Auditors are therefore undertaking more intensive work to cover off the risks. The higher the risk, the less likely an auditor would be to undertake the work. ODSL and ODSTL are currently high risk due to the uncertainty of the 2021/22 financial accounts, the breakdown in financial processes which led to this position and the time it is taking for rectification of the situation to be undertaken.
5. Even if an auditor decided to bid for this work it would invariably be at a very substantial premium. During discussion with the existing auditor, Mazars, they have indicated that if the work were put out to tender then they would not bid for the work because of the risk involved; they have only agreed that they would be willing to undertake the 2022/23 audits after a degree of persuasion.

Auditing Standards

6. Last year saw significant revisions to auditing standards, addressing the audit of accounting estimates and going concern with further revisions to major auditing standards on risk assessment and fraud (revisions to existing International Standards on Auditing (ISAs) (ISA (UK) 315 and ISA (UK) 240)) in the following year. The reason for these changes has been the sudden and high profile failures of major companies and the subsequent scrutiny of the audits of those organisations. As a result, there have been several reviews of the audit market with the aim of improving audit quality. In addition, auditing standards have been updated to keep pace with technology and the way businesses operate today in a digital world. These changes impact on the audits for private and public companies alike, including the Council's group companies. (They also impact on the Council itself since the council operates under the International Financial Reporting Standards and the Council auditors have to comply with ISAs.)
7. ISA (UK) 315, the standard on identifying and assessing the risks of material misstatements has seen a significant expansion. This standard is all about

understanding the entity, its environment, and the applicable financial reporting framework, in order to adequately identify the risks of material misstatement. This standard has specific relevance to ODSL and ODSTL due to the issues that arose in 2021/22 that inevitably then pose an ongoing risk for the 2022/23 audits. Changes to ISA (UK) 315 will likely result in more discussions and requests for information and documentation during the audit planning stage. This will mean the auditor looking more closely at policies, procedures and internal controls than they have done in previous years, and they will focus more heavily on the general IT environment to gather a greater understanding of the potential risks arising from the technology used within the business. The auditor will need to gain a more thorough understanding of the structure of the IT hardware and software and the various layers of the IT system such as security and access rights.

8. Five inherent risk factors have also been introduced to risk assessment: complexity, subjectivity, change, uncertainty and susceptibility to misstatement due to management bias or other fraud risk factors, insofar as they affect inherent risk. New requirements have been added with respect to the entity's control environment, including more evidence/information on controls relevant to the audit and on the design and implementation testing required to be undertaken in all cases.
9. These changes have a direct impact on both the willingness of audit firms to undertake work (especially when combined with increased FCA scrutiny) and the price that needs to be paid for an audit. The latter is impacted both through the increased workload and also the increased risk of undertaking an audit.

Appointment of the External Auditor for Barton Oxford LLP

10. The formal appointment of the auditor for the LLP has to be made by the Partnership Board. Consequently a separate report will be taken to the Partnership Board to make this appointment.

Conclusion

11. For all of the reasons included within this report it is considered that appointing Mazars LLP for another year is the best approach for the Council and its group.

Financial implications

12. After discussions with the auditor, the following fees have been proposed for the audit of the 2022/23 financial accounts:
 - Barton Oxford LLP – £24,000 (excluding VAT)

The base fee for 2021/22 was £15,000. The fee increase for 2022/23 is in line with the general additional costs of audit in the market. As a comparison, the fee for the Council's own audit has increased by an additional 150%.

Legal issues

13. Section 475 of the Companies Act 2006 requires that a company's annual accounts for a financial year must be audited unless the company due to being a small company, a subsidiary of another company or dormant.

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Background Papers:
None

To: Shareholder and Joint Venture Group
Date: 1 March 2023
Report of: Head of Financial Services
Title of Report: Oxford City Housing Group External Auditor Appointment 2022/23

Summary and recommendations	
Purpose of report:	To propose the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.
Recommendation: that the Shareholder and Joint Venture Group resolves to:	
	<ol style="list-style-type: none"> 1. Note the current position in respect of 2021/22, the current state of the audit market, and the increase in audit requirements. 2. Approve the appointment of Mazars LLP as external auditor for the 2022/23 financial statements.

Appendices	
	None

Background

1. The contract for the external audit of the Council's wholly owned group companies plus Barton Oxford LLP is with Mazars LLP up to the conclusion of the 2021/22 audit. The appointment of company auditors is a reserved matter for the shareholder and this report is being brought in order to gain approval from the shareholder for the appointment of Mazars LLP for a further year to enable the delivery of the 2022/23 financial year audit. The intention would be to tender the contract for the audit of the 2023/24 accounts. The contract is arranged by the Council as shareholder of Oxford City Housing Limited, Oxford Direct Services Limited (ODSL), and Oxford Direct Services Trading Limited (ODSTL) and 50% partner in Barton Oxford LLP, however the services are to be provided to the relevant legal entity and the fees are payable by them.
2. The current contract is let to a single auditor for them to provide the audit for all of these companies due to both the complex inter-company relationships which are best dealt with on a consistent basis by one auditor and also to enable Council officers to have one point of contact and one process through which to manage the audit. These requirements continue to be important and as such a report is

being sent to the shareholder meetings of each of the entities to gain the same approval.

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Audit Market Capacity

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5. Even if an auditor decided to bid for this work it would invariably be at a very substantial premium. During discussion with the existing auditor, Mazars, they have indicated that if the work were put out to tender then they would not bid for the work because of the risk involved; they have only agreed that they would be willing to undertake the 2022/23 audits after a degree of persuasion.

Auditing Standards

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understanding the entity, its environment, and the applicable financial reporting framework, in order to adequately identify the risks of material misstatement. This standard has specific relevance to ODSL and ODSTL due to the issues that arose in 2021/22 that inevitably then pose an ongoing risk for the 2022/23 audits. Changes to ISA (UK) 315 will likely result in more discussions and requests for information and documentation during the audit planning stage. This will mean the auditor looking more closely at policies, procedures and internal controls than they have done in previous years, and they will focus more heavily on the general IT environment to gather a greater understanding of the potential risks arising from the technology used within the business. The auditor will need to gain a more thorough understanding of the structure of the IT hardware and software and the various layers of the IT system such as security and access rights.

8. Five inherent risk factors have also been introduced to risk assessment: complexity, subjectivity, change, uncertainty and susceptibility to misstatement due to management bias or other fraud risk factors, insofar as they affect inherent risk. New requirements have been added with respect to the entity's control environment, including more evidence/information on controls relevant to the audit and on the design and implementation testing required to be undertaken in all cases.
9. These changes have a direct impact on both the willingness of audit firms to undertake work (especially when combined with increased FCA scrutiny) and the price that needs to be paid for an audit. The latter is impacted both through the increased workload and also the increased risk of undertaking an audit.

Conclusion

10. For all of the reasons included within this report it is considered that appointing Mazars LLP for another year is the best approach for the Council and its group.

Financial implications

11. After discussions with the auditor, the following fees have been proposed for the audit of the 2022/23 financial accounts:
 - OCH entities – £55,000 (excluding VAT)

The base fee for 2021/22 was £23,530. When the audit contract initially was awarded, Oxford City Housing Group was a relatively small undertaking with very a low level of housing stock and no development activity. The group is now in a position where it is undertaking significant development activity and the operational arrangements are far more complicated than at inception. The fee increase for 2022/23 is in line with the general additional costs of audit in the market and the increased activity in the housing group along with the associated increase in audit risks.

Legal issues

12. Section 475 of the Companies Act 2006 requires that a company's annual accounts for a financial year must be audited unless the company due to being a small company, a subsidiary of another company or dormant.

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Job title	Financial Accounting Manager
Service area or department	Financial Services
Telephone	01865 252607
e-mail	blewis@oxford.gov.uk

Background Papers:
None



To: Shareholder and Joint Venture Group
Date: Wednesday 1st March 2023
Report of: Sarah Knight, Head of Development
Title of Report: Quarterly Progress Report relating to Barton Oxford LLP

Summary and recommendations	
Purpose of report:	This report provides an update into the activities of Barton Oxford LLP (BOLLP) over the past quarter.
Recommendation(s):	
There is a resolution to:	
1. Note the contents of the report.	

Appendices
None

Introduction and background

1. This is the fourteenth report to the Shareholder and Joint Venture Group covering the period since the previous update in November 2022.
2. After an economically “bumpy” 2022, economists predict a shallow but lengthy recession. The national housing market is cooling in the face of higher mortgage rates, the cost of living crisis and poor consumer confidence with Savills predicting a 10% drop in house prices in 2023. Construction output is expected to fall this year with private housing output being particularly hard hit – quarter 4 of 2022 saw a start in this trend with residential work starting on site showing a 35% decrease against the preceding quarter and 15% lower than the same period a year before.
3. Anecdotally, local agents report that the Oxford housing market continues to perform well with Oxford residential property continuing to hold its price. New homes enquiry and viewing levels do not seem to be affected although there are some offers being made below guide prices and the bidding wars of the last two years are definitely calmed. In the resales market, there seem to be fewer properties coming to the market so stock levels are down keeping viewing and enquiry levels high.
4. As noted below, delivery has slowed against original forecasts on the phases at Barton Park. Some of this reflects the economic picture detailed above.

Progress Update on individual phases

First Phase (Developer: Hill)

5. This phase of 237 homes with 95 affordable is now completed with no significant issues to report.

Second Phase (Developer: Redrow)

6. This phase is to deliver 207 homes in total of which 83 are affordable. As at the end of January, Redrow had completed 46 private homes and 31 affordable homes. The next affordable homes are now expected to handover in May 2023. The handovers are slower than previously forecast as Redrow appear to be slowing down their build rate across the site.

Third Phase (Developer: Countryside/Vistry)

7. In November 2022 a takeover of Countryside by the housebuilder, Vistry was completed. This has resulted in some changes of personnel and movement of schemes between offices. We understand that the Barton Park development will now be delivered by the Vistry Thames Valley office.
8. This transaction appears to have slowed work down on site. As at the end of January, no ground workers had been on site since Christmas. They do have a sales office on site which they are in the process of setting up to utilities. At the start of February, they were reportedly starting to mobilise on site in the next 2 to 4 weeks.
9. The affordable homes (both the S106 homes for Oxford City Council and the “additional” affordable homes that Places for People are buying that were reported to a previous shareholder meeting) are both in contract and will be delivered. However, it is anticipated that the first handovers will be delayed.

Final Phase (Barton 3B)

10. Work is ongoing with the successful bidder on this site who are still proposing a 100% affordable scheme with high levels of sustainability. Their pre-application work with the Local Planning Authority is progressing and the scheme has been reviewed by Oxford Design Panel. There are ongoing discussions about their carbon reduction agenda and the Local Planning Authority’s design aspirations and the Barton Design Code (specifically around the use of timber)
11. A planning case last summer, known as “The Hillside case” has an impact on Barton phase 3B in relation to the overall outline Barton consent. The Hillside case relates to outline planning applications and the subsequent reserved matters applications on multi-phased developments. Since this judgement, there is a risk that a planning application at phase 3B is seen as a “drop in” application – one that overlaps but may be inconsistent with the previous reserved matters consents. This could potentially jeopardise the reserved matters consent of the other housebuilders (if they needed to vary them). If

this happened, the LLP could end up in breach of its obligations under the sales of phases made to date. Although the proposal was always that phase 3B was submitted as a full planning consent, based on advice from consultants, the LLP are proposing to change the boundary of the original outline consent to avoid any risks around this. Discussions are due to be held with the LPA on this shortly.

12. Due to the two elements outlined above, work on the transaction between the LLP and the prospective purchaser of Phase 3B has slowed against the originally anticipated programme.

Wider infrastructure

13. The adoption of the main junction continues to await a final decision from County. This is expected any time and only awaiting a final Land Registry check.

Community Employment Plan

14. After being revived in the second half of last year, the merger between Vistry and Countryside has slowed their involvement in the Community Employment Plan. The last steering group meeting was cancelled in response to these changes. However, work has continued with the Economic Development Team and the OXLEP to keep this under review. Quarterly updates will commence later in the year with the LLP now actively gathering information for the end of March from Vistry and Redrow. The importance of this work will continue to be re-iterated to housebuilders at Barton Park.

Events and publicity

15. BICEP meetings continue to happen on a quarterly basis. Issues that are raised “on the ground” are getting dealt with through these – for example the installation of a notice board. There has been some discussion about outstanding maintenance work at the pavilion but the majority of these have now been resolved. There have been some issues around litter, unauthorised access and standard of the grass pitch – these are all being addressed. As well as BICEP, there has been a quarterly facilities steering group held involving the club, local health partners, the school and the neighbourhood centre which has been really positive in helping connect the different groups and some key initiative around health and wellbeing.

16. In November, Barton Park had a visit from Professor Chris Whitty, England’s Chief Medical Officer. This was part of a tour of projects participating in Oxfordshire’s Healthy Placeshaping programme. Barton Park was also visited by South Korean academic researchers who were interested in Healthy Aging. This had been organised by Oxford Brookes University.

17. In response to feedback at the last Shareholder meeting, Officers are looking to put some positive publicity together about the scheme and are working with the Council's Communications Team on this. It is intended to base this around the next handover of affordable homes to tie it in with some strong video footage of new homes and hopefully some residents' testimonials. The next handovers of affordable homes were anticipated in February but, as detailed above, have been postponed to May. Plans will be made to coincide with these.

Land North of Baywater Brook

18. Dorchester Group submitted their planning application in December for 1,450 new homes at the land North of Bayswater Brook. Discussion continue between them and the LLP on pedestrian and cycle links through the linear park. A financial contribution has been agreed, subject to contract, for the land uptake. Heads of terms on this agreement are being finalised.

19. A proportion of this will contribute to future maintenance and therefore reduce the service charge for Barton Park residents. Discussions are being held with First Port (the managing agent) on how this will be implemented to ensure residents benefit from this.

Financial Implications

20. There are no new financial implications arising directly from this report.

Legal Implications

21. There are no legal implications arising directly from this report.

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Open minutes of a meeting of the Shareholder and Joint Venture Group for Oxford City Council Companies on Wednesday 2 November 2022

www.oxford.gov.uk



SJVG members:

Councillor Brown (Chair)	Councillor Munkonge
Councillor Chapman	Councillor Linda Smith
Councillor Upton	Councillor Aziz
Councillor Hollingsworth (Virtual)	Councillor Turner (Virtual)

Officers representing the Council and/or supporting the Shareholder:

Marcia Ecclestone, Legal Advisor (Law and Governance)
Nigel Kennedy, Head of Financial Services (Section 151 Officer)
Lucy Brown, Committee and Member Services Officer (Law and Governance)
Alice Courtney, Committee and Member Services Manager (Interim Acting) (Law and Governance)
Tom Bridgman, Executive Director - Development

Company Directors and support staff present for all or part of the meeting (see individual minutes for details):

Lindsay Cane, Company Secretary for Oxford Direct Services, Housing Group and OxWED
Jane Winfield, Director, Housing Group, Barton Oxford LLP, and OXWED
Kerry Kyriacou, Non Executive Director, Housing Group
Helen Horne, Managing Director, OCHL
Sarah Knight, Oxford City Housing
Caroline Green, Director, OXWED

Guests present (members of the Companies Scrutiny Panel)

Councillor Mike Rowley, Companies Scrutiny Panel
Councillor Alistair Morris, Companies Scrutiny Panel

Minutes

14. Apologies for absence

Apologies were received and accepted from Councillors Thomas and Fry.

15. Declarations of interest

There were no declarations of interest.

16. Scrutiny comments and/or recommendations

There were no recommendations from the Companies Scrutiny Panel tabled under this agenda item but members of the Companies Scrutiny Panel contributed to the discussion on all agenda items as minuted.

17. SJVG Confidentiality and private session

The SJVG passed a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude the press and members of the public on the grounds that Oxford City Council, Town Hall, St Aldate's Oxford OX1 1BX their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

18. OxPlace [private]

19. Managing Director's Report

The Shareholder and Joint Venture Group received a supplementary report which provided a briefing for the SJVG from the Independent Non-Executive Directors. Kerry Kyriacou, Chair of OCHL introduced the supplementary report, and with Helen Horne, Managing Director of OCHL, answered questions from those members of the SJVG and Companies' Scrutiny Panel present at the meeting in a private session.

The SJVG noted the report.

Helen Horne introduced the Managing Director's report which provided an overview of the activities of OxPlace and answered questions from those members of the SJVG and Companies' Scrutiny Panel present at the meeting in private session.

20. Change of Address

The Shareholder and Joint Venture Group considered a report from the Company Secretary of the Oxford Housing Group which sought approval for the change of registered address for all three Oxford Housing Group companies.

The Shareholder and Joint Venture Group were **resolved** to:

1. Change of the registered office address of Oxford City Housing Limited, Oxford City Housing (Investment) Limited and Oxford City Housing (Development) Limited from their current registered address of St Aldate's Chambers, 109 St Aldate's, Oxford OX1 1DS to The Town Hall, St Aldate's, Oxford OX1 1BX.

The Shareholder and Joint Venture Group considered a report from the Company Secretary of Oxford Direct Services Ltd and Oxford Direct Services Trading Ltd which sought approval for the change of registered office address of both ODS companies.

The Shareholder and Joint Venture Group were **resolved** to:

1. Change the registered office address of Oxford Direct Services Limited and Oxford Direct Services Trading Limited from their current address of St Aldate's Chambers,

109 St Aldate's, Oxford OX1 1DS to Cowley Marsh Depot, Marsh Road, Oxford OX4 2HH.

21. Financial Business Plan Refresh - November 22/23

The Shareholder and Joint Venture Group considered a report which had been prepared in response to the Shareholders Advisors request for additional dividends in 2025/26 and 2026/27.

Helen Horne, Managing Director of OxPlace introduced the report and answered questions from members of the Shareholder and Joint Venture Group and Companies' Scrutiny Panel present at the meeting in a private session.

The Shareholder and Joint Venture Group **noted** the report.

22. OXPlace to explore a stock holding entity

The Shareholder and Joint Venture Group considered a report which presented the opportunities and proposed next steps for the Housing Group to explore forming a stock holding entity to position the Group for a stable and growing future.

The Shareholder and Joint Venture Group **resolved** to:

1. **Note and comment** on the content of the report and approve the principle of the Housing Group establishing a stock holding entity that can attract Homes England Grant Subsidy.
2. **Note and comment** on the content of the report and approve the preferred option for delivering a stock holding entity that can attract Homes England Grant Subsidy as a For Profit Registered Provider.
3. **Note and comment** on the content of the report and approve and recommend the seeking of additional accounting advice on the tax and debt treatment with particular emphasis on the profile, value and use of shared ownership future stair-casing receipts for the preferred option of a For Profit Registered Provider.

23. Barton Oxford LLP: Quarterly Progress Report

The Shareholder and Joint Venture Group considered a report which provided an update into the activities of Barton Oxford LLP (BOLLP) over the past quarter. Sarah Knight, Head of Development introduced the report and along with Jane Winfield, Director, answered questions from the Group as follows:

- Future updates to the newly refreshed Steering Group and Community Employment Plan would come to this Group.
- There would be no financial commitments around the wind down of the LLP, however this would not happen in the immediate future but would take up less officer time.
- Ongoing issues reported by the Football Club would be managed through Sports and Leisure.
- Countryside had exchanged on a contract with affordable housing provider and a joint press release would be implemented.

The Shareholder and Joint Venture Group **resolved** to note the contents of the report.

24. Minutes of the previous meeting [part private]

The Shareholder and Joint Venture Group received the public and private minutes of the meeting of 22 June 2022 and **resolved** to agree these as a true and accurate record.

The meeting started at 6.00 pm and ended at 7.35 pm

Chair:

Date:

Note: the next meeting is on Thursday 8 December 2022

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