

Agenda



Listening Learning Leading

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Date: 29 March 2017
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A MEETING OF THE

Cabinet

WILL BE HELD ON THURSDAY 6 APRIL 2017 AT 6.00 PM

**MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,
OX14 4SB**

Members of the Cabinet

Member	Portfolio
John Cotton (Chairman)	Leader of the Council and Cabinet member for corporate strategy, and strategic policy (including the local plan)
Anna Badcock	Cabinet member for leisure, arts, communications, health and well-being, and community safety
Elizabeth Gillespie	Cabinet member for development/building control, housing and grants
Will Hall	Cabinet member for the corporate plan
Tony Harbour	Cabinet member for waste, grounds maintenance, food safety and environmental health
Lynn Lloyd	Cabinet member for IT, HR, customer services and the corporate services contract
Jane Murphy	Deputy Leader of the Council and Cabinet member for finance, legal and democratic services, and licensing
Robert Simister	Cabinet member for property, economic development and technical services

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ITEMS TO BE CONSIDERED WITH THE PUBLIC PRESENT

Reports considered with the public present are available on the council's website.

1 Apologies for absence

To record apologies for absence.

2 Minutes (Pages 4 - 9)

To adopt and sign as a correct record the minutes of the Cabinet meeting held on 1 February 2017.

3 Declaration of disclosable pecuniary interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4 Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5 Public participation

To receive any questions or statements from members of the public that have registered to speak.

6 Referrals from Scrutiny Committee

Joint Scrutiny Committee has raised two questions it would like to put to Cabinet for consideration regarding the Five Councils' Partnership:

1. How are we monitoring the impact on retained staff of the Five Councils' Partnership?
2. What is the plan if one of the contractors was to fail as a company?

CABINET DECISIONS

7 Proposed new individual councillor grant scheme (Pages 10 - 15)

To consider the head of corporate strategy's report.

8 Commuted sums and affordable housing (Pages 16 - 19)

To consider the report of the interim head of development, regeneration and housing.

9 Exclusion of the Public

To consider whether to exclude members of the press and public from the meeting for the following item of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraphs 1-7 Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

ITEMS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

The council hereby gives notice that it intends to hold part of this Cabinet meeting in private to consider the following items for the reasons set out in the 'exclusion of the public' item above. These reports are not available on the council's website.

10 Market Place Mews, Henley (Pages 20 - 54)

To consider the report of the head of HR, IT and technical services.

MARGARET REED

Head of Legal and Democratic Services

Minutes

OF A MEETING OF THE

Cabinet



Listening Learning Leading

HELD ON WEDNESDAY 1 FEBRUARY 2017 AT 5.30 PM

**MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,
OX14 4SB**

Present:

John Cotton (Chairman), Elizabeth Gillespie, Will Hall, Tony Harbour, Lynn Lloyd, Jane Murphy and Robert Simister

Apologies:

Anna Badcock tendered apologies.

Officers: Ben Coleman, Steven Corrigan, Steve Culliford, Andrew Down, David Hill, William Jacobs, and Alice Lynch, plus Simon Hewings (Capita Accountancy)

75 Apologies for absence

Cabinet members Anna Badcock and Robert Simister had both submitted their apologies for absence.

76 Declaration of disclosable pecuniary interest

None

77 Minutes

RESOLVED: to approve the minutes of the Cabinet meeting held on 1 December 2016 as a correct record and agree that the Chairman signs them as such.

78 Public participation

Mr Julian Brookes made a statement in support of a request from Henley YMCA for a community loan. This was towards the purchase of a leasehold title of property to provide housing, support and development opportunities for young people.

79 Treasury management mid-year monitoring 2016/17

Cabinet considered the head of finance's statutory mid-year monitoring report on the council's treasury management function. The report provided details of the treasury activities during the period 1 April to 30 September 2016, together with an

assessment of economic conditions looking forward to the remainder of the financial year.

Cabinet noted that a breach of the counterparty limits had occurred; temporary authorisation had been sought and obtained to overcome this. All other treasury management activities had operated within the agreed parameters.

The report estimated that the interest received from cash investments would be above budget forecast at the end of the financial year. This meant the council's cash balances would be higher than anticipated. In addition, the council had realised £2 million from a disposal of part of its unit trust holdings. There had been no need for the council to borrow funds during the first six months of the financial year and no borrowing was forecast for the remainder of the year also.

The Joint Audit and Governance Committee had also considered the report and was satisfied that the treasury management activities had been carried out in accordance with the treasury management strategy and policy. Cabinet concurred.

RECOMMENDED: to Council to approve the head of finance's treasury management mid-year monitoring report to Cabinet on 1 February 2017.

80 Treasury management and investment strategy 2017/18 to 2019/20

Cabinet considered the statutory report of the head of finance, which recommended adoption of the treasury management and investment strategy 2017/18 to 2019/20. The council was required to adopt a strategy each year. The strategy set out how the treasury service operated and how it would support the council's capital investment decisions. It also set limitations on treasury management activity governed by the prudential indicators. The strategy proposed the following changes:

Table 2 Prudential Indicators

- To raise the authorised limit for external debt to £30 million.
- To raise the operational boundary for external debt to £25 million from £5 million.
- To change the limits on fixed interest rate investments to 100 per cent from £100 million
- To raise the limits on variable interest rate investments to £50 million from £30 million
- To remove the detailed limits on investments to maturity where they are split into bands of one to two years of £70 million, two to five years of £50 million and more than five years of £50 million, retaining the limit on principal sums invested for longer than 364 days to £70 million.

Table 5 Counterparty Limits

- To change the maximum maturity date on investments with institutions with a minimum rating F1+/A+ to 4 years from 3 year
- To change the maximum maturity date on investments with institutions with a minimum rating F1+/AA- to 3 years from 4 years

Annex 2 Liquidity

- To simplify the performance measurement in terms of investment liquidity in Annex 2, paragraphs three and four to focus on maintaining minimum levels of working capital in short term vehicles

Cabinet supported the changes, believing that they would allow the council to fund future spending in the most financially advantageous way. The Joint Audit and Governance Committee had come to the same conclusion.

RECOMMENDED: to Council to

- (a) approve the treasury management strategy 2017/18 set out in appendix A to the head of finance's report to Cabinet on 1 February 2017;
- (b) approve the prudential indicators and limits for 2017/18 to 2019/20 as set out in table 2, appendix A to the head of finance's report; and
- (c) approve the annual investment strategy 2017/18 set out in appendix A (paragraphs 23 to 66) and the lending criteria detailed in table 5 to the head of finance's report.

81 Car park fees and charges

Cabinet considered the report of the head of HR, IT and technical services. This reviewed the council's car park fees and charges for 2017/18. Following an assessment of the car park usage and the car park income and expenditure, the report presented options:

1. To increase all fees
2. Increase the price of permits
3. To maintain the current fees

Cabinet considered that as the car park account balanced over the projected five-year period, there was no need to increase fees and charges at this time.

RESOLVED: to maintain the current car park fees and charges, as shown in appendix 2 to the head of HR, IT and technical services' report to Cabinet on 1 February 2017.

82 Medium term financial strategy

Cabinet considered the head of finance's report on the medium term financial strategy. Cabinet was asked to consider the draft strategy, which covered the period 2017/18 to 2021/22, and recommend its adoption to Council. The strategy set out the fundamental financial objectives of the council and the principles to be followed in managing the council's finances to achieve its objectives. It helped inform the treasury management strategy that governed how the council could invest money held in balances. In addition to objectives and principles, a narrative on significant current issues was included in each section. The significant current issues had been updated. No changes to the principles or objectives of the strategy were proposed.

A key target of the council was to keep its share of council tax as low as possible whilst continuing to deliver high quality services. The proposed medium term

financial strategy would help achieve this. The strategy identified the objectives the council would pursue, and the principles it would follow in managing its finances.

Cabinet supported the draft strategy, however, it believed that it should be adjusted to state that the council would not borrow to fund capital expenditure unless financially advantageous to do so.

RECOMMENDED: to Council to approve the Medium Term Financial Strategy for 2017/18 to 2021/22 as attached to the report of the head of finance to Cabinet on 1 February 2017, subject to amending 2.1(b) of the strategy to read: “To retain our debt-free status, i.e. we will not borrow to fund capital expenditure, unless financially advantageous to do so”.

83 Revenue budget 2017/18 and capital programme to 2021/22

Cabinet considered the head of finance’s report. This brought together all relevant information to allow Cabinet to recommend to Council a revenue budget for 2017/18 and a capital programme for 2017/18 to 2021/22. The Medium Term Financial Plan was included, which provided details of the forward budget model for the next five years. The report also recommended the prudential indicators to be set by the Council in accordance with ‘the Prudential Code’, introduced as part of the Local Government Act 2003.

The Cabinet member for finance reported that there had been a number of challenges that had delayed the budget setting process, particularly around understanding the impact of changes to the calculation of new homes bonus, and around the new operating environment within the council. However, the Cabinet member thanked the officers for their work in producing the draft budget.

The report included growth proposals to deliver the corporate plan priorities. There were some savings proposals too.

The medium term financial plan included an increase in council tax of £5 in 2017/18 for Band D properties. However, due to the late confirmation of figures such as the new homes bonus and a re-assessment of the capital programme, the council’s financial position was better than expected. As a result, the Cabinet member for finance proposed that there should be no increase in council tax in 2017/18, the first year of the medium term financial plan. During Cabinet’s debate, an amendment was proposed that there should be no council tax increase shown throughout the five-year medium term financial plan period. However, this amendment found no seconder and therefore fell. Cabinet concluded that by including provisional council tax increases for years two to five of the medium term financial plan period, it retained greater flexibility for the council to manage its revenue budget and council tax during those years. This did not set any precedent; the provisional council tax increases in years two to five of the medium term financial plan could be reduced to zero in future years if the council so wished.

RECOMMENDED: to Council to

- (a) set the revenue budget for 2017/18, as set out in appendix A.1 to the head of finance’s report to Cabinet on 1 February 2017, subject to there being no council tax increase in 2017/18;

- (b) agree that the capital schemes listed in paragraph 33 to the head of finance's report remain in the capital programme;
- (c) approve the capital programme for 2017/18 to 2021/22, as set out in appendix D.1 to the head of finance's report, together with the capital growth bids, set out in appendix D.2 of the head of finance's report;
- (d) set the council's prudential limits, as listed in appendix E to the head of finance's report;
- (e) approve the medium term financial plan to 2021/22, as set out in appendix F to the head of finance's report, subject to there being no council tax increase in 2017/18;
- (f) allocate £1,000,000 to fund the Communities Capital and Revenue Grant Scheme.

RESOLVED: to

- (g) agree that the head of finance, following consultation with the cabinet member for finance:
 - (i) may amend the budget report to Council on 16 February 2017 to reflect Cabinet's recommendation that there be no council tax increase in 2017/18; and
 - (ii) may make minor adjustments to the report and the prudential indicators should they prove necessary prior to its submission to Council.

84 Community loan award

Cabinet considered the head of finance's report on an application by Henley YMCA for a community loan. As the reason for confidentiality was no longer relevant, the chairman determined that this matter could be considered in public.

The council introduced its community loans scheme in January 2013 to make loans to parish councils, charities and sports organisations with community amateur sports club status that met the conditions of the scheme. The scheme created earmarked funding for this purpose.

An application had been received from Henley YMCA seeking a loan of £169,950 over 15 years to purchase the leasehold title of 31 supported housing studio and flats built on its land. In doing so Henley YMCA would transition from managing agent for YMCA England to being a registered social landlord in its own right. This would ensure that Henley YMCA could continue its role in providing housing, support and development opportunities for local young people.

Cabinet noted that Henley YMCA had met all the conditions of the loans scheme, and was not subject to state aid. Cabinet supported the loan application.

RECOMMENDED: to Council to:

- (a) approve the award of a community loan of £169,950 to Henley YMCA;

- (b) authorise the head of finance and the head of legal and democratic services to agree the conditions of the loan and the loan agreement; and
- (c) approve a supplementary estimate of £169,950 to be added to the approved capital programme.

85 Corporate services

Cabinet noted that officers did not have the information required to make a recommendation and therefore this item was deferred to a future Cabinet meeting.

The meeting closed at 6.05pm

Chairman

Date

Cabinet Report



Listening Learning Leading

Report of Head of Corporate Strategy

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Wards affected: All wards

Cabinet member responsible: Elizabeth Gillespie

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To: CABINET

Date: 6 April 2017

Proposed new individual councillor grant scheme

Recommendations

To ask Cabinet to:

- (a) consider any views from Scrutiny Committee on the draft policy for the individual councillor grant scheme;
- (b) approve the individual councillor grant policy, attached at appendix one; and
- (c) delegate the authority to release payments of up to £5,000 to the head of service with responsibility for grants in accordance with the ward councillor's decision.

Purpose of Report

1. The purpose of the report is to seek Cabinet's approval of the councillor grant policy attached at appendix one, taking into account any views from Scrutiny Committee (meeting on 4 April 2017), and to agree a delegation to the head of service with responsibility for grants.

Corporate Objectives

2. Introducing individual budgets that councillors can use to support community projects that benefit residents in their ward, will contribute to the council's corporate priority 'To Build Thriving Communities'.

Background

3. In February 2017 the Council approved its budget, which includes £5,000 for each district councillor to award in grants to community projects.
4. Following discussions with the leader and the cabinet member for grants, officers have developed a draft policy for an individual councillor grant scheme that can support community projects and is also intended to keep the decision making process simple, clear, transparent and justifiable.
5. The intention is to operate the scheme as a pilot in 2017/18 and then evaluate its success before deciding whether to continue it in the future.
5. To launch the new scheme in July we need to approve the policy in mid-April to give officers sufficient time to employ the additional resources needed to set up the application and decision-making processes, offer training to councillors and to promote the scheme.
6. Officers will give verbal feedback from the scrutiny committee meeting, which took place after dispatch of this report.

Financial Implications

9. Full Council approved an annual revenue growth bid of £189,000 to fund this scheme from 2017/18 - £5,000 per councillor (£180,000) and £9,000 for administration costs.

Legal Implications

10. Section 236 of the Local Government and Public Involvement in Health Act 2007 provides for decision making for councillors in respect of their own ward and bringing improvements to their wards.
11. The head of service with responsibility for grants will need delegated authority to release payments of up to £5,000 in accordance with the decisions of the relevant ward councillor under the Councillor Community Grant Scheme.

Risks

12. There is a reputational risk that the council could receive criticism if councillors make awards that are outside of the policy. To mitigate this risk councillors will have to attend training, sign a declaration confirming the award meets the policy and declare any interests. In addition, details of all grant applications and decisions made, will be published on the council's website.

Conclusion

13. The Council has approved the budget for a councillor grant scheme and the next step is to consider and approve a policy for delivering one.
14. Cabinet is asked to approve the recommendations which will enable each councillor to award up to £5,000 to fund community projects benefiting their wards.

Appendix one - Councillor Community Grant Scheme Policy and Procedures

Councillor Community Grant Scheme

Every South Oxfordshire District Councillor has a grant budget of £5,000 to award for projects or services that will offer community benefits in their own ward area.

The council is committed to promoting equality and diversity and welcomes applications from all sectors of the community, regardless of race, gender, disability, sexual orientation, age, status, religion or belief.

Basic rules of the scheme

- Projects must benefit the community in the councillor's ward area
- The minimum grant is £500 and the maximum £5,000 for each councillor (budget permitting)
- A councillor can fund up to 100 per cent of the total cost of a project (budget permitting)
- The project must be completed within 12 months of the grant award decision
- Any unallocated budgets at the end of the financial year will return to the council's general reserves
- Councillors should make their decisions within eight weeks of receiving an application.

Who is eligible?

- Town and parish councils and parish meetings
- Local constituted 'not for profit' organisations whose primary purpose is to **benefit** the residents of South Oxfordshire, this can include Parent Teacher Associations, League of Friends, Community Speed Watch groups who must have:
 - a signed constitution (or memorandum and articles of association)
 - a bank account in the organisation's name
 - detailed financial records (at least one year's accounts)
 - named officers, members or trustees on a management committee.

Who is not eligible?

- Other local authorities/public sector bodies (for example Oxfordshire County Council, NHS trusts)
- Individuals (this includes making any payments to individuals on behalf of community groups)
- Profit-based businesses (private businesses)
- Political and lobbying groups
- Organisations who give grants or fund other not-for-profit organisations

- Nationwide organisations

What kind of work/services can we fund?

Applications should focus on projects that deliver a clear and demonstrable **benefit** to the people of South Oxfordshire, specifically in the ward area of the district councillor considering the request.

South Oxfordshire District Council accepts no liability or responsibility for any of the projects funded by this grant scheme now or in the future.

Appropriate projects could include, but are not limited to:

- Replacement equipment or improvements to community centres/halls
- Initial design/creation of a community newsletter, walking routes/tourist trails, community website or digital archive (but not ongoing publishing, maintenance or hosting costs)
- Improvements to community facilities for older people and minority groups (for example accessibility improvements and hearing loops)
- Buying and installing community play and exercise equipment
- Buying equipment the community can use like anti-flooding equipment, marquees/gazebos, defibrillators, equipment banks or IT equipment. (All equipment must remain the property of the organisation funded)
- One-off hire costs (for example, excavator hire for a project or coach hire for a specific, one-off trip)
- One-off revenue costs, like feasibility studies, consultancy fees and seed funding for new organisations
- One-off major repairs, like repairing a section of flat roof or major boiler repairs (but not routine servicing) to community buildings

Applicants should make sure they have all necessary permissions in place **before** applying for funding including; planning, listed building, licensing, landlords etc.

What we will not fund?

- Retrospective funding for work/projects already commenced or that will complete before our decision is made
- Statutory activities/requirements that either the council or another public sector organisation is responsible for delivering
- Recurring revenue costs, like salaries, rent, rates and maintenance (like boiler servicing)
- Ongoing or regular hire fees (for example, weekly hire of a cricket pitch roller or regular hire/lease of vehicles for a community transport scheme)
- Community festivals and event costs

- Hospitality costs (catering and refreshment costs)
- Clothing, including uniforms, sports kit, and personal protective equipment (PPE)
- Projects that specifically benefit private businesses
- Political activities, lobbying or campaigning
- Projects that, in the assessment of South Oxfordshire District Council, show actual or potential unlawful discrimination within the terms of the Equality Act 2010.

Opening and closing dates

The scheme will usually open in April and close in December each year (budget permitting), unless there is a district wide council election that year, when we will not open until after the election. To allow initial set up of the scheme in 2017 the scheme will open in June/July. Councillor budgets will only be released following completion of appropriate training.

In the event there is an unexpected ward election, we will put any applications for that area, on hold during the purdah period. This will include requests already in consideration and any new applications submitted.

Application and Award Process

1. Organisations apply using the council's online grants management system ('the system'), accessible from our website www.southoxon.gov.uk/grants. Applicants should read the guidance notes on our website before completing an application.
2. Once submitted, the appropriate district councillor will receive an email notification that they have a new application to determine using the system.
3. The district councillor will use the system to complete their grant evaluation to confirm the application's eligibility, their decision, any additional grant conditions and noting any declarable interests. The councillor may contact the applicant to complete their evaluation.
4. Once the councillor submits their completed evaluation, the grants officer will either;
 - a. send a grant award offer to the applicant that will include our standard (and any additional) conditions
 - b. inform the applicant that they were unsuccessful
5. The grants officer will publish all decisions for this scheme on our website.
6. The applicant must sign and return the grant award offer to the grants officer, confirming they will meet all our conditions and the bank details for their organisation.
7. On receipt the grants officer will release the grant payment. **The grants officer will only make payments by BACs to accounts in the name of the applying organisation.**

Standard conditions

- The organisation will only spend the grant on the project listed in their application and must do so within 12 months of the award date or they will return the funding.
- The organisation will return a proportionate amount of the grant if the project costs less than expected or they receive excess funding towards the project.
- The funding is non-transferrable and must be spent on the project/costs listed in the application, any unspent funds will be returned to the council.
- The organisation will comply with all relevant statutes and regulations related to its status, objectives and delivery of its core activities.
- The organisation agrees to have regard to the need to safeguard and promote the welfare of children, young people and vulnerable adults. This includes the need to prevent people from being drawn into terrorism.
- The organisation will consult the grants officer before making significant changes to the project/work covered by the grant.
- The organisation will acknowledge the council's support in any press, publicity or promotion of the project (consulting our communications team beforehand).
- The organisation acknowledges the council accepts no responsibility or liability for this project or the facilities it provides now or in the future.

Monitoring the grants

- Ward councillors will have an annual budget of £5,000. The system will record all applications, awards and remaining balances.
- The ward councillor will monitor every grant awarded to ensure spending is appropriate. The ward councillor will use the system to complete their grant monitoring reports following receipt of automatic email reminder.
- The ward councillor will be required to produce sufficient evidence to show that the grant award has been spent appropriately.
- If the awarded project has not started by the grant expiry date (12 months from the award date), the organisation must repay the grant in full to the council.
- All grant repayments will return to the council's general reserves.
- Any ward councillor budget not awarded by 31 March will return to the council's general reserves. Carry forwards will not be allowed.
- If repayments are necessary, the grants officer will liaise with the organisation to recover the funds, keeping the relevant ward councillor informed.

For more information about the scheme, advice on potential projects and other possible funding sources please contact the grants officer on or 01235 422405 or grants@southandvale.gov.uk.

Cabinet report



Listening Learning Leading

Report of Head of Development and Housing

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Date: 6th April 2017

Use of Affordable Housing Commuted Sums

Recommendation

That commuted sums be used solely for the purpose of encouraging the delivery of new-build affordable housing as outlined on Options 1, 2 and 3, i.e. where the new affordable housing:

- (i) meets a shortfall in the delivery of rented accommodation, or increases the range of affordable tenures
- (ii) provides new affordable housing that meets specialist needs
- (iii) provides new affordable housing for people with a strong local connection.

Purpose of Report

1. To seek approval from the Cabinet for a recommended approach that Council Officers should follow when developing projects that could be funded using commuted sums received from developers (in lieu of delivering affordable housing that cannot, for good reasons, be delivered on the development site).

Corporate Objectives

2. Contributing towards the delivery of the right balance of types and tenure of new homes to meet housing need and support economic growth.

Background

3. The council's Affordable Housing Planning Policies require that affordable housing units be delivered on the site where planning permission has been granted.
4. Where it is accepted that on-site delivery is not possible, and viability is not the issue, then any other appropriate sites can be considered for delivery providing such alternative sites are capable of meeting their own affordable housing obligation prior to any additional provision.
5. Where it is not possible to provide the affordable housing units elsewhere, a commuted sum payment in lieu will be required.
6. Acceptance of a commuted sum has been a very rare occurrence for the council as affordable housing has generally been delivered on-site.
7. On-site delivery has always been considered most important as opportunities to deliver these homes elsewhere are very limited. This has been particularly difficult over the last five years with government direction for affordable housing secured through S106 agreements to be delivered grant-free. In addition, there is a paucity of any council-owned land that could be adequate for even the smallest housing schemes.
8. However, the council's Local Plan now also allows for a commuted sum to be sought where the policy compliant level of affordable housing results in a 'part' unit (i.e where 40% of a site in South Oxfordshire does not result in an exact number of whole affordable units).
9. There is a likelihood that in the future commuted sum payments will happen on a more regular basis and, whilst individually these sums may be relatively small, the total value of commuted sum receipts will continue to grow.
10. S106 agreements may require the council to spend, or commit to spend, commuted sums received within a specified timescale. If they have not been used or allocated for use, a developer may, after the specified period, seek a return of a commuted sum payment.
11. It is therefore important that the council has an approach to enable timely and appropriate use of these monies.

Current position for South Oxfordshire

12. Receipts currently held total £644,797.71
13. There is a general requirement to use these funds to provide a similar level of affordable housing elsewhere in the district, and where possible and appropriate, to achieve this provision in the vicinity of the original development.

Options

14. As these payments are made in lieu of the provision of new-build affordable housing it is also expected that these payments will enable new-build provision elsewhere within the same district.

15. When considering how commuted sums can best be used, a number of potential opportunities exist, as follows
16. **Option 1** – to meet a shortfall in the delivery of rented accommodation, or increase the range of affordable tenures
- Viability issues are increasingly arising due, for example, to the impact of the 1% rent reduction imposed on Registered Providers (RP) over the next 4 years, or site specific constraints (such as exceptional infrastructure costs). These factors negatively impact on that site's ability to deliver a policy compliant level of affordable housing (i.e 40% of the site with 75% of the affordable housing for rent and 25% as shared ownership). It is anticipated that viability will increasingly be challenged due to these factors and general economic uncertainty. In such circumstances, commuted sums could be used to meet a likely shortfall in delivering the required level of rented accommodation on new development sites and/or extend the range of housing tenures available on new sites, by supporting sites which have the potential to deliver an expanding, more innovative housing offer that meets an identified local need.
17. **Option 2** – to provide new affordable housing that meets specialist needs.
- Land owned by the district or county council, or an RP, could provide an opportunity for the development of a small cluster of housing for people with specialist needs such as learning or physical disabilities, or mental health issues. Such sites are likely to need additional financial support to achieve delivery, and commuted sums could be used to provide such support.
18. **Option 3** – to provide new affordable housing for people with a strong local connection.
- Committed sum payments can assist where a rural exception site providing affordable housing for people with a strong local connection is at risk of delivery due to exceptional costs such as land contamination or other environmental conditions.
19. The use of commuted sum payments to assist in the delivery of new affordable housing related to the above three opportunity areas, would likely be in the form of a direct grant to a Registered Provider.
20. However in some cases, depending on viability, it may be appropriate to provide commuted sums as a reimbursable investment, so the Council receives a return on the invested commuted sums.

Financial Implications

21. The use of commuted sum payments does not involve any financial input from the councils unless there is a requirement for the councils to provide additional funding to enable fulfilment of a particular scheme.
22. The Joint Scrutiny Committee has recommended that an annual report is produced on the status of commuted sum payments received and detail of expenditure to date.

Legal Implications

23. The requirement for a commuted sum to be paid in lieu of on-site delivery of affordable housing is secured within a S106 legal agreement. It is necessary to adhere to any

specific constraints such as a time limit for the sum to be spent, or restrictions around locality for alternative provision

Risks

24. A S106 agreement may stipulate that the council must spend, or have committed to spend, any commuted sum within a specified timescale. However, in any case, a developer may after a period of time seek a return of a commuted sum payments made which have not been used or allocated for use.

Other implications

25. None

Conclusion

26. Commuted sums provide a valuable opportunity for the council to ensure that where delivery of affordable housing on a site is not possible, alternative provision can contribute towards the council's aims of delivering affordable homes to meet local need. In addition, the Homes and Communities Agency takes a more positive view of Registered Provider bids for various funding programmes where, and if appropriate, there is confirmed financial commitment from the local authority.
27. There is a need to approve an approach for the spending of commuted sums, which allows for the appropriate and timely use of these payments to provide new-build affordable housing.

Background Papers

None

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

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