

Meeting of Council

Monday 22 February 2010

Members of Cherwell District Council,

A meeting of Council will be held at Bodicote House, Bodicote, Banbury, OX15 4AA on Monday 22 February 2010 at 6.30 pm, and you are hereby summoned to attend.



Mary Harpley
Chief Executive

Friday 12 February 2010

AGENDA

1 **Apologies for Absence**

2 **Declarations of Interest**

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3 **Communications**

To receive communications from the Chairman and/or the Leader of the Council.

4 **Petitions and Requests to Address the Meeting**

The Chairman to report on any requests to submit petitions or to address the meeting.

5 Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

6 Minutes of Council (Pages 1 - 6)

To confirm as a correct record the Minutes of Council held on 18 January 2010.

7 Minutes

- a) Minutes of Executive, Portfolio Holder Decisions and Executive Decisions made under Special Urgency

The Leader of the Council to formally propose that the minutes of the meetings of the Executive and Portfolio Holder decisions as set out in the Minute Book (circulated separately) be received and to report that since the last meeting of Council, no urgent Key Decisions have been taken by the Executive that were not included in a Forward Plan.

- b) Minutes of Committees

The Leader of the Council to formally propose that the minutes of committees as set out in the Minute Book (circulated separately) be received.

8 Questions

- a) Written Questions

To receive any written questions and answers which have been submitted with advance notice in accordance with the constitution. A written response to the question will be circulated at the meeting.

After receiving the written response the member submitting the question will be entitled to ask a follow up or supplementary question.

- b) Questions to the Leader of the Council

The Chairman to invite questions to the Leader of the Council (including any matters arising from the minutes).

Following a response to their question being provided members will be entitled to a follow up or supplementary question.

- c) Questions to Committee Chairman on the minutes

The Chairman to invite questions to Chairmen of Committees on any matter arising from the minutes of their committee (if any).

9 Motions

To debate any motions which have been submitted with advance notice, in accordance with the constitution.

Recommendations from Committees

10 Members Allowances 2010/2011 (Pages 7 - 20)

Report of the Head of Legal and Democratic Services

Summary

To consider and determine the levels of the allowances to be paid to Members for the forthcoming 2010/2011 financial year following the submission of the report of the Council's Independent Remuneration Panel on the review of the 2009/2010 Members' Allowances Scheme.

Recommendations

Council is recommended:

- (1) To consider the Independent Remuneration Panel's recommended levels of allowance to be included in the 2010/11 Members' Allowances Scheme, (that is recommending no change to the levels agreed for 2009/10) and whether these recommendations should be adopted or modified in any way.
- (2) To authorise the Head of Legal and Democratic Services to prepare an amended Members' Allowances Scheme, in accordance with the decisions of the Council for implementation with effect from 1 April 2010.
- (3) To authorise the Head of Legal and Democratic Services to take all necessary action to revoke the current (2009/10) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- (4) To thank the Independent Remuneration Panel for its thorough and detailed report, to agree to recruit two panel Members prior to the commencement of work on the 2011/12 allowance scheme, and set a fee of £300 for IRP Panel Members for the work carried out in 2009/10 and propose the same level of fee for 2010/11.

11 2010/11 Service and Financial Planning Process, Corporate Plan, Revenue Budget and Capital Programme (Pages 21 - 50)

Report of Chief Financial Officer

Summary

To review the Council's General Fund Budget, Capital Programme, Earmarked Reserves and General Fund Balances to ensure the robustness of the estimates included and to seek formal adoption of all parts of the Council's financial plans and Corporate Plan for the 2010/11 budget year.

****Please note the Budget Book will be circulated on 15 February 2010****

Recommendations

Council is recommended:

- (1) To consider the contents of this report in approving the General Fund Budget and Capital Programme for 2010/11 and to formally record that consideration
- (2) To approve the 2010/11 General Fund Budget and Capital Programme proposed by the Executive on 1st February 2010, as detailed in the Budget Book at Appendix 1
- (3) To approve the Collection Fund Estimates contained in Annex 6 of the Budget Book
- (4) To approve the Prudential Indicators contained in Annex 9 of the Budget Book
- (5) To approve the final Service Plans for 2010/11 as proposed by the Executive on 1st February 2010 and summarised in the Budget Book
- (6) To approve the Corporate Plan as detailed in Annex 1 of the Budget Book
- (7) To approve the Treasury Management Strategy for 2010/11 proposed by the Executive on 1st February 2010 at Appendix 2

12 Adjournment of Council Meeting

The Council to adjourn, if necessary, to allow the Executive to meet to consider Council proposals which do not accord with the Executive's recommendations.

13 Calculating and Setting Council Tax for 2010/2011 (Pages 51 - 66)

Report of Head of Finance

Summary

To detail the Calculations for the amounts of Council Tax for 2010/11 and the setting of Council Tax for 2010/2011

Recommendations

Council is recommended:

- (1) To approve the Calculations for the amount of Council Tax for 2010/11 as detailed in Annex 1.
- (2) To recommend the Setting of Council Tax for 2010/2011 as per the detailed recommendations per Annex 1.

Council Business Reports

14 Section 151 Officer Arrangements (Pages 67 - 70)

Report of Chief Executive

Summary

The purpose of this report is to seek approval for the Council's arrangements for a Section 151 Officer and Chief Finance Officer going forward.

Recommendations

Council is recommended:

- (1) Confirm that the Council is happy to pursue the principle of a shared Section 151 Officer and Chief Finance Officer with another local authority.
- (2) Delegate to the Chief Executive and the Leader of Council authority to negotiate and conclude an arrangement for sharing a Section 151 Officer and Chief Finance Officer with South Northamptonshire District Council and confirm that if such arrangements are successfully concluded that the shared officer will be this Council's designated Section 151 Officer until end 28th February 2011.
- (3) That Phillip O'Dell continue as the Council's Section 151 and Chief Finance Officer after 31st March 2010 until such time as alternative arrangements are approved.
- (4) That it be noted that Phillip O'Dell has nominated the Head of Finance, Karen Curtin, as Deputy Section 151 Officer and Deputy Chief Finance Officer authorised to act in his absence and it is anticipated that a shared 151 Officer would do the same.

15 Exclusion of the Press and Public

The Chairman will if necessary move the exclusion of the press and public if members have indicated (under the relevant agenda item) they wish to ask a question on any matter arising from an exempt minute.

In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to discuss the issue in public, they are recommended to pass the following recommendation:

"That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraphs of Schedule 12A of that Act, as set out on in the Minute Book".

16 Questions on Exempt minutes

Members of Council will ask questions on exempt minutes, if any.

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or (01295) 221587 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item. The definition of personal and prejudicial interests is set out in the constitution. The Democratic Support Officer will have a copy available for inspection at all meetings.

Personal Interest: Members must declare the interest but may stay in the room, debate and vote on the issue.

Prejudicial Interest: Member must withdraw from the meeting room and should inform the Chairman accordingly.

With the exception of the some very specific circumstances, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Queries Regarding this Agenda

Please contact James Doble, Legal and Democratic Services james.doble@cherwell-dc.gov.uk, (01295) 221587

Agenda Item 6

Cherwell District Council

Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 18 January 2010 at 6.30 pm

Present: Councillor Mrs Diana Edwards (Chairman)
Councillor George Parish (Vice-Chairman)

Councillor Rick Atkinson
Councillor Luke Annaly
Councillor Ken Attack
Councillor Alyas Ahmed
Councillor Maurice Billington
Councillor Norman Bolster
Councillor Ann Bonner
Councillor Nick Cotter
Councillor Margaret Cullip
Councillor John Donaldson
Councillor Michael Gibbard
Councillor Timothy Hallchurch MBE
Councillor Eric Heath
Councillor Simon Holland
Councillor Alastair Milne Home
Councillor David Hughes
Councillor Russell Hurle
Councillor Victoria Irvine
Councillor James Macnamara
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Nigel Morris
Councillor P A O'Sullivan
Councillor D M Pickford
Councillor Neil Prestidge
Councillor G A Reynolds
Councillor Daniel Sames
Councillor Chris Smithson
Councillor Trevor Stevens
Councillor Carol Steward
Councillor Keith Strangwood
Councillor Lawrie Stratford
Councillor Rose Stratford
Councillor Lynda Thirzie Smart
Councillor Patricia Tompson
Councillor Nicholas Turner
Councillor Douglas Webb
Councillor Martin Weir
Councillor Douglas Williamson
Councillor Barry Wood
Councillor John Wyse

Also Present:: Simon Hughes, Environment Agency
Rosemary Redmond, Environment Agency

Apologies for absence: Councillor Fred Blackwell
Councillor Colin Clarke
Councillor Andrew Fulljames
Councillor Mrs Catherine Fulljames
Councillor Tony Ilott
Councillor Devena Rae
Councillor Leslie F Sibley

Officers: Mary Harpley, Chief Executive and Head of Paid Service
Ian Davies, Strategic Director - Environment and Community
John Hoad, Strategic Director - Planning, Housing and Economy
Mike Carroll, Head of Improvement
Liz Howlett, Head of Legal & Democratic Services and Monitoring Officer
Phil O'Dell, Chief Finance Officer
Karen Curtin, Head of Finance
Jo Smith, Communications Manager
James Doble, Democratic, Scrutiny and Elections Manager

48 **Declarations of Interest**

Members declared the following general interests:

Councillor Wood, Personal, as persons known to him have an interest in land the area of, but outside the eco zone.

Councillor G A Reynolds, Personal, as a County Councillor due to the County Council having a land interest at Gowell's Farm.

Councillor Kieron Mallon, Personal, as a County Councillor due to the County Council having a land interest at Gowell's Farm.

Councillor Michael Gibbard, , Personal, as a County Councillor due to the County Council having a land interest at Gowell's Farm.

Councillor Nicholas Turner, Personal, as a County Councillor due to the County Council having a land interest at Gowell's Farm.

Councillor Norman Bolster, Personal, as a County Councillor due to the County Council having a land interest at Gowell's Farm.

Members declared interests in the following agenda items:

12. Constitutional Amendments - Planning and Licensing.

Councillor Nicholas Turner, Prejudicial, as a licensee in the district.

49 **Communications**

The Chairman welcomed young people who were attending the Council meeting from Banbury School and were participating in the Local Councillor Shadowing Programme to gain a greater understanding of what it is like to be a Councillor and how the Council works.

The Chairman noted that Councillor Blackwell was not at the meeting as he had broken his leg at Christmas, members joined the Chairman in wishing him a speedy recovery. The Chairman also noted that 2010 marked Councillor Blackwell's 40th year of local government service and invited Councillors to join her in marking this occasion in April.

The Chairman announced that her annual dinner would be held on Friday 8 April 2010 at Bicester Hotel, Golf and Spa in aid of her charities, with tickets costing £45.

50 **Petitions and Requests to Address the Meeting**

There were no petitions and requests to address the meeting.

51 **Urgent Business**

There was no urgent business.

52 **Minutes of Council**

The minutes of the meeting of Council held on 19 October 2009 were agreed and signed by the Chairman.

53 **Protecting and improving your environment - Presentation Simon Hughes of the Environment Agency**

The Chairman welcomed Simon Hughes, Area Manager for this area and Rosemary Redmond, Planning Manager at the Environment Agency to the meeting.

Simon Hughes and Rosemary Redmond addressed the meeting regarding the work of the agency within the Cherwell district. A number of members asked questions and answers were duly provided.

The Chairman thanked Simon Hughes and Rosemary Redmond.

54 **Minutes**

a) Minutes of Executive, Portfolio Holder Decisions and Executive Decisions made under Special Urgency

Resolved

That the minutes of the meetings of the Executive and Portfolio Holder decisions as set out in the Minute Book be received and that it be noted that since the last meeting of Council, no executive decisions have been taken that were subject to the special urgency provisions of the constitution.

b) Minutes of Committees

Resolved

That the minutes committees as set out in the Minute Book be received.

55

Questions

a) Written Questions

There were no written questions.

b) Questions to the Leader of the Council

Questions were asked and answers received on the following issues:

Council Policy towards Evergreen III: Councillor Macnamara
Impact of snow on the district: Councillor Strangwood
Bicester Town Centre Redevelopment: Councillor Cotter
Bicester Eco Summit: Councillor Mawer
Evergreen III Islip Crossing: Councillor Sames
Refuse Collection alterations and communicating wish parishes: Councillor Hallchurch
Bicester Cottage Hospital: Councillor Hughes

c) Questions to Committee Chairmen on the minutes

Questions were asked and answers received on the following issues:

Chairman of Personnel Committee

Apprenticeship Scheme: Councillor Macnamara

56

Motions

There were no motions.

57

Crime and Disorder Scrutiny ~ amendment to Constitution

The Head of Legal and Democratic Services submitted a report to Council that outlined recent developments in legislation relating to overview and scrutiny.

Resolved

- (1) That the Overview and Scrutiny Committee should be formally designated as Cherwell District Council's crime and disorder scrutiny committee.
- (2) That the Constitution be amended to reflect the change in the terms of reference of the Overview and Scrutiny Committee as set out below:
 - Terms of Reference of Delegation
 - Overview and Scrutiny Committee (page 16 – 17)
 - Insert new bullet point (#7)

To exercise the powers assigned to a crime and disorder scrutiny committee (under the Local Government and Public Involvement in Health Act 2007 and Police and Justice Act 2006).

58 **Constitutional Amendments - Planning and Licensing**

The Head of Legal and Democratic Services submitted a report to Council to consider the constitutional amendments recommended to Council by Planning and Licensing Committees.

Resolved

- (1) That the constitutional amendments recommended to Council by the Planning committee relating to the Scheme of Delegation and Public Speaking Procedure Rules as set out in annex 1 and 2 to the minutes as set out in the minute book be approved.
- (2) That the constitutional amendments recommended to Council by the Licensing committee relating to the Scheme of Delegation and Committee Terms of Reference as set out in annex 3 and 4 to the minutes as set out in the minute book be approved.

59 **Calendar of Meetings**

The Head of Legal and Democratic Services submitted a report requesting Council to consider the calendar of meetings for 2010/2011.

Resolved

- (1) That the calendar of meetings as proposed by the Executive be agreed for 2010/11 as set out in annex 5 to the minutes as set out in the minute book.

- (2) That the Chief Executive in consultation with the Leader of the Council be delegated to make amendments to the calendar of meetings as and when required, including when the general election is called.

The meeting ended at 8.22 pm

Chairman:

Date:

Council

Members' Allowances - 2010/2011

22 February 2010

Report of Head of Legal and Democratic Services

PURPOSE OF REPORT

To consider and determine the levels of the allowances to be paid to Members for the forthcoming 2010/2011 financial year following the submission of the report of the Council's Independent Remuneration Panel on the review of the 2009/2010 Members' Allowances Scheme.

This report is public

Recommendations

Council is recommended:

- (1) To consider the Independent Remuneration Panel's recommended levels of allowance to be included in the 2010/11 Members' Allowances Scheme, (that is recommending no change to the levels agreed for 2009/10) and whether these recommendations should be adopted or modified in any way.
- (2) To authorise the Head of Legal and Democratic Services to prepare an amended Members' Allowances Scheme, in accordance with the decisions of the Council for implementation with effect from 1 April 2010.
- (3) To authorise the Head of Legal and Democratic Services to take all necessary action to revoke the current (2009/10) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- (4) To thank the Independent Remuneration Panel for its thorough and detailed report, to agree to recruit two panel Members prior to the commencement of work on the 2011/12 allowance scheme, and set a fee of £300 for IRP Panel Members for the work carried out in 2009/10 and propose the same level of fee for 2010/11.

Executive Summary

Introduction

- 1.1 The Council's Independent Remuneration Panel has met to review the current (2009/10) Members' Allowances Scheme and its report on the recommended levels of the allowance payments for the 2010/11 financial year has been submitted to the Council and is attached to this report.
- 1.2 The Council is required to have regard to the Panel's recommendations but is under no obligation to accept them if they are deemed to be inappropriate. It is open to the Council to revise the levels of the recommended allowance payments for 2010/11 (either up or down) as is considered appropriate.

Proposals

- 1.3 It is proposed that the level of allowances set for the 2009/10 period remain the same for 2010/11.
- 1.4 The Independent Remuneration Panel currently consists of three Members on the Parish Remuneration Panel and three Members on the District Remuneration Panel. The Chairman of the Panels has indicated that he intends to stand down this year, therefore it is recommended that in order to assist with quoracy the panel should be combined and that two further panel Members should be recruited. This would provide a panel of five (although one Member is not eligible to decide on parish allowances as he is a serving parish councillor).
- 1.5 Additionally a review has taken place of the fee that is paid to Members of the Independent Remuneration Panel. Previously this has been £700 per annum, due to the high level of work that was initially required. Over the years this volume of work has decreased as the Members Allowance Scheme has stabilised. Therefore it is proposed that this fee be reduced to £300 per Member of the IRP panel.

Conclusion

- 1.6 It is the view of the IRP panel that the proposals represent realistic and fair levels of allowance for 2010/11 and recommend adoption.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One To accept the Panel's recommendations

Option Two To modify the Panel's recommendations

Consultations

All Members of Cherwell District Council Comments have been considered by the Panel

All Parish Councils Comments have been considered by the Panel

Implications

Financial: Provision has been included in the draft 2010/2011 budget for Members' Allowances. There are principally three options available in terms of settling the levels of the allowances for the forthcoming financial year as follows:-

- (1) to adopt the recommendations of the Independent Remuneration Panel including the increase in the basic allowance and Special Responsibility Allowances – the full year cost can be accommodated within the draft budget as mentioned above;
- (2) to alter the levels of the allowances over and above those recommended by the Panel although this would increase the provision included in the draft budget.

Comments checked by Karen Curtin, Head of Finance 01295 221551

Legal: It is a legal requirement of the Council to consider the report of the Independent Remuneration Panel and to set the level of allowances.

Comments checked by Liz Howlett, Head of Legal & Democratic 01295 221686

Risk Management: There are no risks associated with the report other

than the possibility of exceeding the budget provision.

Comments checked by Rosemary Watts, Risk Management & Insurance Officer 01295 221566

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	Report of IRP Panel
Background Papers	
None	
Report Author	Michael Sands, Trainee Democratic & Scrutiny Officer
Contact Information	01295 221554 Michael.sands@Cherwell-dc.gov.uk

Report of the Independent Remuneration
Panel on the Review of Members' Allowances
for the
2010/2011 Financial Year

For

Cherwell District Council

January 2010

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2010/2011 FINANCIAL YEAR

1 Summary

- 1.1 Levels of remuneration remain at the current rate based on a 0% 'cost of living' adjustment which reflect the outcome of the Council's negotiations with the staff side on the salary increase for 2010/2011.
- 1.2 No recommendations are included to change the level of co-optees allowance or the travelling allowances (subject to notification of any revised rates by HM Revenue and Customs).

2 Recommendations

- 2.1 The recommendations are as follows:

- (a) the basic allowance payable to all Members be £4,155;
- (b) the Special responsibility Allowances be paid as follows:

(i) Executive Members	£6,291
(ii) Leader of the Council (to which should be added the SRA as a Member of the Executive)	£7,209
(iii) Chairman of the Licensing Committee	£2,250
(iv) Chairman of the Overview and Scrutiny Committee	£3,702
(v) Chairman of the Resources & Performance Scrutiny Board	£3,702
(vi) Chairman of Planning Committee	£4,200
(vii) Chairman of Standards Committee (Independent Member)	£1,296
(viii) Chairman of Personnel	£1,296
(ix) Chairman of the Accounts, Audit and Risk Committee	£2,250
(x) Leader of the Opposition	£2,898
(xi) Co-optees Allowance	£831

- (c) the Carers' Allowance continues to be paid at its current levels and on the basis that:-

- (i) the allowance can only be claimed when an 'approved duty' is performed subject to the submission of receipts and, in the case of the childcare allowance, to that allowance not being paid to a member of the claimant's household; and
- (ii) the basis of the Carers' Allowance be the actual cost incurred up to the maximum hourly rates set out below and to a maximum cap of 20 hours per month:-

- Childcare - £8 per hour
 - Dependent Relative Care - £15 per hour
- (d) subject to the notification of any adjustments later in the year, HM Revenue and Customs specified mileage rates of 24p per mile for motorcycles regardless of the cc and 40p per mile (with no tax implications) regardless of the cc of the motor vehicle be paid up until such time any revisions are notified by HM Revenue and Customs and the revised rates then be implemented;
- (e) the supplements relating to the payment of tolls and other parking charges continue to be paid;
- (f) subject to the proviso detailed in (d) above, the HM Revenue and Customs specified rate of 20p per mile be paid for travel by bicycles and other 'non-motorised' forms of transport;
- (g) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications);
- (h) the specified occasions when Members travel otherwise than by their own vehicle continue to be included in the Allowances Scheme;
- (i) the subsistence allowances be paid at the levels index linked in accordance with the agreed formula; and
- (j) Members be reminded of the importance the Panel attaches to the completion of the activity questionnaire, the outcome of which will continue to be an important part of the information collated to inform the 2011/2012 review.

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2010/2011 FINANCIAL YEAR

1 Introduction

- 1.1 Cherwell District Council, after considering the recommendations of this Panel introduced a reviewed Scheme of Members' Allowances from April 2009 which has operated over the 2009/2010 municipal year.
- 1.2 This report has been prepared by the Panel in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). The report sets out the Panel's findings following the review of the Council's current (2009/2010) Scheme and sets out recommendations for inclusion in the 2010/2011 Scheme in respect of:
 - the levels of basic and special responsibility allowances;
 - the travelling and subsistence and dependent carers' allowances;
 - co-optees allowance

2 The Independent Remuneration Panel

- 2.1 The Independent Remuneration Panel was appointed in 2001. Its membership is as follows:

Mr Robert Palmer – retired Local Government Chief Officer
Mr A Flux – retired Manufacturing Manager with Proctor and Gamble, and Chairman of the Banbury Council for Voluntary Service
Mr C White – Director, White Commercial, Chartered Surveyors
- 2.2 Background information has been gathered and research undertaken and this helped to inform and determine the basis for the review of the current Allowances Scheme.
- 2.3 Mr R Palmer was re-appointed as Chairman of the Panel, but indicated that he would retire from the Panel at the end of the year. The Panel's findings are set out in the remainder of this report together with recommendations for consideration by the Council.

3 Terms of Reference

- 3.1 The terms of reference as originally agreed by the Council when the Panel was first constituted, as amended by the 2003 Consolidating Regulations which relate to the determination of local schemes for travelling and subsistence allowances, are set out in our reports dated 3 July 2001 and 4 July 2003.
- 3.2 The principal matters on which we must make recommendations are:
 - the amount of basic allowance to be paid to all Members of the Council
 - the Council member posts which should qualify, as they involve significant additional responsibilities, for Special Responsibility Allowance (SRA) payments and the levels of those allowances;
 - the appropriateness, and the amounts to be paid in respect of the childcare and dependent carers' allowances;

- the levels, and appropriateness, of the travelling and subsistence allowances; and
- the amount of the co-optees allowance to be paid to the independent members and parish council representatives serving on the Council's Standards Committee and the amount of the SRA payable to the independent member who will chair that Committee in future.

4 The Panel's Work

4.1 We received, as requested, a range of background information which included:-

- a copy of the Council's 2009/2010 Members' Allowances Scheme;
- details of the Members' Allowances survey undertaken by the South East Employers Organisation which sets out the basic, special responsibility and other allowance payments made by some 38 local authorities in the South East Region; and
- a summary of the Member questionnaire responses relating to (i) the amount of time Members estimate they spend on Council business during an average week; (ii) a breakdown of the activity areas involved and (iii) Members' views on the adequacy, or otherwise, of the current levels of allowance payments.

4.2 We continue to place much importance on the information provided in the activity questionnaires. We were extremely disappointed that only 9 questionnaires were returned, representing just 18% of the Council's membership. However, we propose to repeat the questionnaire exercise again next year as we firmly believe that the information requested by means of the questionnaire is vital to our efforts in undertaking proper and meaningful reviews. We can once again only conclude that the majority of Members are, and continue to be, satisfied with the levels of the various allowances payments.

4.3 Ever since the Council moved away from its Local Pay Formula, we have used the annual pay settlement for staff as one of the main criteria for adjusting the levels of the basic and Special Responsibility Allowances. The agreed increase over recent years has been 3%. We were advised that this years pay settlement had just been agreed at 0%, and the provision in the Council's budgets was set at this level.

5 The Adopted Approach and Underlying Principles

5.1 In our July 2001 report, we set out our adopted approach to determining the levels of the allowances. This provides that recommendations should be formulated appropriate to the circumstances of Cherwell District Council given that the political management structure and the roles of the Executive and non-Executive Members are now well established.

5.2 We again agreed that the following underlying principles were still relevant and should continue to form the fundamental basis of our review:-

- the allowances should take account, as far as possible, of the amount of time taken by Members to fulfil their roles.
- the scheme should ensure, as far as practical, that as wide a range of people as possible should be able to stand for election and that they should not be financially penalised in so doing. This, in turn, should increase the likelihood of an inclusive approach to Council services:
- the levels of the allowances should not be treated as salary but rather as a level of 'compensation';
- the reviewed scheme should take account of the payments included in the current scheme and any increases which might be recommended should be balanced

against the interests of the Council Tax Payers in the District, although we accept that the Council must consider the political implications of the levels of the allowances open to it to pay;

- an element of Members' time in terms of their work as a Councillor should continue to be treated as voluntary which should not be remunerated – the principle of voluntary service is fully set out in paragraphs 9.4 and 9.5 of our July 2001 report;
- the Special Responsibility Allowance payments should be banded to reflect both the time commitment and workload of the identified special responsibilities;
- the assumption that all Members will participate as fully as possible in Council business and play an active role in their Wards and that the importance of these mutually inclusive roles should be reflected in the level of the basic allowance; and
- the reviewed scheme should continue to be subject to well informed periodic reviews.

5.3 The background to the pay negotiations are detailed in paragraph 4.3 above. We feel that a 'cost of living' increase is justified and should continue to be applied to the Council's scheme of allowances, but this should follow that applied to staff and therefore are not proposing an increase this year.

6 Basic Allowance

6.1 We had regard when considering the basic allowance payment to the approach set out in our July 2004 report, our December 2004 report and to the responses in the activity questionnaire.

6.2 We noted that those Members who responded to the questionnaire continued to show a very wide variation in the estimates of the time they spend on their roles as Councillors (the figures ranged from 5 to 36 hours per week). We do see it as inevitable that time commitments will vary for a number of reasons as this reflects, amongst other things, the constituency work Members undertake in their wards, the discharge of portfolio holder responsibilities, and often the time consuming work of some of the Chairmen of Committees'.

6.3 We noted that the analysis of the questionnaire responses included suggested increases in the current level of basic allowance although the majority offered no comments or felt that the current level of basic allowance was adequate. Those Members who put forward proposals for an increase were in the minority. With only 18% of Members returning the questionnaire, we can only assume the remainder who did not, are happy with the current level.

6.4 We did note the suggestion that the allowance should be set at £4,500 or £5,000, but no reasons were offered as to why this may be appropriate.

6.5 We did receive comparative information from a significant number of authorities as part of the background papers. We felt that the basic allowance payable to Cherwell Members could be favourably compared to the allowances paid by the Council's neighbouring, comparator and other authorities. Nonetheless the Panel decided to carry out a more in depth review before the 2011/12 financial year of these comparisons to ensure that Cherwell District Council Members allowances remain favourably comparable with neighbouring and comparator authorities.

We RECOMMEND that the basic allowance remain the same as 2009/2010 for the 2010/2011 financial year.

7 Speciality Responsibility Allowances

(a) Introduction

- 7.1 We have considered and formulated recommendations in our previous reports on the levels of the SRA payments to the Leader of the Council, Members of the Executive, the Chairmen of the two Scrutiny Committees, the Chairmen of the Planning Committee and the Chairmen of the Standards Committee, the Personnel and the Licensing Committee as well as the Leader of the main Opposition Group.

We RECOMMEND that the Special Responsibility Allowances for 2010/2011 should remain at the level paid for 2009/2010, that is:

- (1) the SRA payment to the Executive Leader remain at £7,209 for the financial year 2010/2011;**
- (2) the SRA payment to each Executive Member remain at £6,291 for the financial year 2010/2011;**
- (3) the SRA payment to the Chairman of the Licensing Committee remain at £2,250 for the financial year 2010/2011;**
- (4) the SRA payment to the Chairman of the Overview and Scrutiny Committee remain at 3,702 for the financial year 2010/2011;**
- (5) the SRA payment to the Chairman of the Resources & Performance Scrutiny Board remain at £3,702 for the financial year 2010/2011;**
- (6) the SRA payment to the Chairman of Planning Committee remain at £4,200 for the financial year 2010/2011;**
- (7) the SRA payment to the Chairman of Personnel Committee remain at £1,296 for the financial year 2010/2011;**
- (8) the SRA payment to the Chairman of the Account, Audit and Risk Committee remain at £2,250 for the financial year 2010/2011;**
- (9) the Leader of the Opposition Group remain at £2,898 for the financial year 2010/2011.**

8 Co-optees Allowance

We RECOMMEND that

- (1) the SRA payment to the Chairman of the Standards Committee remain at £1,296 for the financial year 2010/2011; and**
- (2) the co-optees allowance payable to the independent members and parish council representatives serving on the Standards Committee remain at £831 for the financial year 2010/2011 which equates to 20% of the proposed members basic allowance.**

9 Dependent Carers' Allowance

We RECOMMEND that

- (1) the dependent relative carers allowance remain at its current level of £15 per hour for the financial year 2010/2011 subject to the previously agreed conditions; and
- (2) the child care allowance remains at its current level of £8 per hour for the financial year 2010/2011 subject to the previously agreed conditions.

10 Travelling and Subsistence Allowances

We RECOMMEND that

- (1) subject to the notification of any adjustments later in the year, the HM Revenue and Customs specified mileage rates of 24p per mile for motor cycles regardless of the cc, and 40p per mile regardless of the cc of the motor vehicle (with no tax implications) continue to be paid up until the time any revisions are notified and the revised rate then be implemented;
- (2) the supplements relating to the payment of tolls and other parking charges continue to be paid;
- (3) subject to the proviso set out in (1) above, the HM Revenue and Customs specified rate of 20p per mile continue to be paid for travel by bicycle and other 'non-motorised' forms of transport;
- (4) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications)
- (5) the decision not to introduce a walking allowance, be confirmed.

We RECOMMEND that the matters outlined above continue to be included in the Allowances Scheme.

Subsistence Allowances

We agreed that the subsistence allowances should continue to be paid on the basis of the agreed formula. The adjusted recommended rates are:-

Breakfast Allowance	£6.02
Lunch Allowances	£8.31
Tea Allowance	£3.24
Evening Meal Allowance	£10.29
Overnight Subsistence	
Absence overnight	£91.14
Absence overnight in London or at the Annual Conference of the LGA	£103.96

We RECOMMEND that the subsistence allowances for 2010/2011 be paid up to the maximum rates previously notified by the NJC for Officers index linked to the RPI (excluding mortgages) as set out above.

Future Reviews

We RECOMMEND that Members be again reminded of the importance we attach to the completion of the activity questionnaire, the outcome of which will continue to be an important part of the information collated to inform future reviews.

.....
Mr Robert Palmer
Chairman
Independent Remuneration Panel

January 2010

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Council

2010/11 Service and Financial Planning Process Corporate Plan, Revenue Budget and Capital Programme

22 February 2010

Report of the Chief Financial Officer

PURPOSE OF REPORT

To review the Council's General Fund Budget, Capital Programme, Earmarked Reserves and General Fund Balances to ensure the robustness of the estimates included and to seek formal adoption of all parts of the Council's financial plans and Corporate Plan for the 2010/11 budget year.

This report is public

Recommendations

The Council is recommended:

- (1) To consider the contents of this report in approving the General Fund Budget and Capital Programme for 2010/11 and to formally record that consideration
- (2) To approve the 2010/11 General Fund Budget and Capital Programme proposed by the Executive on 1st February 2010, as detailed in the Budget Book at Appendix 1
- (3) To approve the Collection Fund Estimates contained in Annex 6 of the Budget Book
- (4) To approve the Prudential Indicators contained in Annex 9 of the Budget Book
- (5) To approve the final Service Plans for 2010/11 as proposed by the Executive on 1st February 2010 and summarised in the Budget Book
- (6) To approve the Corporate Plan as detailed in Annex 1 of the Budget Book
- (7) To approve the Treasury Management Strategy for 2010/11 proposed by the Executive on 1st February 2010 at Appendix 2

Executive Summary

Introduction

- 1.1 Under Section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to report to the Council on:
- 1) The robustness of the estimates included within the budget
 - 2) The adequacy of the reserves and balances
- 1.2 Under the Act, Members must have regard to the contents of this report when making their decisions on the budget.

Proposals

- 1.3 It is proposed that Members consider the contents of this report when making their decisions on the Council's budgets at this meeting.

Conclusion

- 1.4 The conclusion is that the processes followed have been generally sound and similar to those that have produced robust estimates in the past. In the light of information made available during the budget process, there is sufficient capacity in the proposed budget and available reserves and balances to cope with the financial risks the Authority faces in 2010/11.

Background Information

- 2.1 Section 25 of The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer ("CFO") to make a report to the authority when it is considering its budget and Council Tax. Also, Section 26 of the Act gives the Secretary of State power to set minimum level of reserves for which an authority must provide in setting its budget. The legislation says that "the provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its CFO and is heading for serious financial difficulty".
- 2.2 The Local Government Finance Act 1992 also requires that authorities have regard to the level of reserves needed for meeting estimated future expenditure when calculating the next budget requirement.
- 2.3 There are also a range of safeguards to ensure authorities do not over-commit themselves financially. These include:
- The CFO 'S114' powers, which require a report to all members of the authority if there is or is likely to be unlawful expenditure or an unbalanced budget

- The Prudential Code which applied to capital financing from 2004/5.
- 2.4 These safeguards are reinforced by the Use of Resources Assessment by the Audit Commission which includes a methodology to assess the financial performance and standing of the authority.

Budget Process 2010/11

- 2.5 Although the search for efficiencies had started several months before, the budget preparation process for 2010/11 formally began with the Executive issuing Budget Guidelines at their meeting on 5th October 2009, following discussion of the projected scenario for 2010/11 and beyond based on information held at that time. These guidelines included the decision that any service growth should be self-funding via efficiencies and that the council tax should not be increased. The initial target for efficiencies required to balance the budget was set at £1m, although this rose as the economic recession and banking crisis affected the Council's budget. The changing target and the progress in achieving it were tracked in a transparent fashion until such time as the required efficiencies were agreed.
- 2.6 The Budget Guidelines were used to prepare the base budget and to steer the Service Planning process.
- 2.7 The Corporate Management Team received regular updates on the overall budget position from September 2009 through to January 2010 and managed the overall process.
- 2.8 The Executive received reports on December 7th 2009 as well as January 11th and February 1st 2010, all outlining the latest position regarding efficiencies identified and remaining sums required to balance the budget.
- 2.9 The Resources and Performance Scrutiny Board examined the draft budget on 1st December 2009 and made recommendations to the Executive.
- 2.10 The Executive concluded its budget deliberations on 1st February 2010 and has now recommended a budget to the Full Council.
- 2.11 For a number of years the Council's budget process has included consultation with the stakeholders of Cherwell to find out which services were most important to residents and others and what they thought spending and savings priorities should be in the coming budget year. The current budget process has continued this trend by seeking the views of the general public, the business community, the voluntary sector and other key partners on issues such as the most important services to spend on, where to decrease spending and the level the council tax should be set at.

2.12 During the whole budget process particular attention was paid to both inflation levels and interest rates during a time of unusual economic instability. Both these factors were tracked in detail as they represented key elements of the Council's likely spending needs and interest receipts.

2.13 The Chief Financial Officer has:

- examined budget working papers prepared by Finance staff
- discussed the budget preparation process with those Finance staff
- liaised closely with the Head of Finance throughout the budget process
- examined the Service Plans put forward by Heads of Service
- attended Corporate Management Team meetings to discuss the budget
- attended Executive meetings where the budget has been considered

Guidance on Evaluation of the Estimates

3.1 The Local Government Act 2003 does not provide any specific guidance on how to evaluate the robustness of the estimates. The explanatory notes to the Act do, however, stress that decisions on the appropriate level of reserves should not be based on a rule of thumb, but on an assessment of all the circumstances considered likely to affect the authority. In addition reference is also made to the CIPFA (The Chartered Institute of Public Finance and Accountancy) guidance on reserves and balances.

3.2 The CIPFA guidance states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:

- Assumptions regarding inflation
- Estimates of the level and timing of capital receipts
- Treatment of demand led budgets (i.e. budgets where expenditure or income are to some extent beyond the Council's control)
- Treatment of efficiencies
- Risks inherent in any new partnerships etc
- Financial standing of the authority (level of borrowing, debt outstanding etc)
- The authority's track record in budget management (including the robustness of the Medium Term Financial Strategy)
- The authority's capacity to manage in-year budget pressures
- The authority's virement and year-end procedures in relation to under- and over- spends
- The adequacy of insurance arrangements

The above issues are also of relevance when evaluating the robustness of the budget.

- 3.3 The Audit Commission's Use of Resources Assessment also provides a form of guidance when considering the robustness of the draft budget. To receive a Level 3 – 'performing well' an authority has to meet either of the following criteria:

The aggregate balance of

- General Balances
- Other earmarked revenue reserves
- Liabilities not recognised in the financial statements

should either be in surplus at the year end and the General Balance should be at least equal to 5% but not more than 100% of forecast net operating expenditure for the year, or a formal financial risk management process should be operating, which the authority uses to justify a level of reserves and balances.

Cherwell met both of these criteria during the period examined by the Audit Commission with the Use of Resources scores reported to the Accounts, Audit and Risk Committee in December 2009 and continues to do so when the budget year 2010/11 is assessed against the same criteria.

- 3.4 The most recent Use of Resources Assessment report also contained other comments which confirmed the robustness of the Council's annual budget process, although it does not specifically address the recent budget process, which was in progress during the inspection. The report stated that 'the Council manages its finances effectively to deliver value for money in its services for its stakeholders. Finances are planned over the medium to long term to meet strategic priorities and to ensure that the Council keeps sound financial health. The Medium Term Financial Strategy is regularly updated to keep it in line with changes in the internal and external environment that affect the operation of the Council'. It goes on to say that 'the Council produces budget monitoring and forecasting information on a timely basis which ensures that decision makers can make appropriate decisions throughout the various levels of the organisation with the most relevant information to hand.'

Reserves

- 4.1 The estimated level of reserves as at 31 March 2010 and 31st March 2011 are shown in the Council's Budget Book contained with this report. The rationale for each of these reserves and the level required in each has been reviewed. The remaining reserves are considered to be both necessary and at adequate levels. In addition to the various

earmarked reserves, the Council will have an estimated General Fund Balance of approximately £1.2m at 31st March 2010 after making plans for capitalisation detailed in 5.7 below. The General Fund balance comfortably exceeds the recommended minimum of 5% of the budgeted net operating expenditure for the financial year 2010/11.

4.2 Reserves can be held for three main purposes:

- general reserves to meet the potential costs of emergencies or unexpected events, including a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- a contingency to meet the costs of events that are possible but whose occurrence is not certain – this also forms part of general reserves. For the financial year 2010/11 the Council will have an a Contingency Risk Reserve to deal with any increased demand on Council services, additional costs such as fuel cost rises, falls in income from fees and charges or reduced investment income.
- earmarked reserves to meet known or predicted liabilities over a period of time usually of more than one year. These earmarked reserves protect the Council against specific financial risks and this is a factor to be taken into account when assessing the adequacy of the totality of balances and reserves and the level of the General Fund Balance.

Strategic Budget Issues to Evaluate for Robustness

5.1 Inflationary pressures

There has been local agreement with staff that no pay award will be payable from 1st April 2010. Provision has however been made for the effects of the newly implemented Job Evaluation Scheme. An assumption on staff turnover savings is made and monitored centrally. Other expenditure budgets are normally prepared at out-turn prices to take account of known or expected increases in the prices of goods and services, although in the low inflation environment prevailing when most of the budget process was taking place managers were instructed to only build in contractually unavoidable inflation increases. This helped force through the achievement of efficiency savings at a very detailed level to balance the budget overall. This approach is underpinned by a Contingency Risk Reserve to cope with any return of any unbudgeted inflationary pressures.

5.2 Capital Programme Revenue Effects and Financing

The revenue budget includes all revenue effects of capital schemes. Assumptions of new capital receipts in 2010/11 are based on realistic estimates received from the relevant officers in the Council.

5.3 Treatment of demand led pressures and efficiencies

Particular care has been taken in compiling the key Council budgets which are often described as 'demand led' because their achievement is to some degree outside the Council's control. These types of budgets, including spending on housing benefits and receipt of income from planning applications, land charges, car parking charges and interest on the Council's cash and financial reserve management are likely to contribute significantly to any overall variation of actual achievement against budgets. Some of these budgets could be affected by the prevailing economic climate and in all cases a prudent approach has been adopted in the estimates prepared.

5.4 Efficiencies Identified

Efficiency proposals leading to reductions in budgets for 2010/11 total approximately £2.7m, although some of this has been re-invested in services and unavoidable costs. The main priority in achieving these efficiencies was to protect front line services. Each of these efficiency proposals was evaluated for feasibility of achievement and found to be realistic. Each expenditure efficiency has been removed from the relevant budget and each agreed increase in income added to the relevant budget.

5.5 Both expenditure and income efficiencies will be profiled on the Council's Financial Management System to make it clear that efficiencies are expected to be realised from the agreed date. Prior to the commencement of the financial year 2010/11 officers responsible for these services and the associated budget reductions or additional income will be reminded of the need to achieve the figures put forward within the agreed timescales. Monthly financial information will then be provided to help monitor progress, and any significant variations will be reported to both the Corporate Management Team and the Executive. These reports will contain proposals for corrective action where necessary.

5.6 Any one-off costs of achieving ongoing efficiencies have been built into the rationale of earmarked reserves held and projections of use of those reserves.

Investment Income/Icelandic Banks

5.7 The Council is one of over 100 local authorities that were affected by the collapse of Icelandic banking institutions. The Council currently has a total of £6.5 million in short term investments with one of the affected banks, Glitner. Although the Council remains confident of getting all of its investment back a plan has been drawn up to deal with any loss via use of the Council's reserves. At the time this report was written the Council was, with support from the Local Government Association, seeking to overturn a Government decision not letting it use capital receipts to finance any loss. Should this attempt fail, the Council has

identified revenue reserves to deal with the any loss. This strategy has been built into the figures listed in the Budget Book for 2010/11.

- 5.8 The Council will not know for some time whether it will get back all of its investment with Glitnir. The frozen assets of the bank are such that 31% of the Council's investment is considered safe, but the remaining 69% (£4,485,000) is still being lobbied for, with the Local Government Association and their legal advisors confident that the whole sum will be returned, but uncertain as to when that will occur. In the circumstances it is considered prudent to plan for a potential loss as outlined in paragraph 5.7, even though that plan will in all probability not be required.
- 5.9 The Council's investment income budget for 2010/11 has been compiled on the basis of close tracking of actual and likely interest rates and with the help of external advice. The emphasis has been on the least risky places to invest the Council's money and this, along with the continued low interest rates on offer and the agreed use of capital receipts has led to a significant reduction in the investment income built into the budget. In budgetary terms this is prudent and places the Council at less risk of exposure in-year. A revised Treasury Management Strategy was proposed by the Executive on 1st February 2010 and is recommended to Full Council for approval as part of this report.

Capacity to Manage in-year Budget Pressures

- 6.1 The Council has a record of maintaining good financial and budgetary discipline in the face of mid-year pressures, including virement procedures that allow funds to be moved to areas where shortages exist. Although underspends and overspends are not automatically carried forward, the Council does have an approved carry forward scheme.
- 6.2 For many years, year-end out-turn has been within approved budget levels, although the trend to significant underspends has now been eliminated. This is a welcome change, although it does mean, quite rightly, that there can be no reliance on underspends being available to deal with any unwanted overspends. This has put more reliance on accurate budgeting and forecasting.
- 6.3 The Audit Commission have frequently commended the Council's record in financial management. This is also reflected in the Use of Resources Score overall of 3 reported to the Accounts, Audit and Risk Committee in December 2009.
- 6.4 Managers with budgetary responsibility receive ongoing financial training and support and attend regular briefings regarding issues such as the Budget Guidelines.

- 6.5 Budget holders receive regular information from their relevant service accountant and regular Financial Management System (FMS) reports through on-line access. Both budget profiling and commitment accounting are used to assist the budgetary control process. The Council has developed a 'Dashboard' reporting system which gives budget managers prompt information about financial and service performance. This has proved extremely popular and well used, leading to a very detailed and timely position statement being available on the Council's finances.
- 6.6 The Executive receives quarterly budgetary control reports, including proposed actions to deal with any variances from budget.

Risk Management and Insurance Arrangements

- 7.1 The Council has a well developed risk management approach which regularly updates the key strategic and operational risks and identifies actions which can reduce the likelihood and impact of those risks. The risk registers identified are fed into the budgetary process as appropriate. In the last two budget cycles the economic scenario has featured as a key risk for several of the Council's budgets and appropriate budgetary provision has been made in respect of these.
- 7.2 The Authority has a very low record of claims against its insurance policies. A recent Value for Money Review of insurance identified the scope for the Council to delete some of the policies held and levels of cover on some retained policies reduced with a significant saving in premiums paid and no unacceptable increase in exposure to risk.

Longer Term Considerations

- 8.1 Although this report has the 2010/11 budget as its focus it is worthwhile considering briefly some of the key longer term financial issues facing the Council so that it can be established that no hidden issues could affect the forthcoming budget year.
- 8.2 The Council has a robust Medium Term Financial Strategy which is regularly updated and gives multi-year projections of the Council's revenue and capital position. The next Medium Term Financial Strategy, covering the years 2010/11 to 2014/15 will be considered by the Executive in March 2010. These revised projections will take account of the highly likely significant reduction in the Council's grant funding from the Government from 2011/12 onwards following the major increase in the Public Sector Borrowing Requirement, which the next Government will need to address as a matter of priority. Although managerial action will be required during the 2010/11 budget year to deal with the likely budget deficit from 2011/12 onwards there are currently no plans which will affect the 2010/11 budget itself.

- 8.3 The Council makes contributions to the Oxfordshire County Council Pension Fund on behalf of staff. The next actuarial review of the fund will be based on the position as at 31 March 2010. The results of the review should be known in late 2010 with any changes to contribution rates expected to be implemented with effect from 2011/12. The anticipated impact for the Council will be reviewed as information becomes available.
- 8.4 The Council is debt free, with no realistic need to borrow money long term likely to materialise in the next few years. Short term borrowing for cash flow purposes continues to be very rare and a small sum has been budgeted in the years ahead as interest payable should there be a mis-match in cash available for a few days or weeks.

Specific Service Budget Risk Considerations

- 9.1 Estimates in respect of Council Tax Benefit and Housing Benefit payments, Government reimbursement of these payments and payment of administrative subsidy have been calculated based on the latest information available about take-up of benefits, the latest levels of correctly paid benefits and government notifications of reimbursements and subsidy levels. There has been a significant increase in the level of such payments during the economic difficulties of the last two years and this is set to continue for some time yet. Bearing in mind that most of the sums paid out are reimbursed by the Government, these estimates are therefore as robust as possible for an area of expenditure that is demand led.
- 9.2 The Building Control function operates in a competitive environment. Fee income is subject to competitive pressures and will be monitored during the year. The income from car parking will be closely monitored, as it is demand led.
- 9.3 Planning fees and land charges fees are also significant factors in the Council's budget. The budgeted sums for 2010/11 continue to be at a lower level than before the problems in the economy started and prudent assumptions have again been made of sums likely to be received. The sums included will be closely monitored during the year.
- 9.4 Rental income from the Council's property portfolio is again subject to market forces and best estimates from officers concerned have been used and will be monitored closely.
- 9.5 The homelessness budget is demand-led and therefore difficult to accurately estimate. It will be closely monitored.
- 9.6 The Council received late notification of reduced Government grant funding towards the concessionary fares travel scheme. The shortfall arising was dealt with via a quick re-examination of efficiencies. These

efficiencies were tested for realism and considered to be achievable additions to those previously identified.

- 9.7 A Contingency Risk Reserve has been set up to cover any major variations on the budgets covered in the previous paragraphs.

Key Issues for Consideration and Options

10.1 The key issues are whether:

- the base budget is realistic, both in terms of expenditure and income
- the expenditure efficiencies are achievable
- any new or increased income will be received
- the reserves are adequate to deal with any budget problems

10.2 It is considered that these requirements are in fact met and that the budget is sufficiently robust to be recommended for approval.

10.3 The Full Council can of course make changes to the budget even at this late stage, although it is advised that any such changes, if significant, could adversely affect the robustness of the budget if a full appraisal of their likely consequences is not undertaken.

10.4 The following options have been identified. The approach recommended is believed to be essential so that the Council complies with the legislation directing it to consider the Chief Financial Officer's report.

Option One To consider this report

Option Two To fail to consider this report and fail to meet the legal requirements in relation to setting the Council's budget

Consultations

None This is a statutory report giving the view of the Council's Chief Financial Officer on the robustness of the budget, although in practice discussions have been held with relevant staff as part of forming the judgement required.

Implications

- Financial:** The report looks at the robustness of the Council's draft 2010/11 budget and corporate plan. All financial implications are contained within the Comments checked by Karen Curtin, Head of Finance, 01295 221551
- Legal:** The draft budget incorporates the Council's legal obligations. Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221686
- Risk Management:** The draft budget has been built with consideration of relevant risks. Comments checked by Rosemary Watts, Risk and Insurance Manager, 01295 221566
- Equalities** The draft budget has been built with consideration of the legislation and the Council's policies in respect of equalities. Comments checked by Caroline French, Equalities and Diversity Officer 01295 227928

Wards Affected

'All'

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Portfolio

Councillor Macnamara
Portfolio Holder for Resources

Document Information

Appendix No	Title
1	Budget Book 2010/11 – TO FOLLOW
2	Corporate Plan
3	Treasury Management Strategy 2010/11
Background Papers	
Budget Working Papers 2010/11. Budgetary Control Reports 2009/10. Reports to the Executive, September 2009 to February 2010	
Report Author	Philip O'Dell, Chief Financial Officer
Contact Information	01295 227936 phil.o'dell@cherwell-dc.gov.uk 01295 221551 karen.curtin@cherwell-dc.gov.uk 01295 221559 karen.muir@cherwell-dc.gov.uk 01295 221563 claire.taylor@cherwell-dc.gov.uk

Cherwell District Council Investment Strategy 2010/11

1.0 Introduction

The proposed strategy for 2010/11 in respect of the following aspects of the treasury management function, is based upon the views of the Council's Treasury Management Team. This is informed by market forecasts provided by the Council's treasury advisor, Butlers.

The highest standard of stewardship of public funds remains of the utmost importance to the Council.

This document sets out the Council's priorities and policies for making, and managing investments made by the Council in the course of undertaking treasury management activities during the 2010/11 financial year. It fulfils the Council's requirement under the Local Government Act 2003, and guidance subsequently issued by the Office of the Deputy Prime Minister (now CLG) in March 2004, to prepare an annual investment strategy.

The strategy covers:

- Treasury limits in force which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy (not applicable in 2010/11)
- Prudential Indicators - The Prudential Indicators are part of the integrated treasury management strategy and are included in the budget book that will be recommended to Council.

2.0 Background

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public services (the "CIPFA TM Code") requires local authorities to determine the Treasury Management Strategy Statement (TMSS). This statement also incorporates the Investment Strategy. Together, these cover the financing and investment strategy for the forthcoming financial year.

In response to the financial crisis in 2008, CIPFA has revised the TM Code and Guidance Notes as well as the Prudential Indicators which CIPFA publicised in late November 2009. Communities and Local Government (CLG) is consulting on a revised and updated Investment Guidance. If any changes are required as a result of this consultation we will bring an amended strategy back to Council for approval.

CIPFA has defined Treasury Management as:

"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Credit and Counterparty Risk (Security of Investments)
- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Legal & Regulatory Risk

3.0 Regulatory Framework

There are two main elements to the regulatory framework for treasury management, the CIPFA TM Code and the CLG Investment Guidance. As both of these have been revised in November a summary of the main changes is set out below.

3.1 CIPFA Treasury Management Code

The main issues to highlight are:

- **3.1.1 Treasury Management Policy Statement**

CIPFA recommends that organisations adopt the following words in their Treasury Management Policy Statement to be agreed by full Council:

This organisation defines its treasury management activities as:

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- **3.1.2 In the new code CIPFA identify the following Key Principles:**

Key Principle 1

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk

should form part of their annual strategy and should ensure that priority is given to security and liquidity when investing funds.

Key Principle 3

They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

- **3.1.3 CIPFA recommends that the following four clauses are adopted as part of Financial Regulations:**

1. This organisation will create and maintain, as the cornerstones for effective treasury management, a treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities. It will also have suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation (i.e. full body/council) will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to full Council, and for the execution and administration of treasury management decisions to Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's standard of professional practice on treasury management.

4. This organisation nominates the Accounts, Audit & Risk Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

The Head of Finance is currently revising Financial Regulations and these clauses will be incorporated.

3.2 CLG Investment Guidance

CLG are currently out to consultation on their Guidance. The main issues to highlight are:

- Reiterates security, liquidity and yield in that order. (See reference to security, yield, liquidity)
- Emphasis on ongoing risk assessment.
- Credit ratings alone should not be the only criteria for selecting counterparties.
- Borrowing purely to invest at a profit is unlawful. There still appears to be no legal obstacle to the temporary investment of funds borrowed for the purpose of expenditure in the reasonably
near future.
- Clarity on the role of investment consultants.
- Training for Members and officers.

3.3 Relevant guidance

In preparing this document, in addition to the requirements noted above, the Council has also had regard to:

- The guidance issued by CIPFA entitled 'Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes'; revised 2009
- The findings contained in the report issued by the Audit Commission in March 2009 entitled 'Risk and return, English local authorities and the Icelandic banks';
- The findings contained in the June 2009 report on local authority investments by the Parliamentary Select Committee for Communities and Local Government; and
- The Council's own Medium Term Financial Strategy (MTFS).
- CIPFA Prudential Code.

4.0 Scope of this document

The scope of this document does not extend to other investment activities undertaken by the Council, including investments made in local properties/community projects. Such investments are governed by the Council's Asset Management Strategy.

5.0 Ownership, roles and responsibilities

Ownership of the Council's investment strategy, and accountability for all investments made by the Council, resides fully with the members of the Council.

Responsibility for ensuring compliance with the regulatory framework rests with the Council's Chief Financial Officer (Section 151 Officer). The investment strategy, and any changes to it, must receive approval of the Section 151 Officer. In relation to the element of the Council's investments managed by the in-house Finance team, the Head of Finance is responsible for compliance with the parameters set out in this strategy.

To assist in executing the approved investment strategy, the Council relies on the professional input from the in-house Finance team and from external Treasury Advisors and Investment Managers. The Council's policies governing the basis of selection of these external organisations, their contractual arrangements, and the monitoring of the quality of service they provide are set out in the Council's procurement rules.

5.1 In-house Finance team

The Finance team will be responsible for:

- Managing the Council's overall cashflow requirements,
- Coordinating and monitoring the structure and performance of the aggregate portfolio of investments, including adherence to the strategy, and liaising with the external Treasury Advisors and investment managers, and
- Directly managing a small proportion of the Council's investments

5.2 Treasury Advisor

This role is currently fulfilled by Butlers who are contracted to provide accurate information and informed, up-to-date, guidance to the Council, specifically including:

- Interest rate forecasting and economic information;
- Counterparty credit ratings information;
- Guidance on Local Government Finance (Capital) legislation, the CIPFA Code of Practice and the Prudential Code; and
- Information on investment performance

Notwithstanding the above, it is fully recognised that the Council is required to apply judgement in determining the use of information and guidance received from the Treasury Advisor. The Council remains accountable for all investment decisions made.

We are in the process of a procurement exercise and a new contract will commence on 1st April 2010 which may result in a change of supplier.

5.3 External investment managers

It is envisaged that the responsibility for managing the Council's portfolio of investments will be split between the Council's in-house Finance team and the external investment managers. Direct management of the majority of the investment portfolio will be performed by the external professional investment managers. Currently, the external managers engaged by the Council are Investec and TUK.

The use of a combination of internal and external resources recognises that, whilst the Council's own Finance personnel are competent in and best placed to understand the cash-flow and working capital requirements of the Council, they do not have the expertise to manage the full range of investment instruments in which the Council is permitted to invest. Additionally, this blend of internal and external resources provides an element of diversification and "resilience" because the Council is not completely dependent on one organisation, or one or two key individuals, for the performance of investment management activities.

The external investment managers will be contractually obliged to adhere to the overall parameters of the Council's investment strategy, which are set out below. As such, the approved investment strategy document will be communicated annually to the external managers by the Council's Chief Financial Officer. Any changes to the strategy in-between the formal annual review dates will also be communicated to the investment managers by the Chief Financial Officer.

6.0 Monitoring of Investment Strategy

Monitoring and evaluation of the application and performance of the investment strategy will take place as follows:

- The Accounts, Audit and Risk Committee (AARC) will receive a quarterly report from the Chief Financial Officer on compliance of the Council's investments with the objectives and parameters set out in this document. This report will be at an aggregate portfolio level and so will summarise the position relating to both in-house and externally-managed investments.
- In recognition of the dynamic nature of the financial markets and the impact of change in the economic environment, the Chief Financial Officer, in consultation with the Portfolio Holder for Resources and Organisational Development, may take emergency actions outside of the framework of the investment strategy where necessary to enhance the security of amounts invested. Any action taken under this provision will be reported by the Chief Financial Officer to the next quarterly AARC meeting.
- Performance against financial targets, including actual investment income versus budget, will be reported to the Executive on a quarterly basis and to full Council on an annual basis as an integral element of the Council's financial statements.
- The performance of the Treasury Advisors against the specification agreed in the contractual documentation with those parties will be reported annually to the Resource and Performance Scrutiny Board, as part of the Council's contract management framework. In addition, the Board will receive reports that allow comparison of the respective investment performance of the in-house team and each of the external investment managers, as well as the performance of each group against relevant benchmarks.

All finance personnel who are involved in delivering against the treasury management strategy receive in-house and externally provided training as deemed appropriate. Members are also invited to attend appropriate training and in the past this has been delivered by PricewaterhouseCoopers.

Key officers are also encouraged to study towards the new CIPFA and ACT (Association of Corporate Treasurers) joint Certificate on International Treasury Management – Public Finance.

7.0 Investment objectives and priorities

The Council's priorities in executing its investment strategy are security, yield (interest receivable) and liquidity. These priorities are further articulated below.

- **Security** - in considering the suitability of investments, the Council's overriding objective is to ensure the security of amounts invested and to minimise the risk of loss of investment principal, though it is accepted that the total elimination of risk is not achievable or desirable. This reflects the expressed views of the Members on their appetite for investment risk.
- **Yield** – Whilst security of principal is the primary priority, the Members have expressed the view that the Council's investments should, to some extent, be "put to work" to generate a return to support the Council's ability to undertake capital expenditure on projects that benefit the community.

Subject to adhering to the restrictions and parameters set out in this document governing the security of investments, and the requirement described below for a small element of the portfolio to be retained as “on-call cash”, investments can be made by the Council with the objective of generating an income stream in support of the Council’s MTFS. A target investment yield will be specified as part of the Council’s annual budget.

In previous years, a key objective of the Council’s investment strategy has been to provide an income stream from investment returns to support annual revenue expenditure. The current MTFS provides that this reliance on investment returns to fund expenditure will reduce over the next three years, such that by 2013/14 there will be no reliance on investment returns to support the revenue account. From 2010/11, an increasing proportion of the investment income will be available to fund growth and one-off projects, such that from 2013/14 100% of investment income will be available for such projects.

- **Liquidity** – investment decisions will be made in the context of known future cash flows to ensure sufficient funds are available as and when they are required. Cash flows are monitored on a daily basis by Finance with detailed forecasts prepared by time periods. In order to provide the necessary flexibility, and as a contingency for unexpected events, an element of the Council’s funds (£1m) will be maintained on-call, with no notice requirement.

8.0 Permitted Investments

The Council’s investment portfolio will be comprised of ‘Specified’ investments and ‘Non-specified’ investments.

8.1 Specified Investments

A Specified Investment is defined as an investment that:

- that is denominated in Sterling, and any payments or repayments in respect of the investment are payable only in Sterling;
- is not a *long term investment*;
- is not *capital expenditure*; and
- is made with a body, *which is described as having a strong or superior ability to meet its short term financial commitments by a range of credit rating agencies ensuring high credit quality*, or is made with the UK Government.

For the purpose of applying the above criteria, the following definitions will be applied:

- *Long Term Investment* - any investment other than one that is due to be repaid within 12 months from the date of transaction, or one that may be required by the Council to be paid within 12 months from the date of transaction. The date of transaction refers to the date the investment principal is actually invested. For clarity, any commitments given to a counterparty to make investments on a forward basis are “Non-Specified” investments.
- *Capital Expenditure* - capital expenditure will have the definition as set out in regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- *A body that has been described as having a strong or superior ability to meet its short term financial commitments* – these are investment counterparties that meet the selection requirements set out below.

- *Credit Rating Agency* - a body that assesses the financial strength of companies and governments, both domestic and foreign, particularly their ability to meet the interest and principal payments on their bonds and other debt. Rating information will be obtained from 3 agencies: Fitch, Moody's and Standard & Poor's.

In addition to the above definitions, Specified Investments will be restricted to the following list of permitted instruments:

- Cash deposits
- Certificates of deposit
- UK Government investments – Debt Management Office (DMO) deposits and bonds (gilts) for which maturity date at time of purchase is less than 365 days away

8.2 Non-specified Investments

Non-specified Investments are defined as any investments that do not meet the criteria set out above for Specified Investments. The Council's investment objectives and priorities, as set out above, have been used to determine the selection of the types of investments that are permitted.

Non-specified Investments will be restricted to the following list of permitted instruments:

- Cash deposits
- Callable deposits
- Certificates of deposits
- Money market funds
- UK Government investments, sovereign and supranational bonds
- Investments with UK building societies that do not meet the criteria for Specified Investments
- Loans to other public sector bodies – local authorities, parish/community councils, Registered social landlords ("RSLs") and Primary Care Trusts ("PCTs")

For clarity, the Council's in-house Finance team will not be permitted to make any investments other than those designated as "Specified Investments", with the exception of:

- Building society investments – for which further specific credit risk criteria are set out below.
- Loans to other public sector bodies. The initiation of such loans will require Council approval on a case-by-case basis, in accordance with separately-documented procedures.

8.3 Investment Parameters and Restrictions

In managing the Council's investment portfolio (both Specified and Non-specified investments), certain overarching restrictions and parameters will apply. These are set out in the remainder of this section. Adherence to the restrictions and parameters will be monitored on an ongoing basis by Finance, and before new investments are undertaken, with assistance and information from the Treasury Advisors.

9.0 Portfolio Diversification

It is expected that, at any point in time:

- A minimum of 50% of the total value of the Council's investment portfolio will be comprised of Specified Investments, as defined above.
- A maximum of 50% of the total value of the Council's investment portfolio will be comprised of Non-specified Investments, as defined above
- In aggregate, across all categories of investments and taking in-house and externally-managed investments together, a maximum of £8m will be invested with any individual UK-domiciled investment counterparty (or group of related counterparties). A maximum of £5m will apply in respect of investment with counterparties (or groups of related counterparties) domiciled outside the UK.

9.1 Duration – maturity profile

Available on-call, no notice	Minimum £1m
Maturing in more than 6 months but less than 1 year	Minimum 30%
Maturing in more than 1 year but less than 3 years	Maximum 30%
Maturing in more than 3 years but less than 5 years	Maximum 15%

9.2 Geography

It is expected that, at any point in time:

- in aggregate, a maximum of 30% of the portfolio will be exposed to non-UK countries
- a maximum of 15% of the portfolio will be exposed to any single country, other than the UK

9.3 Investment Type

It is expected that, at any point in time, the amount invested in the following types of investment instrument will not exceed the following limits:

	Maximum
Callable Deposit	£5m
Certificates of deposit	£30m
Money market funds	£10m
Government/supranational bonds	£20m
Loans to public sector bodies	£5m
“Forward” commitments	£5m

Short Term Rating F1+, Long Term Rating AAA, AA+, AA, AA-		
	Support	
Individual	1	2
A	3 years	3 years
A/B	3 years	3 years
B	3 years	3 years
B/C	364 days	0
C	0	0

10.0 Credit risk – criteria for selection of investment counterparties

A list of approved investment counterparties will be maintained by Finance. Approval of investment counterparties will be subject to the potential counterparties satisfying the minimum credit rating criteria set out below.

The credit ratings of individual counterparties will be monitored daily by Finance using information received from Butlers. Any counterparty that no longer meets the minimum criteria for approval will be removed from the list immediately and no further investments will be made with that counterparty until such time that the criteria are again met.

Where investments are currently held with a counterparty that has been “downgraded”, consideration will be given to whether it is prudent to immediately liquidate that investment – this may include breaking a term deposit before maturity. Such considerations and decisions will be documented.

It is fully recognised by the Council that credit ratings and comments from Butlers are only one source of information that can be used to build an understanding of risks in the financial markets and with counterparties. Credit rating information should be viewed within the context of wider financial and economic information and advice. This information will be supplemented by information gathered through active research by Finance staff of counterparties and the markets, for example through reading of newspapers, internet research, and networking with staff from other Public Sector bodies. It is expected that the approved counterparty list will be managed proactively - and not merely in response to rating changes.

In order for an investment opportunity to be eligible to be a Specified Investment, the investment counterparty must have been awarded a minimum of the following credit ratings.

	Fitch	Moody's	Standard & Poor's
Short term rating (Note - only short term ratings are used since the duration of all investments in this category will be less than 12 months).	F1	P-1	A-1

Non-specified Investments may only be placed with counterparties that have been awarded a minimum credit rating, as set out below. A lowest common denominator approach will be applied to consideration of the three credit ratings referred to below i.e. the lowest agency rating will be applied to determine whether the counterparty meets the criteria to be on the Council's lending list.

Investment Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house and Fund Managers
Term Deposits – UK Government	N/A	In-house
Term Deposits – other Local Authorities	N/A	In-house
Term Deposits – Banks and Building Societies	Fitch short-term F1, Long-term A, Individual rating C with support rating 2 or individual rating B with support rating 3, Minimum Sovereign Rating AA	In-house and Fund Managers
Term Deposits with Nationalised Banks with Government Guarantee for wholesale deposits	N/A	In-house
Term Deposits with Part Nationalised banks by the UK Government	N/A	In-house
Term Deposits with Banks and Building Societies signed up to the UK Government support to the banking sector	Fitch short-term F1, Long-term A, Individual rating C with support rating 2 or individual rating B with support rating 3, Minimum Sovereign Rating AA	In-house
Certificates of Deposit issued by Banks and Building Societies	A1 or P1	In-house on a buy and hold basis. Fund Managers
Short-term Funds (including Money Market Funds)	AAA	In-house and Fund Managers
Bond Funds	AAA	In-house and Fund Managers
UK Government Gilts	AAA	In-house on a buy and hold basis. Fund Managers
Treasury Bills	N/A	Fund Managers

In addition, investments may only be placed with non-UK domiciled counterparties where the sovereign rating of the counterparty's country of incorporation is at least "AA".

Investments with building societies not meeting the criteria for "Specified Investments" are only permitted if the society has a minimum asset size of £1,000m; the duration of the investment is no more than 12 months and the maximum amount invested is £1m. These investments will fall into the category of non specified instruments for the purposes of monitoring the Council's exposure.

11.0 Supporting Information

Schedule 1 - details the Counterparties that currently meet the above requirements.

Schedule 2 - TMPs.

Schedule 3 - contains a glossary of terms that may help the reader to understand financial terms used in this report.

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CHERWELL DISTRICT COUNCIL

TREASURY MANAGEMENT PRACTICES

TMP1 - Risk Management

The Head of Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6.

- (1) **Liquidity Risk Management** – The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business/service objectives.
- (2) **Interest Rate/Inflation Risk Management** - The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6. The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Council as an integral part of its strategy for managing its overall exposure to inflation. It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.
- (3) **Exchange Rate Risk Management** – not relevant.
- (4) **Credit and Counterparty Risk Management** – The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and it will limit its investment activities to the instruments, methods and techniques referred to in TPM4. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financial arrangements.
- (5) **Refinancing Risk Management** - The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.
- (6) **Legal and Regulatory Risk Management** – The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(4), it will ensure that there is

evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged. The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

(7) Fraud, Error and Corruption, and Contingency Management – The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

(8) Market Risk Management – The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 - Best Value and Performance Measurement

This Council is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement. Accordingly, the treasury management function will be the subject to analysis of the value it adds in support of the Council's stated business objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

TMP3 - Decision Making and Analysis

This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP4 - Approved Instruments, Methods and Techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1.

TMP5 - Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

The Council considers it essential for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function. If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Head of Finance will ensure that the reasons are properly reported in accordance with TMP6, and the implications properly considered and evaluated. The Head of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Head of Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The Head of Finance will fulfil all responsibilities in accordance with the Council's policy statement and TMPS and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

TMP6 - Reporting Requirements and Management Information Arrangements

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Executive will receive :-

- An annual report on the strategy and plan to be pursued in the coming year ;
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

TMP7 - Budgeting, Accounting and Audit Arrangements

The Head of Finance will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1, TMP2 and TMP4. The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP8 - Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Head of Finance, and will be aggregated for cashflow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Head of Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1(1).

TMP9 - Money Laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

TMP10 - Staff Training and Qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Head of Finance will recommend and implement the necessary arrangements.

TMP11 - Use of External Service Providers

The Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Head of Finance.

TMP12 - Corporate Governance

The Council is committed to the pursuit of proper corporate governance throughout its business and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability. The Council has adopted and has implemented the key recommendations of the Code. This is considered vital to the achievement of proper corporate governance in treasury management, and the Head of Finance will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Glossary

Asset Class Limits	Limit on the amount of the total portfolio that can be invested an asset class for example credit rated Banks, Money Market Funds unrated Building Societies
Asset Life	The length of the useful life of an asset e.g. a school
Borrowing / Investment Portfolio	A list of loans or investments held by the Council.
Borrowing Requirement	The amount that the Council needs to borrow to finance capital expenditure and manage debt.
Callable deposit	Funds placed with a financial institution without a fixed maturity date (i.e. the money can be 'called' or withdrawn at any time).
Capitalisation direction	Government approval to use capital resources to fund revenue expenditure.
Cash deposits	Funds placed with a financial institution with a fixed maturity date and interest rate.
Certificates of deposits	(CD). CDs evidence fixed maturity time deposits with issuing banks or other deposit-taking institutions. Maturities range from less than a week to five years. They are normally negotiable and enjoy a liquid secondary market. They state the (1) amount deposited, (2) rate of interest, and (3) minimum period for which the deposit should be maintained without incurring early withdrawal penalties.
CIPFA Code of Practice on Treasury Management	A code of practice issued by CIPFA detailing best practice for managing the treasury management function.
Counterparty	Banks, Building Societies and other financial institutions that the Council transacts with for borrowing and lending.
Credit Arrangements	Methods of financing such as the use of finance leases
Credit Ratings	A scoring system used by credit rating agencies such as Fitch, Moody's and Standard and Poors to indicate the creditworthiness and other factors of a Governments, banks, building societies and other financial institutions.
Creditworthiness	How highly rated an institution is according to its credit rating.
Debt Management Office	An agency of the HM Treasury and its responsibilities include debt and cash management for the UK Government
Debt Rescheduling	Refinancing loans on different terms and rates to the original loan.
Financial instrument	Document (such as a bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Fitch Ratings	A credit rating agency.
Forward commitment	Written agreement by a lender to advance a loan on a future date at a specified interest rate. It automatically expires if not exercised by the potential borrower.
Gilts	Also known as Gilt-edged Securities. UK central Government debt. It may be dated (redeemable) or undated. Undated gilts are perpetual debt, paying a fixed periodic coupon but having no final redemption date. Gilt yields are conventionally quoted in the UK markets on a semi-annual basis.
Interest Rate exposures	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
Lender Option Borrower Option (LOBO)	Loans that have a fixed rate for a specified number of years then can be varied by the lender at agreed intervals for the remaining life of the loan.
Limits for external debt	A Prudential Indicator prescribed by the Prudential Code sets limits on the total amount of debt the Council could afford.
Liquidity	Access to cash that is readily available.
Lowest Common	Whereby rating agencies provide credit ratings of institutions and the

Denominator	lowest rating is applied to determine whether they meet the criteria to be on the Council's lending list.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Maturity Structure of Borrowings	A profile of the Council's loan portfolio in order of the date in which they expire and require repayment.
Minimum Revenue Provision	The minimum amount, which must be charged to an authority's revenue account each year for the prudent repayment of debt.
Money Market Funds	Open ended collective investment fund that invests in highly-liquid short-term financial instruments (with maturities typically 90 days to less than one year).
Moody's	A credit rating agency.
Non Specified Investments	Investments deemed to have a greater potential of risk, such as investments for longer than one year or with institutions that do not have credit ratings, like some Building Societies. Limits must be set on the amounts that may be held in such investments at any one time during
Portfolio	A number of different assets, liabilities, or assets and liabilities together, considered as a whole. For example, a diversified investment portfolio. An investor in such a portfolio might hold a number of different investment assets within the portfolio, with the objectives of growing the total value of the portfolio and limiting the risk of losses.
Prudential Borrowing	Borrowing undertaken by the Council that does not attract government support to help meet financing costs.
Prudential Code for Capital Finance in Local Authorities	The capital finance system is based on the Prudential Code developed by CIPFA. The key feature of the system is that local authorities should determine the level of their capital investment and how much they borrow to finance that investment based on their own assessment of what they can afford.
Prudential Indicators	The key objectives of the Prudential Code are to ensure that the capital investment plans are affordable, sustainable and prudent. As part of this framework, the Prudential Code sets out several indicators that must be used to demonstrate this.
Public Works Loan Board (PWLB)	A central government agency which provides loans to local authorities and other prescribed institutions at interest rates slightly higher than those at which the Government itself can borrow.
Credit Rated	Institutions that possess a credit rating from a credit rating agency such as Fitch, Moody's or Standard and Poors.
Risk Control	Putting in place processes to control exposures to events.
Security	Placing cash in highly rated institutions.
Sovereign debt rating	Assessment of the international rating agencies of the likelihood that a particular country will default on its loans.
Specified Investments	Investments that offer high security and liquidity. They must have a maturity of no longer than 364 days.
Standard and Poors	A credit rating agency.
Supranational Institutions	Multi national structures - an amalgamation of different countries offering investment opportunities - for example Euro Investment Bank
UK Government Investments	Debt Management Office (DMO) deposits and bonds (gilts) for which maturity date at time of purchase is less than 365 days away.
Yield	The rate of return on the current market value of an asset or liability, usually expressed as a percentage per annum. For example, today's yield to maturity of a bond measures the total return to an investor in the bond, reflecting both the interest income over the life of the bond and any capital gain (or loss) from today's market value to the redemption amount payable at maturity.

Council

Calculating the Amounts of Council Tax for 2010/2011 and Setting the Council Tax for 2010/2011

22 February 2010

Report of the Head of Finance

PURPOSE OF REPORT

To detail the Calculations for the amounts of Council Tax for 2010/11 and the setting of Council Tax for 2010/2011

This report is public

Recommendations

Council is recommended:

- (1) To approve the Calculations for the amount of Council Tax for 2010/11 as detailed in Annex 1.
- (2) To recommend the Setting of Council Tax for 2010/2011 as per the detailed recommendations per Annex 1.

Executive Summary

Introduction

- 1.1 Sections 32 to 36 of the Local Government Finance Act 1992 require each billing authority to calculate its own amount of tax for each category of dwellings in its area, reflecting its budget requirement.
- 1.2 Section 30 of the 1992 Act requires each billing authority to set the amounts of tax for its area, including the amounts levied on it by way of precept from major precepting authorities.
- 1.3 Section 35 provides for (amongst other things) any expenses incurred in performing in part of the District a function performed elsewhere in the District by a parish council or the Chairman of a parish meeting to be the authority's special expenses unless a resolution to the contrary is in force.

Proposals

- 1.4 It is proposed that Members consider the contents of this report and associated Appendices when making their decisions on the Council tax setting at this meeting.

Conclusion

- 1.5 By approving the Council's budget requirement and calculating the effect in Council Tax terms, this determines the Council's spending plans for 2010/11.

Background Information

- 2.1 Appendix 1 to this report details all calculations in respect of calculation and setting of Council Tax for 2010/2011 and detailed recommendations which must be considered.
- 2.2 The precept figures from Oxfordshire County Council were approved on 9 February 2010 and the precept figures included for Thames Valley Police Authority are subject to approval on 19th February 2010. If these precept figures are altered then this will change the total council tax payable in each band and an update will be circulated.

Key Issues for Consideration and Options

- 2.3 Section 32 of the Local Government Finance Act 1992 requires a billing authority to calculate its budget requirement before 11th March in the year preceding the financial year, to which the budget applies.
- 2.4 The following options have been identified :-

Option One To consider this report and agree the Setting of Council Tax as detailed in Annex 1

Option Two To consider this report, but make alternative recommendation on the amount of council tax to be set.

Option Three To fail to consider this report and fail to meet the deadline prescribed in the Local Government Finance Act 1992 as detailed above.

Consultations

None This is a statutory report calculating and setting the Council Tax for Cherwell District Council for 2010/2011.

Implications

Financial: Financial effects – by setting tax levels in accordance with the recommendations, the tax set should raise the amount required to be met from the Collection Fund to pay the precepts to Oxfordshire County Council and Thames Valley Police Authority as well as to meet this Council's demand, which includes local precepting authority precepts.

Members should be aware that Section 106 of the Local Government Finance Act 1992 applies to decisions made in accordance with this report and any member affected by it is obliged to disclose the fact and refrain from voting.

Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Legal: It is the legal responsibility for the Council to set an agreed Council Tax by 11th March under section 32 of the Local Government Finance Act 1992

Comments checked by James Doble, Democratic, Scrutiny and Elections Manager 01295 221587

Risk Management: Risk assessment – this report assumes that the estimates recommended for approval by the Executive, at its meeting held on 22 February 2010, are adopted by the Council.

Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Portfolio

**Councillor Macnamara
Portfolio Holder for Resources**

Document Information

Appendix No	Title
1	Calculating the amount of Council Tax for 2010/2011 and Setting the Council Tax for 2010/2011.
2	Calculations Required by Sections 32 of 36 of the Local Government Finance Act 1992.
3	Council Tax Setting required by Section 30 of the 1992 Act.
Background Papers	
Various Estimates 2010/2011 Working Papers Files Local Government Finance Settlement 2010/2011 Precept Calculations from Oxfordshire County Council and Thames Valley Police Authority	
Report Author	Karen Curtin Head of Finance
Contact Information	01295 227936 phil.o'dell@cherwell-dc.gov.uk 01295 221551 karen.curtin@cherwell-dc.gov.uk 01295 221559 karen.muir@cherwell-dc.gov.uk

CALCULATING THE AMOUNTS OF COUNCIL TAX AND SETTING THE COUNCIL TAX FOR 2010/2011

1 The Tax Base

1.1 At its meeting on 11 January 2010, the Executive calculated the following amounts for 2010/2011 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992, as amended:-

- a. 50113 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year;
- b. the amounts in the Tax Base for 2010/11 column of Annex 2 (attached) being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

2 The Budget Requirement

2.1 Section 32 of the Local Government Finance Act 1992 requires a billing authority to calculate its budget requirement before 11th March in the year preceding the financial year, to which the budget applies.

2.2 In calculating its budget requirement, the billing authority must take into account the amount of special items, which includes local precepts (for parish and town councils). The budget requirement, which also takes into account movements in reserves, is as follows:-

	<u>Approved</u> <u>Estimates</u> £	<u>Special Items</u> £	<u>Total</u> £
Estimated General Fund expenditure for 2010/11, chargeable to revenue, including contingencies:	74,941,859		74,941,859
Additions to reserves			
Parish precepts		3,993,202	3,993,202
Estimated expenditure 2010/2011	74,941,859	3,993,202	78,935,061
Estimated General Fund income for 2010/2011	56,812,729		56,812,729
To be taken from reserves	950,357		950,357
Estimated income 2010/2011	57,763,086		57,763,086
BUDGET REQUIREMENT	17,178,773	3,993,202	21,171,975

3 Calculation of the Basic Amount of Tax

3.1 Section 33 of the 1992 Act provides the following formula to calculate the basic amount of tax:-

$$\text{The basic amount of Council Tax} = \frac{R - P}{T}$$

Where -

R is the budget requirement

P is the aggregate of the sums, which the authority estimates will be receivable in respect of redistributed non-domestic rates, revenue support grant and additional grant as well as transfers from the Collection Fund

T is the Council Tax base for the year

3.2 The budget requirement is that calculated at 2.2 above, which is £21,171,975.

3.3 The Department for Communities and Local Government notified local authorities of the amount of external financial support the Secretary of State has included in the Local Government Finance Report. In addition the Executive has approved the budget allowing for an amount of £84,477 transferred from the Collection Fund to the General Fund, representing this Council's share of the projected surplus of council tax for 2010/2011. The amounts to be applied as item P are shown below:-

	£
Transfer from the Collection Fund (Council Tax)	84,477
Redistributed non-domestic rates	9,522,573
Revenue support grant	1,382,766
	<u>10,989,816</u>

3.4 As referred to in paragraph 1.1.a, the tax base for the District Council is 50,113.

3.5 By substituting the above amounts for the formula in 3.1 above,

$$\text{the basic amount of Council Tax} = \frac{21,171,975 - 10,989,816}{50,113}$$

$$\frac{10,182,159}{50,113}$$

$$\text{THE BASIC AMOUNT OF TAX} = \text{£}203.18$$

4 Additional Calculations for Special Items

4.1 Section 34 of the 1992 Act provides for additional calculations to take into account special items.

4.2 Section 35 lists those items to be classed as special items, and includes any precept (local precepts) and any expenses which are the Council's special expenses included in the budget requirement.

4.3 Paragraph 9.1 contains the necessary formal resolution so that the Council can have a general "opt out" resolution in place with regard to special expenses. Without such a resolution any General Fund expenditure incurred in performing functions that a parish council performs somewhere in the District has to be regarded as special expenses.

4.4 Section 34(2) requires each billing authority to calculate the basic amount of its Council Tax for dwellings in a part (or parts) of its area, to which no special item relates, by applying the following formula:-

$$B - \frac{A}{T}$$

Where

- B is the basic amount of tax
- A is the aggregate of all special items
- T is the taxbase used to calculate the basic amount of tax

4.5 The basic amount of tax calculated at 3.5 above is £203.18

4.6 The aggregate of all special items is £3,993,202 being the total amount of precepts issued by local precepting authorities.

4.7 The tax base is 50,113.

4.8 By substituting the above amounts for the formula in 4.4 above,

the basic amount of tax in Areas without special items	=	£203.18	-	$\frac{£3,993,202}{50113}$
	=	£203.18	-	£79.68

**THE BASIC AMOUNT OF TAX FOR PARTS OF
THE AREA TO WHICH NO SPECIAL ITEM RELATES = £123.50**

4.9 Section 34 (3) requires each billing authority to add to the figure calculated under Section 34 (2) an amount calculated from the following formula:-

$$\frac{S}{TP}$$

Where -

- S is the special item for that part of the area
- TP is the tax base for that part of the area

4.10 The special items for each part of the area are shown in Annex 2 in the column titled "Parish Precept 2010/11".

4.11 The value of TP is shown in Annex 2, in the column entitled "Tax Base 2010/11".

4.12 The result of the formula $\frac{S}{TP}$ is to be found in the column of Annex 2, entitled "Parish Needs"

4.13 The amount in the Parish Needs column is then added to the amount calculated at 4.8 above (shown in the column titled "Cherwell Needs") to show the basic total amount of tax calculated for each part of the area, appropriate to a band D property (shown in the column titled "Total Tax Calculated").

5 The Calculation of Tax for Different Valuation Bands

5.1 Section 36 of the 1992 Act provides the following formula to calculate the tax applicable to each band:-

$$A \times \frac{N}{D}$$

Where –

- A is the amount calculated under Section 34 (3).
- N is the proportion relevant to the valuation band (see Section 5(1) of the 1992 Act).
- D is the proportion relevant to band D, i.e. 9.

5.2 As there are 78 parts to the area (parishes and town councils), each with 8 valuation bands, there are 624 calculations to be performed and these are shown in the columns headed by a valuation band A to H in Annex 2.

6 Setting the Council Tax

6.1 Section 30 of the 1992 Act requires each billing authority to set an amount of Council Tax for each category of dwellings in its area before 11th March.

6.2 Such an amount set is the aggregate of:-

- a. the amount calculated under Sections 32 to 36 of the Act, and
- b. the amount calculated under Sections 43 to 47 by each major precepting authority and issued as a precept under Section 40 of the Act.

6.3 Oxfordshire County Council is one of the two relevant major precepting authorities as far as this Council is concerned and has issued a precept of £58,216,773, which represents a basic amount of tax at band D of £1,161.71. The amount of tax calculated for each band is as follows:-

A	B	C	D	E	F	G	H
£774.47	£903.55	£1,032.63	£1,161.71	£1,419.87	£1,678.03	£1,936.18	£2,323.42

6.4 Thames Valley Police Authority is the other relevant major precepting authority as far as this Council is concerned. It has issued a precept of £7,732,405 which represents a basic amount of tax at band D of £154.30. The amount of tax calculated for each band is as follows:

A	B	C	D	E	F	G	H
£102.87	£120.01	£137.16	£154.30	£188.59	£222.88	£257.17	£308.60

6.5 There are again 624 calculations to be performed and these are shown in the columns headed by a valuation band A to H in Annex 3.

7 The Calculation of the Council's Demand on the Collection Fund

7.1 Section 97 of the Local Government Finance Act 1988, as amended by paragraph 22 of Schedule 10 of the Local Government Finance Act 1992, provides for the calculation of each billing authority's demand on the Collection Fund.

7.2 The formula $B \times T$ is to be used,

Where -

- B= the amount of Council Tax calculated by the billing authority under Section 33 of the 1992 Act
T= the Council tax base

7.3 The basic amount of tax calculated under Section 33 is £203.18 and the value of T is 50,113, which gives an amount of £10,182,159 being the amount to be transferred from the Council's Collection Fund to the Council's General Fund.

8 Recommendation

8.1 It is **RECOMMENDED** that the Council resolves:-

That pursuant to Section 35 of the Local Government Finance Act 1992, any expenses incurred by the Council chargeable to its General Fund, in performing functions and providing services undertaken elsewhere within the District by a parish council shall be a general expense falling upon the whole district.

8.2 That it be noted that at its meeting on 11 January 2010 the Executive calculated the following amounts for the year 2010/2011 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:-

- a. 50,113 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.
- b. the amounts in the Tax Base 2010/11 column of Annex 1, being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

8.3 That the following amounts be now calculated by the Council for the year 2010/2011 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

- a. £78,935,061 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;
- b. £57,763,086 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act;
- c. £21,171,975 being the amount by which the aggregate at 8.3(a) above exceeds the aggregate at 8.3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
- d. £10,989,816 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant and additional grant or as a transfer from or to its collection fund being a reduction or increase in its provision for estimated surplus of council tax.
- e. £203.18 being the amount at 8.3(c) above less the amount at 8.3(d) above, all divided by the amount at 8.2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year;
- f. £3,993,202 being the aggregate amount of all special items referred to in Section 34(1) of the Act;

- g. £123.50 being the amount at 8.3(e) above less the result given by dividing the amount at 9.3(f) above by the amount at 8.2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates;
- h. the amounts in the column of Annex 2, headed Total Tax Calculated, being the amount given by adding to the amount at 8.3(g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amounts at 8.2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate;
- i. the amounts in the final eight columns of Annex 2 (headed Tax Calculated for Each Valuation Band by Cherwell and each column headed with its appropriate band title A to H) being the amounts given by multiplying the amounts at 8.3(g) and 8.3(h) above by the number which, in the proportion set out in Section 5(1) of the Act (6 to 18), is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D (9), calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

8.4

That it be noted that for the year 2010/2011 the Oxfordshire County Council and the Thames Valley Police Authority, being major precepting authorities, have stated the following amounts as precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown overleaf -

Oxfordshire County Council – Approved 9th February 2010

A	B	C	D	E	F	G	H
£774.47	£903.55	£1,032.63	£1,161.71	£1,419.87	£1,678.03	£1,936.18	£2,323.42

Thames Valley Police Authority – Subject to Approval 19th February 2010

A	B	C	D	E	F	G	H
£102.87	£120.01	£137.16	£154.30	£188.59	£222.88	£257.17	£308.60

8.5 That, having calculated the aggregate in each case of the amounts at 8.3(i) and 8.4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of council tax for the year 2010/2011 for each of the categories of dwellings shown in Annex 3.

8.6 That having calculated the basic amount of council tax in 8.3(e) above to be £203.18 and the tax base for the district, as noted at 8.2(a) above is 50,113; the Council hereby determines that its demand on the collection fund for the year 2010/2011 shall be £10,182,159

2010/11	CALCULATIONS REQUIRED BY SECTIONS 32 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992													
	Tax Base 2010/11	PARISH PRECEPT 2010/11 £	CALCULATIONS AT BAND D			TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL VALUATION BAND AND APPROPRIATE PROPORTION								
			PARISH NEEDS £	CHERWELL NEEDS £	TOTAL TAX CALCULATED £	6	7	8	9	11	13	15	18	
						A	B	C	D	E	F	G	H	
£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Adderbury	1,165	32,970	28.30	123.50	151.80	101.20	118.07	134.93	151.80	185.53	219.27	253.00	303.60	
Ambrosden	589	9,000	15.28	123.50	138.78	92.52	107.94	123.36	138.78	169.62	200.46	231.30	277.56	
Ardley	260	11,320	43.54	123.50	167.04	111.36	129.92	148.48	167.04	204.16	241.28	278.40	334.08	
Arncott	284	11,400	40.14	123.50	163.64	109.09	127.28	145.46	163.64	200.00	236.37	272.73	327.28	
Banbury	14,502	1,770,346	122.08	123.50	245.58	163.72	191.01	218.29	245.58	300.15	354.73	409.30	491.16	
Barford	267	7,000	26.22	123.50	149.72	99.81	116.45	133.08	149.72	182.99	216.26	249.53	299.44	
Begbroke	362	22,943	63.38	123.50	186.88	124.59	145.35	166.12	186.88	228.41	269.94	311.47	373.76	
Bicester	10,248	997,645	97.35	123.50	220.85	147.23	171.77	196.31	220.85	269.93	319.01	368.08	441.70	
Blackthorn	144	9,848	68.39	123.50	191.89	127.93	149.25	170.57	191.89	234.53	277.17	319.82	383.78	
Bletchington	341	13,090	38.39	123.50	161.89	107.93	125.91	143.90	161.89	197.87	233.84	269.82	323.78	
Bloxham	1,329	55,000	41.38	123.50	164.88	109.92	128.24	146.56	164.88	201.52	238.16	274.80	329.76	
Bodicote	839	23,315	27.79	123.50	151.29	100.86	117.67	134.48	151.29	184.91	218.53	252.15	302.58	
Bourton	293	7,500	25.60	123.50	149.10	99.40	115.97	132.53	149.10	182.23	215.37	248.50	298.20	
Broughton	129	3,500	27.13	123.50	150.63	100.42	117.16	133.89	150.63	184.10	217.58	251.05	301.26	
Bucknell	110	8,000	72.73	123.50	196.23	130.82	152.62	174.43	196.23	239.84	283.44	327.05	392.46	
Caversfield	413	2,500	6.05	123.50	129.55	86.37	100.76	115.16	129.55	158.34	187.13	215.92	259.10	
Charlton on Otmoor	198	5,500	27.78	123.50	151.28	100.85	117.66	134.47	151.28	184.90	218.52	252.13	302.56	
Chesterton	345	14,000	40.58	123.50	164.08	109.39	127.62	145.85	164.08	200.54	237.00	273.47	328.16	
Claydon	138	4,000	28.99	123.50	152.49	101.66	118.60	135.55	152.49	186.38	220.26	254.15	304.98	
Cottisford	74	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Cropredy	308	8,100	26.30	123.50	149.80	99.87	116.51	133.16	149.80	183.09	216.38	249.67	299.60	
Deddington	916	35,087	38.30	123.50	161.80	107.87	125.84	143.82	161.80	197.76	233.71	269.67	323.60	
Drayton	94	3,000	31.91	123.50	155.41	103.61	120.87	138.14	155.41	189.95	224.48	259.02	310.82	
Duns Tew	218	9,211	42.25	123.50	165.75	110.50	128.92	147.33	165.75	202.58	239.42	276.25	331.50	
Epwell	139	3,375	24.28	123.50	147.78	98.52	114.94	131.36	147.78	180.62	213.46	246.30	295.56	
Fencott and Murcott	125	3,000	24.00	123.50	147.50	98.33	114.72	131.11	147.50	180.28	213.06	245.83	295.00	
Finmere	213	5,500	25.82	123.50	149.32	99.55	116.14	132.73	149.32	182.50	215.68	248.87	298.64	
Fringford	265	9,000	33.96	123.50	157.46	104.97	122.47	139.96	157.46	192.45	227.44	262.43	314.92	
Fritwell	282	6,500	23.05	123.50	146.55	97.70	113.98	130.27	146.55	179.12	211.68	244.25	293.10	

2010/11	CALCULATIONS REQUIRED BY SECTIONS 32 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992													
	Tax Base 2010/11	PARISH PRECEPT 2010/11	CALCULATIONS AT BAND D			TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL								
			PARISH NEEDS	CHERWELL NEEDS	TOTAL TAX CALCULATED	VALUATION BAND AND APPROPRIATE PROPORTION								
						6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H	
£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Godington	20	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Gosford and Water Eaton	535	16,210	30.30	123.50	153.80	102.53	119.62	136.71	153.80	187.98	222.16	256.33	307.60	
Hampton Gay and Poyle	73	500	6.85	123.50	130.35	86.90	101.38	115.87	130.35	159.32	188.28	217.25	260.70	
Hanwell	129	6,000	46.51	123.50	170.01	113.34	132.23	151.12	170.01	207.79	245.57	283.35	340.02	
Hardwick with Tusmore	35	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Hethe	117	3,800	32.48	123.50	155.98	103.99	121.32	138.65	155.98	190.64	225.30	259.97	311.96	
Hook Norton	924	52,000	56.28	123.50	179.78	119.85	139.83	159.80	179.78	219.73	259.68	299.63	359.56	
Horley	162	3,635	22.44	123.50	145.94	97.29	113.51	129.72	145.94	178.37	210.80	243.23	291.88	
Hornton	159	5,500	34.59	123.50	158.09	105.39	122.96	140.52	158.09	193.22	228.35	263.48	316.18	
Horton cum Studley	246	6,000	24.39	123.50	147.89	98.59	115.03	131.46	147.89	180.75	213.62	246.48	295.78	
Islip	318	14,845	46.68	123.50	170.18	113.45	132.36	151.27	170.18	208.00	245.82	283.63	340.36	
Kidlington	4,935	548,206	111.09	123.50	234.59	156.39	182.46	208.52	234.59	286.72	338.85	390.98	469.18	
Kirtlington	439	15,500	35.31	123.50	158.81	105.87	123.52	141.16	158.81	194.10	229.39	264.68	317.62	
Launton	492	13,000	26.42	123.50	149.92	99.95	116.60	133.26	149.92	183.24	216.55	249.87	299.84	
Lower Heyford	221	11,000	49.77	123.50	173.27	115.51	134.77	154.02	173.27	211.77	250.28	288.78	346.54	
Merton	140	7,001	50.01	123.50	173.51	115.67	134.95	154.23	173.51	212.07	250.63	289.18	347.02	
Middle Aston	64	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Middleton Stoney	153	3,200	20.92	123.50	144.42	96.28	112.33	128.37	144.42	176.51	208.61	240.70	288.84	
Milcombe	220	9,400	42.73	123.50	166.23	110.82	129.29	147.76	166.23	203.17	240.11	277.05	332.46	
Milton	121	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Mixbury	115	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Mollington	219	8,250	37.67	123.50	161.17	107.45	125.35	143.26	161.17	196.99	232.80	268.62	322.34	
Newton Purcell	45	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Noke	77	2,000	25.97	123.50	149.47	99.65	116.25	132.86	149.47	182.69	215.90	249.12	298.94	
North Aston	94	600	6.38	123.50	129.88	86.59	101.02	115.45	129.88	158.74	187.60	216.47	259.76	
North Newington	152	2,000	13.16	123.50	136.66	91.11	106.29	121.48	136.66	167.03	197.40	227.77	273.32	
Oddington	61	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Piddington	180	5,000	27.78	123.50	151.28	100.85	117.66	134.47	151.28	184.90	218.52	252.13	302.56	
Prescote	7	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Shenington	203	4,000	19.70	123.50	143.20	95.47	111.38	127.29	143.20	175.02	206.84	238.67	286.40	
Shipton on Cherwell	148	5,000	33.78	123.50	157.28	104.85	122.33	139.80	157.28	192.23	227.18	262.13	314.56	
Shutford	209	5,500	26.32	123.50	149.82	99.88	116.53	133.17	149.82	183.11	216.41	249.70	299.64	
Sibford Ferris	193	4,095	21.22	123.50	144.72	96.48	112.56	128.64	144.72	176.88	209.04	241.20	289.44	
Sibford Gower	246	5,000	20.33	123.50	143.83	95.89	111.87	127.85	143.83	175.79	207.75	239.72	287.66	
Somerton	136	3,000	22.06	123.50	145.56	97.04	113.21	129.39	145.56	177.91	210.25	242.60	291.12	

2010/11 22-Feb-09	COUNCIL TAX SETTING REQUIRED BY SECTION 30 OF THE 1992 ACT							
	COUNCIL TAX SET FOR EACH VALUATION BAND							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	6 A £	7 B £	8 C £	9 D £	11 E £	13 F £	15 G £	18 H £
Adderbury	978.54	1,141.63	1,304.72	1,467.81	1,793.99	2,120.17	2,446.35	2,935.62
Ambrosden	969.86	1,131.50	1,293.15	1,454.79	1,778.08	2,101.36	2,424.65	2,909.58
Ardley	988.70	1,153.48	1,318.27	1,483.05	1,812.62	2,142.18	2,471.75	2,966.10
Arncott	986.43	1,150.84	1,315.25	1,479.65	1,808.46	2,137.27	2,466.08	2,959.30
Banbury	1,041.06	1,214.57	1,388.08	1,561.59	1,908.61	2,255.63	2,602.65	3,123.18
Barford	977.15	1,140.01	1,302.87	1,465.73	1,791.45	2,117.16	2,442.88	2,931.46
Begbroke	1,001.93	1,168.91	1,335.91	1,502.89	1,836.87	2,170.84	2,504.82	3,005.78
Bicester	1,024.57	1,195.33	1,366.10	1,536.86	1,878.39	2,219.91	2,561.43	3,073.72
Blackthorn	1,005.27	1,172.81	1,340.36	1,507.90	1,842.99	2,178.07	2,513.17	3,015.80
Bletchington	985.27	1,149.47	1,313.69	1,477.90	1,806.33	2,134.74	2,463.17	2,955.80
Bloxham	987.26	1,151.80	1,316.35	1,480.89	1,809.98	2,139.06	2,468.15	2,961.78
Bodicote	978.20	1,141.23	1,304.27	1,467.30	1,793.37	2,119.43	2,445.50	2,934.60
Bourton	976.74	1,139.53	1,302.32	1,465.11	1,790.69	2,116.27	2,441.85	2,930.22
Broughton	977.76	1,140.72	1,303.68	1,466.64	1,792.56	2,118.48	2,444.40	2,933.28
Bucknell	1,008.16	1,176.18	1,344.22	1,512.24	1,848.30	2,184.34	2,520.40	3,024.48
Caversfield	963.71	1,124.32	1,284.95	1,445.56	1,766.80	2,088.03	2,409.27	2,891.12
Charlton on Otmoor	978.19	1,141.22	1,304.26	1,467.29	1,793.36	2,119.42	2,445.48	2,934.58
Chesterton	986.73	1,151.18	1,315.64	1,480.09	1,809.00	2,137.90	2,466.82	2,960.18
Claydon	979.00	1,142.16	1,305.34	1,468.50	1,794.84	2,121.16	2,447.50	2,937.00
Cottisford	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Cropredy	977.21	1,140.07	1,302.95	1,465.81	1,791.55	2,117.28	2,443.02	2,931.62
Deddington	985.21	1,149.40	1,313.61	1,477.81	1,806.22	2,134.61	2,463.02	2,955.62
Drayton	980.95	1,144.43	1,307.93	1,471.42	1,798.41	2,125.38	2,452.37	2,942.84
Duns Tew	987.84	1,152.48	1,317.12	1,481.76	1,811.04	2,140.32	2,469.60	2,963.52
Epwell	975.86	1,138.50	1,301.15	1,463.79	1,789.08	2,114.36	2,439.65	2,927.58
Fencott and Murcott	975.67	1,138.28	1,300.90	1,463.51	1,788.74	2,113.96	2,439.18	2,927.02
Finmere	976.89	1,139.70	1,302.52	1,465.33	1,790.96	2,116.58	2,442.22	2,930.66
Fringford	982.31	1,146.03	1,309.75	1,473.47	1,800.91	2,128.34	2,455.78	2,946.94
Fritwell	975.04	1,137.54	1,300.06	1,462.56	1,787.58	2,112.58	2,437.60	2,925.12
Godington	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Gosford and Water Eaton	979.87	1,143.18	1,306.50	1,469.81	1,796.44	2,123.06	2,449.68	2,939.62
Hampton Gay and Poyle	964.24	1,124.94	1,285.66	1,446.36	1,767.78	2,089.18	2,410.60	2,892.72
Hanwell	990.68	1,155.79	1,320.91	1,486.02	1,816.25	2,146.47	2,476.70	2,972.04
Hardwick with Tusmore	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Hethe	981.33	1,144.88	1,308.44	1,471.99	1,799.10	2,126.20	2,453.32	2,943.98
Hook Norton	997.19	1,163.39	1,329.59	1,495.79	1,828.19	2,160.58	2,492.98	2,991.58
Horley	974.63	1,137.07	1,299.51	1,461.95	1,786.83	2,111.70	2,436.58	2,923.90
Hornton	982.73	1,146.52	1,310.31	1,474.10	1,801.68	2,129.25	2,456.83	2,948.20
Horton cum Studley	975.93	1,138.59	1,301.25	1,463.90	1,789.21	2,114.52	2,439.83	2,927.80
Islip	990.79	1,155.92	1,321.06	1,486.19	1,816.46	2,146.72	2,476.98	2,972.38
Kidlington	1,033.73	1,206.02	1,378.31	1,550.60	1,895.18	2,239.75	2,584.33	3,101.20
Kirtlington	983.21	1,147.08	1,310.95	1,474.82	1,802.56	2,130.29	2,458.03	2,949.64
Launton	977.29	1,140.16	1,303.05	1,465.93	1,791.70	2,117.45	2,443.22	2,931.86
Lower Heyford	992.85	1,158.33	1,323.81	1,489.28	1,820.23	2,151.18	2,482.13	2,978.56
Merton	993.01	1,158.51	1,324.02	1,489.52	1,820.53	2,151.53	2,482.53	2,979.04
Middle Aston	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Middleton Stoney	973.62	1,135.89	1,298.16	1,460.43	1,784.97	2,109.51	2,434.05	2,920.86
Milcombe	988.16	1,152.85	1,317.55	1,482.24	1,811.63	2,141.01	2,470.40	2,964.48
Milton	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Mixbury	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Mollington	984.79	1,148.91	1,313.05	1,477.18	1,805.45	2,133.70	2,461.97	2,954.36
Newton Purcell	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02

Noke	976.99	1,139.81	1,302.65	1,465.48	1,791.15	2,116.80	2,442.47	2,930.96
North Aston	963.93	1,124.58	1,285.24	1,445.89	1,767.20	2,088.50	2,409.82	2,891.78
North Newington	968.45	1,129.85	1,291.27	1,452.67	1,775.49	2,098.30	2,421.12	2,905.34
Oddington	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Piddington	978.19	1,141.22	1,304.26	1,467.29	1,793.36	2,119.42	2,445.48	2,934.58
Prescote	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.29	2,399.18	2,879.02
Shenington	972.81	1,134.94	1,297.08	1,459.21	1,783.48	2,107.74	2,432.02	2,918.42
Shipton on Cherwell	982.19	1,145.89	1,309.59	1,473.29	1,800.69	2,128.08	2,455.48	2,946.58
Shutford	977.22	1,140.09	1,302.96	1,465.83	1,791.57	2,117.31	2,443.05	2,931.66
Sibford Ferris	973.82	1,136.12	1,298.43	1,460.73	1,785.34	2,109.94	2,434.55	2,921.46
Sibford Gower	973.23	1,135.43	1,297.64	1,459.84	1,784.25	2,108.65	2,433.07	2,919.68
Somerton	974.38	1,136.77	1,299.18	1,461.57	1,786.37	2,111.15	2,435.95	2,923.14
Souldern	980.19	1,143.55	1,306.92	1,470.28	1,797.01	2,123.73	2,450.47	2,940.56
South Newington	979.76	1,143.05	1,306.35	1,469.64	1,796.23	2,122.81	2,449.40	2,939.28
Steeple Aston	991.33	1,156.54	1,321.77	1,486.99	1,817.44	2,147.87	2,478.32	2,973.98
Stoke Lyne	977.47	1,140.38	1,303.30	1,466.21	1,792.04	2,117.86	2,443.68	2,932.42
Stratton Audley	978.56	1,141.65	1,304.75	1,467.84	1,794.03	2,120.21	2,446.40	2,935.68
Swalcliffe	990.83	1,155.96	1,321.11	1,486.24	1,816.52	2,146.79	2,477.07	2,972.48
Tadmarton	976.41	1,139.14	1,301.88	1,464.61	1,790.08	2,115.54	2,441.02	2,929.22
Upper Heyford	985.65	1,149.92	1,314.20	1,478.47	1,807.02	2,135.56	2,464.12	2,956.94
Wardington	987.22	1,151.75	1,316.30	1,480.83	1,809.91	2,138.97	2,468.05	2,961.66
Wendlebury	974.55	1,136.98	1,299.41	1,461.83	1,786.68	2,111.53	2,436.38	2,923.66
Weston on the Green	982.73	1,146.51	1,310.31	1,474.09	1,801.67	2,129.24	2,456.82	2,948.18
Wiggington	975.11	1,137.62	1,300.15	1,462.66	1,787.70	2,112.73	2,437.77	2,925.32
Wroxton	973.76	1,136.05	1,298.35	1,460.64	1,785.23	2,109.81	2,434.40	2,921.28
Yarnton	988.19	1,152.89	1,317.59	1,482.29	1,811.69	2,141.08	2,470.48	2,964.58

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COUNCIL

Section 151 Officer Arrangements

22 February 2010

Report of Chief Executive

PURPOSE OF REPORT

The purpose of this report is to seek approval for the Council's arrangements for a Section 151 Officer and Chief Finance Officer going forward.

This report is public

Recommendations

- (1) Confirm that the Council is happy to pursue the principle of a shared Section 151 Officer and Chief Finance Officer with another local authority.
- (2) Delegate to the Chief Executive and the Leader of Council authority to negotiate and conclude an arrangement for sharing a Section 151 Officer and Chief Finance Officer with South Northamptonshire District Council and confirm that if such arrangements are successfully concluded that the shared officer will be this Council's designated Section 151 Officer until end 28th February 2011.
- (3) That Phillip O'Dell continue as the Council's Section 151 and Chief Finance Officer after 31st March 2010 until such time as alternative arrangements are approved.
- (4) That it be noted that Phillip O'Dell has nominated the Head of Finance, Karen Curtin, as Deputy Section 151 Officer and Deputy Chief Finance Officer authorised to act in his absence and it is anticipated that a shared 151 Officer would do the same.

Executive Summary

Introduction

- 1.1 In accordance with the Local Government Act 1972, there is a statutory requirement on the authority to designate three statutory

officers; Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer/ Chief Finance Officer, who is required to be a suitably qualified individual, holding a CCAB recognised professional accountancy qualification.

- 1.2 In October 2009 following the departure of the Strategic Director, Customer Service and Resources, Phillip O'Dell was appointed as Section 151 Officer from 26th October 2009 to 31st March 2010. The Head of Finance is actively studying to gain the required CCAB qualification that is required for the position of 151 Officer. It is expected that she will complete her final exams in August 2010 and be qualified by October 2010.
- 1.3 In October Council agreed to consider the option of sharing a 151 Officer with another local authority after 31st March, up until the time that the Head of Finance gains her qualification. We have had detailed discussions with South Northamptonshire Council and are confident that we will be able to reach agreement with them to share their 151 Officer. However, in terms of the financial cycle, it makes most sense for the shared interim Section 151 Officer to hand on the role to the Head of Finance at the end of the budget-setting cycle for 2011/12 and therefore at the end of February.

Proposals

- 1.4 Subject to the successful conclusion of current discussions to share our 151 Officer with South Northamptonshire Council from 1st April 2010 to 28th February 2011.
- 1.5 To continue with Phillip O'Dell as a suitably qualified and experienced finance interim and designate him Section 151 Officer from 1st April (if required) until our arrangement with South Northamptonshire comes into effect.

Conclusion

- 1.6 From 1st April the Council should engage the 151 Officer at South Northamptonshire Council as this Council's 151 Officer and Chief Financial Officer.
- 1.7 If discussions cannot be successfully concluded by this date, the Council should re-engage Phillip O'Dell CIPFA, to act as the Council's Section 151 Officer and Chief Financial Officer.

Key Issues for Consideration/Reasons for Decision and Options

3.1 The designation of a Section 151 and Chief Finance Officer is a statutory requirement.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One Appoint an interim Section 151 Officer, shared with South Northamptonshire Council.

Option Two Continue with an the current interim Section 151 Officer arrangements.

Implications

Financial: The costs of sharing an interim section 151 officer with South Northamptonshire can be contained well within the costs of our current interim arrangements.
Comments checked by Karen Muir, Corporate System Accountant, 01295 221559. *[to be checked]*

Legal: The Council is required to have a designated section 151 officer under the Local Government Act 1972 who must be "suitably qualified". The proposed arrangements ensure the Council is complying with legislation.
Comments checked by Liz Howlett, Head of Legal and Democratic Services and Council Monitoring Officer, 01295 221688

Risk Management: The designation of a Section 151 and Chief Finance Officer is a statutory requirement.
Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Wards Affected

All

Document Information

Appendix No	Title
Background Papers	

Report Author	Mary Harpley, Chief Executive
Contact Information	01295 221573 mary.harpley@Cherwell-dc.gov.uk