

Public Document Pack

Cherwell District Council

Council

Minutes of a meeting of the Council held as a Virtual meeting, on 22 February 2021 at 6.30 pm

Present:

Councillor David Hughes (Chairman)
Councillor Hannah Banfield (Vice-Chairman)
Councillor Andrew Beere
Councillor Nathan Bignell
Councillor Maurice Billington
Councillor John Broad
Councillor Hugo Brown
Councillor Phil Chapman
Councillor Mark Cherry
Councillor Colin Clarke
Councillor Conrad Copeland
Councillor Ian Corkin
Councillor Nick Cotter
Councillor Surinder Kaur Dhesi
Councillor John Donaldson
Councillor Sean Gaul
Councillor Carmen Griffiths
Councillor Timothy Hallchurch MBE
Councillor Chris Heath
Councillor Simon Holland
Councillor Shaida Hussain
Councillor Tony Ilott
Councillor Mike Kerford-Byrnes
Councillor James Macnamara
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Andrew McHugh
Councillor Tony Mephram
Councillor Ian Middleton
Councillor Perran Moon
Councillor Richard Mould
Councillor Cassi Perry
Councillor Lynn Pratt
Councillor George Reynolds
Councillor Barry Richards
Councillor Dan Sames
Councillor Les Sibley
Councillor Katherine Tyson
Councillor Tom Wallis
Councillor Douglas Webb
Councillor Fraser Webster
Councillor Bryn Williams

Councillor Lucinda Wing
Councillor Barry Wood
Councillor Sean Woodcock

Apologies for absence:

Councillor Mike Bishop
Councillor Jason Slaymaker

Officers:

Yvonne Rees, Chief Executive
Stephen Chandler, Corporate Director Adults & Housing Services
Steve Jordan, Corporate Director Commercial Development, Assets & Investment
Jane Portman, Corporate Director (Interim)
Claire Taylor, Corporate Director Customers and Organisational Development
Lorna Baxter, Director of Finance & Section 151 Officer
Anita Bradley, Director Law and Governance & Monitoring Officer
Michael Furness, Assistant Director Finance
Louise Tustian, Head of Insight and Corporate Programmes
Joanne Kaye, Strategic Business Partner
Natasha Clark, Governance and Elections Manager

62 **Welcome**

The Chairman welcomed councillors, officers and members of the public and press to the virtual meeting of Full Council.

The Chairman introduced the Vice-Chairman, Councillor Hannah Banfield, and explained that if he had any technical issues and had to drop out of the meeting, Councillor Banfield would take the Chair until he was reconnected.

63 **Declarations of Interest**

10. Budget Setting for 2021/22 and the Medium-Term Financial Strategy 2025/26.

Councillor Shaida Hussain, Non Statutory Interest, as a trustee of Banbury Museum.

13. (Draft) Statement of Licensing Policy.

Councillor James Macnamara, Non Statutory Interest, as a Magistrate and, although he did not hear matters involving Cherwell District Council, would abstain from voting on the item.

Communications

The Chairman made the following announcements.

Former Councillor Margaret Ferriman

The Chairman advised Council that former Councillor Ferriman passed away peacefully on 5 January 2021 in St Anne's Care Home.

Mrs Ferriman was a Labour member of Cherwell District Council and represented Banbury Neithrop ward between 1980 and 1996. During her time as a councillor, Mrs Ferriman served on numerous committees, including Personnel, Recreation and Amenities, Development and North Area Planning. Former Councillor Ferriman was also a Banbury Charter Trustee and a County Councillor representing Banbury Neithrop division. She was an Honorary Alderman and was made an MBE in 2010 for her services to community relations.

On behalf of Council, the Chairman expressed condolences on the passing of former Councillor Ferriman.

A number of Members paid tribute to former Councillor Ferriman.

Former Councillor Ray Jelf

The Chairman advised Council that former Councillor Ray Jelf passed away peacefully last week.

Mr Jelf was a Conservative member of Cherwell District Council representing the Hook Norton ward between 2013 and 2015. During his time as a councillor, Mr Jelf served on the Accounts, Audit and Risk Committee and was Vice-Chairman of the Appeals Panel.

On behalf of Council, the Chairman extended condolences to the family of former Councillor Ferriman.

A number of Members paid tribute to former Councillor Jelf.

Council observed a period of silence in memory of former Councillor Margaret Ferriman and former Councillor Ray Jelf.

Director of Law and Governance & Monitoring Officer, Anita Bradley

The Chairman commented that many Members had already met the new Director of Law and Governance and Monitoring Officer, Anita Bradley, in other meetings but would like to formally welcome the Director Law and Governance to her first meeting of Council.

The Director of Law and Governance thanked the Chairman and said she was looking forward to working with members at Cherwell District Council.

Housekeeping

The Chairman reminded Members of the protocols for virtual meetings.

The Chairman reminded Members that following agreement of the of the Constitution review, motions were taken as the last item on the agenda and there was an 11pm cut off time for the meeting. If the meeting was mid-debate on a motion, the Chairman would not close the meeting until we have concluded the debate and voted on that motion. Any motions not heard would carry forward to the July Council meeting as motions were not on the agenda at the Annual Council Meeting.

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

There were no petitions or requests to address the meeting.

66 **Urgent Business**

There were no items of urgent business.

67 **Minutes of Council**

The minutes of the meeting held on 14 December 2020 were agreed as a correct record and signed by the Chairman.

68 **Minutes**

a) **Minutes of the Executive, Lead Member Decisions and Executive Decisions made under Special Urgency**

Resolved

That the minutes of the meeting of the Executive and Lead Member decisions as set out in the Minute Book be received and that it be noted that since the last meeting of Council on 14 December 2020 no key decisions have been taken by the Executive which were not included in the 28 day notice.

b) **Minutes of Committees**

Resolved

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

69 **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:

Councillor Cherry: Redevelopment of garages in proximity to Bretch Hill Community Centre

Councillor Billington: Bollard in Kidlington

c) Questions to Committee Chairmen on the Minutes

There were no questions to Committee Chairman on the minutes of meetings.

70

Members' Allowances 2021/2022

The Director Law and Governance submitted a report to determine the levels of the allowances to be paid to Members for the forthcoming 2021/2022 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP).

In introducing the report, the Lead Member for Financial Management and Governance, Councillor Ilott, clarified that the Deputy Leader received the Deputy Leader special responsibility allowance as well as the Executive member special responsibility allowance.

The Lead Member for Financial Management and Governance thanked Members who had provided information to the Panel and thanked the Panel for their work and report.

Resolved

- (1) That, having given due consideration to the levels of allowances to be included in the 2021/2022 Members' Allowances Scheme, the Independent Remuneration Panel's recommendations, as set out below, be adopted:
 - The Basic Allowance be frozen at the current level of £4512
 - All Special Responsibility Allowances (SRA's) be frozen and remain at the current level:
 - Leader of the Council*: £7680
 - Deputy Leader of the Council*: £2652
 - Executive Members holding a portfolio: £6708
 - Leader of the Opposition: £3096
 - Chairman of the Accounts, Audit & Risk Committee: £3732
 - Chairman of the Budget Planning Committee: £3732
 - Chairman of the Overview & Scrutiny Committee: £3732
 - Chairman of Planning Committee: £4464
 - Chairman of Appeals Panel: £264 SRA plus £264 per meeting to a capped limit of £1056
 - Chairman of Licensing Committee: £264 SRA plus £264 per meeting to a capped limit of £1056

- Chairman of Personnel Committee: £264 SRA plus £264 per meeting to a capped limit of £1056
 - Chairman of Standards Committee: £264 SRA plus £264 per meeting to a capped limit of £1056
 - *Leader and Deputy Leader receive the respective SRA and the SRA for Executive Members holding a portfolio
-
- All Co-optee and Independent Persons Allowances be frozen and remain at the current level of £768.
 - The Dependant Carers' allowance be frozen and remain at the current level of £20 per hour and claims capped at 40 hours per month.
 - The Childcare allowance be frozen and remain at the current level of £10 per hour and claims capped at 40 hours per month.
 - There be no change to Travelling and Subsistence Allowances
 - Bicycles: 20p per mile
 - Motorcycles: 24p per mile
 - Motor vehicles including electric vehicles: 45p per mile
 - Breakfast allowance: £6.02 per meal
 - Lunch allowance: £8.31 per meal
 - Evening meal allowance: £10.29 per meal
 - The Democratic Services Team to book overnight accommodation.
 - Non-Executive Director allowances to be frozen and remain at the current level of £4464 and expenses paid at the same levels as district councillors and recharged to the relevant company
-
- (2) That the Director Law and Governance be authorised to prepare an amended Members' Allowances Scheme, in accordance with the decisions of Council for implementation with effect from 1 April 2021.
- (3) That the Director Law and Governance be authorised to take all necessary action to revoke the current (2020/2021) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Member's Allowances) (England) Regulations 2003 (as amended).
- (4) That the Independent Remuneration Panel be thanked for its report and a fee of £300 set for each Panel Member for the work carried out on this review for 2021/2022 and the same level of fee be agreed for any reviews carried out in 2021/2022 capped at a maximum of £1200, which can be funded from existing budgets.

Prior to consideration of the item, the Chairman sought the agreement of Members to suspend standing orders with regard to the duration of the speech by the proposer of the budget, or the speeches of the Group Leaders. All other speakers would continue to have a three minute time limit. Members indicated agreement.

The Chairman reminded Council that it was required in legislation that any motion or amendment to the budget and council tax setting be taken by recorded vote and this would be done at the appropriate time.

The Director of Finance submitted a report which was the culmination of the Budget and Business Planning process for 2021/22 to 2025/26 and set out the Executive's proposed Business Plan and related revenue budget for 2021/22, medium term financial strategy to 2025/26, capital programme to 2025/26 and all supporting policies, strategies and information.

The report also detailed the Calculations for the amounts of Council Tax for 2021/22 and the setting of Council Tax for 2021/22.

Councillor Ilott thanked the Director of Finance and the finance team who had worked hard on the budget process and submitted a balanced budget to Council. Councillor Ilott also thanked the Budget Planning Committee, Overview and Scrutiny Committee and Accounts, Audit and Risk Committee for their hard work supporting the budget setting and business plan process.

Having presented the report, Councillor Ilott proposed the Business Plan and related revenue budget for 2021/22, medium term financial strategy to 2025/26, capital programme to 2025/26 and all supporting policies, strategies and information. Councillor Wood seconded the proposal.

Councillor Woodcock, on behalf of the Labour Group, addressed Council in response to the budget and confirmed that he would be proposing no amendments.

Councillor Tyson, on behalf of the Progressive Oxfordshire Group, addressed Council in response to the budget and confirmed that she would be proposing no amendments.

Councillor Sibley had submitted apologies for the meeting and therefore did not address Council in response to the budget but had confirmed prior to the meeting that would not be proposing no amendments.

A recorded vote was taken, and members voted as follows

Councillor Hannah Banfield	Against
Councillor Andrew Beere	Against
Councillor Nathan Bignell	For
Councillor Maurice Billington	For
Councillor John Broad	Abstain

Councillor Hugo Brown	For
Councillor Phil Chapman	For
Councillor Mark Cherry	Against
Councillor Colin Clarke	For
Councillor Conrad Copeland	Abstain
Councillor Ian Corkin	For
Councillor Nick Cotter	Abstain
Councillor Surinder Dhesi	Against
Councillor John Donaldson	For
Councillor Sean Gaul	For
Councillor Carmen Griffiths	For
Councillor Timothy Hallchurch MBE	For
Councillor Chris Heath	For
Councillor Simon Holland	For
Councillor David Hughes	For
Councillor Shaida Hussain	Against
Councillor Tony Ilott	For
Councillor Mike Kerford-Byrnes	For
Councillor James Macnamara	For
Councillor Kieron Mallon	For
Councillor Nick Mawer	For
Councillor Andrew McHugh	For
Councillor Tony Mephram	For
Councillor Ian Middleton	Abstain
Councillor Perran Moon	Against
Councillor Richard Mould	For
Councillor Cassi Perry	Against
Councillor Lynn Pratt	For
Councillor George Reynolds	For
Councillor Barry Richards	Against
Councillor Dan Sames	For
Councillor Katherine Tyson	Abstain
Councillor Tom Wallis	For
Councillor Douglas Webb	For
Councillor Bryn Williams	For

Councillor Lucinda Wing	For
Councillor Barry Wood	For
Councillor Sean Woodcock	Against

Resolved

- (1) That the Business Plan (annex to the Minutes as set out in the Minute Book) be approved.
- (2) That, having due regard, the statutory report of the Chief Finance Officer (Section 25 report) be noted.
- (3) That the net revenue budget for the financial year commencing on 1 April 2021 of £22.374m, including the budget allocations to the Directorates of the Council (annex to the Minutes as set out in the Minute Book) be approved.
- (4) That the Medium Term Financial Strategy and Revenue Budget 2021/22, including the Savings Proposals, Pressures and the Revenue Impacts of Capital Schemes (annexes to the Minutes as set out in the Minute Book) be approved
- (5) That the Capital Bids and Capital Programme (annexes to the Minutes as set out in the Minute Book) be approved.
- (6) That the Capital and Investment Strategy (annex to the Minutes as set out in the Minute Book) be approved.
- (7) That the Treasury Management Strategy, including the Prudential Indicators, Minimum Revenue Provision (MRP) Policy and Affordable Borrowing Limit for 2021/22 (annexes to the Minutes as set out in the Minute Book) be approved.
- (8) That the Property Investment Strategy (annex to the Minutes as set out in the Minute Book) be approved.
- (9) That the Reserves Policy (annex to the Minutes as set out in the Minute Book) be approved.
- (10) That the planned level of reserves for 2021/22 – 2025/26 (annex to the Minutes as set out in the Minute Book) be approved.
- (11) That the Chief Finance Officer's recommended minimum level of General Balances of £5m be approved.
- (12) That an increase in the Basic Amount of Council Tax for Cherwell District Council for the financial year beginning on 1 April 2021 of £5, resulting in a Band D charge of £138.50 per annum be approved.

- (13) That it be noted that on 4 January 2021 Executive approved Cherwell District Council's calculated Council Tax Base for 2021/22:
- a) for the whole Council area as 55,615.9 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended by sections 72 to 79 of the Localism Act 2011 ("the 1992 Act")]; and
 - b) for dwellings in those parts of its area to which a Parish Precept relates as in the annex to the Minutes (as set out in the Minute Book).
- (14) That it be agreed that the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Parish Precepts and Special Expenses) be £7,702,802.
- (15) That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the 1992 Act:
- a) £115,532,120 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the 1992 Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses;
 - b) £102,378,407 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the 1992 Act;
 - c) £13,153,713 being the amount by which the aggregate at 1.6.4(a) above exceeds the aggregate at 1.6.4(b) above, calculated by the Council, in accordance with Section 31A(4) of the 1992 Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the 1992 Act);
 - d) £236.51 being the amount at 1.6.4(c) above (Item R), all divided by Item T (1.6.2(a) above), calculated by the Council, in accordance with Section 31B of the 1992 Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses);
 - e) £5,450,911 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the 1992 Act as per the annex to the Minutes (as set out in the Minute Book);
 - f) £138.50 being the amount at 1.6.4(d) above less the result given by dividing the amount at 1.6.4(e) above by Item T(1.6.2(a) above), calculated by the Council, in accordance with Section 34(2) of the 1992 Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates.

- (16) That it be noted that for the year 2021/22 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the 1992 Act, for each category of dwellings in the Council's area as indicated below :

<u>Valuation Band</u>	<u>Oxfordshire County Council</u>	<u>Police and Crime Commissioner for Thames Valley</u>
	£	£
A	1,048.74	154.19
B	1,223.53	179.88
C	1,398.32	205.58
D	1,573.11	231.28
E	1,922.69	282.68
F	2,272.27	334.07
G	2,621.85	385.47
H	3,146.22	462.56

- (17) That the Council, in accordance with Sections 30 and 36 of the 1992 Act, hereby sets the amounts shown in the annex to the Minutes (as set out in the Minute Book) as the amounts of Council Tax for the year 2021/22 for each part of its area and for each of the categories of dwellings.
- (18) That it be noted that the Council's basic amount of Council Tax for 2021/22 is not excessive in accordance with principles approved under Section 52ZB of the 1992 Act;
- (19) That, in fulfilment of the requirements of Sections 38-43 of the Localism Act 2011, the Pay Policy Statement (annex to the Minutes as set out in the Minute Book) be approved.

72 **Adjournment of Council Meeting**

The Leader of the Council confirmed that he did not require Council to adjourn to allow Executive to meet discuss any issues arising from the budget.

73 **Final Recommendations for the Adderbury Community Governance Review**

The Chief Executive submitted a report to report the results of the second consultation stage of the Community Governance Review (CGR) for Adderbury and to consider the final recommendations of the CGR Working Group, that will bring the review to a close.

Resolved

- (1) That the results of the second consultation stage of the Adderbury Community Governance Review be noted.
- (2) That the final recommendations that no warding of Adderbury Parish Council take place, and that the number of parish councillors for Adderbury Parish Council should remain as 12 be approved.

74

(Draft) Statement of Licensing Policy

The Assistant Director – Regulatory Services submitted a report which introduce a final draft of the revised Statement of Licensing Policy following consultation.

Section 5 of the Licensing Act 2003 requires all licensing authorities to prepare and publish a Statement of Licensing Policy outlining the principles they propose to apply in exercising their functions under the Act. It is a requirement that the policy is reviewed at least every five years to ensure it reflects current legislation and guidance. The last review and revision at Cherwell District Council occurred in 2015 when the policy was adopted by Council at its meeting on 14 December 2015 and published in January 2016.

Resolved

- (1) That the revised Statement of Licensing Policy (annex to the Minutes as set out in the Minutes Book) be approved for adoption.

(Having declared an interest in the item, Councillor Macnamara abstained from voting)

75

Amendment to Outside Body Representative

The Chairman reported that Councillor Mallon had been appointed the council's representative to the to the Oxfordshire Joint Health Overview and Scrutiny Committee at the 14 May 2019 Annual Council meeting. As no Annual Meeting was held in May 2020, the appointment continued.

Councillor Mallon had advised that, due to other commitments, he is no longer able to act as the council's representative. Councillor Chapman had on occasion substituted for Councillor Mallon at Oxfordshire Joint Health Overview and Scrutiny Committee meetings and had indicated that he would be willing to be appointed as the council's permanent representative in place of Councillor Mallon.

Resolved

- (1) That Councillor Phil Chapman be appointed as the council's representative to the Oxfordshire Joint Health Overview and Scrutiny Committee.

76

Motions

The Chairman advised that three motions had been submitted. No amendments to any of the motions had been submitted and, in line with the Constitution, no amendments to the motion were now permitted.

The Chairman reminded Members of the revised speaking limits on motions: five minutes for proposers of motions and three minutes for all other speakers.

Paper Lite

It was proposed by Councillor Corkin and seconded by McHugh that the following motion be adopted:

“Last year Cherwell District Council consumed 1.4million sheets of paper. A third of this was sent to elected members in the form of committee papers, reports and general communications. There is obviously a considerable financial cost associated with this, including the cost of the paper, officer time, printing and distribution. Equally importantly, there is also a very considerable environmental cost that we must address if we are to meet our zero carbon by 2030 commitment.

Over the last 9 months this authority has shown enormous resilience and resourcefulness: Our dispersed workforce is successfully operating from home, we are developing an agile model of working that will ensure we capture the best practice of operating during the pandemic and, of course, members are now successfully fulfilling their democratic responsibilities remotely, mastering Teams and tech in a way we could have barely imagined at the beginning of the year.

This motion draws on this innovation and asks members to deploy the same resourcefulness to embrace a “paper-lite” culture and calls on this council to:

- Recognise that continuing to have printed media as the default position for this council is unsustainable
- To resolve that from 7 May 2021 the default position will be “paper-lite” and members will have to opt into hardcopy print and that it will remain an option for those that need it.
- To ensure that adequate training and support will be provided to all members who require it to make the transition.”

No amendments to the motion having been proposed, the motion was debated as submitted. On being put to the vote the motion was carried.

Twenty is Plenty

It was proposed by Councillor Sames and seconded by Councillor Sibley that the following motion be adopted:

“This Council notes :

1. The recent endorsement of the "Twenty is Plenty" campaign by Oxfordshire County Council in its role as Highways Authority which means all new residential roads will have a 20 mph speed limit, unless there is compelling evidence for a higher limit.
2. The evidence that introduction of 20mph limits even without formal enforcement results in much safer speed profiles and this is particularly beneficial in the vicinity of schools, community hubs and care facilities.

This Council believes that as the Local Planning Authority we should support the County Council as Local Highway Authority in securing 20 MPH speed limits (instead of 30 MPH) in new developments in the interest of securing a more usable and more attractive environment for those not travelling by motor vehicle.

The Council further believes that there may be a role for a "best practice guide" produced by OCC and would ask the county council to consider how it might best advise Parish Councils to help them facilitate 20mph limits where there is local demand.”

No amendments to the motion having been proposed, the motion was debated as submitted. On being put to the vote the motion was carried.

Horton General Hospital

It was proposed by Councillor McHugh and seconded by Councillor Mallon that the following motion be adopted:

“This Council fully recognises the value of the much-loved Horton General Hospital to the residents of Banbury and its surrounding catchment area, which uniquely covers four counties.

Local efforts to retain acute services at the Horton have been welcomed by Councils at all tiers in recent months and by community groups and residents alike. This Council’s position has always been that the Horton’s future should be as a fully functioning General Hospital complementing the world-class services at both the John Radcliffe Hospital and Churchill Hospital so as to build on Oxfordshire’s enviable reputation – both nationally and internationally – as a centre for excellence in healthcare. That remains unequivocally the case today.

This Council is encouraged that Oxford University Hospitals NHS Foundation Trust (OUHFT) and the Oxfordshire Clinical Commissioning Group (OCCG) have listened to the strong representations of residents, Councillors and

community groups (notably, Keep the Horton General) in recent years and those of Victoria Prentis MP and this Council welcomes steps taken by both OUHFT and OCCG to develop a masterplan for the Horton without delay.

For its part, this Council resolves to do all it can to support the advancement of this vision and commits to reviewing options with Councils at other tiers with a view to supporting OUHFT and CCG-led redevelopment plans so as to deliver an improved facility on the hospital's existing site or at a new and improved one within the Banbury area that is accessible to residents across the Horton's unique four-county catchment area."

No amendments to the motion having been proposed, the motion was debated as submitted. On being put to the vote the motion was carried.

Flooding

It was proposed by Councillor Middleton and seconded by Councillor Tyson that the following motion be adopted.

"Worsening flooding has substantial economic and social costs. Homes and businesses nationwide are at repeated risk of significant damage which leads to financial and emotional distress. In some cases, these risks can no longer be insured against. Climate change will exacerbate this for Cherwell residents with increased incidence, and severity, of flooding.

The cross-agency nature of the problem can be frustrating and inefficient in a crisis, with no one organisation taking responsibility for flooding response or maintenance of flood defences. Resources are stretched thin, and while major incidents receive the attention of various emergency agencies, lower level, localised flooding, which is becoming more widespread, can sometimes receive a less focused response.

Last year CDC resumed responsibility for district land drainage & flood risk management. In view of these responsibilities, and our close working relationship with the county council, we should wherever possible:

1. Encourage areas that are at risk of flooding to establish a 'flood resilient community', including forming local flood response groups, forums for residents to feedback information on current and potential flooding risks, and the setting up of their own flood response stores to provide locally available flood alleviation equipment
2. Publish regularly updated surveys and maintenance programs, with maps of drainage and flood defences and associated repair responsibilities.
3. Call on all risk management agencies to set up a cooperative task force, which we would participate in, including the provision of a centralised contact point which can trigger an immediate, proportionate response to all emergency flooding events."

No amendments to the motion having been proposed, the motion was debated as submitted. On being put to the vote the motion was carried.

Resolved

(1) That the following motion be adopted:

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(2) That the following motion be adopted:

“This Council notes :

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This Council believes that as the Local Planning Authority we should support the County Council as Local Highway Authority in securing 20

MPH speed limits (instead of 30 MPH) in new developments in the interest of securing a more usable and more attractive environment for those not travelling by motor vehicle.

The Council further believes that there may be a role for a "best practice guide" produced by OCC and would ask the county council to consider how it might best advise Parish Councils to help them facilitate 20mph limits where there is local demand."

- (3) That the following motion be adopted:

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The cross-agency nature of the problem can be frustrating and inefficient in a crisis, with no one organisation taking responsibility for flooding response or maintenance of flood defences. Resources are stretched thin, and while major incidents receive the attention of various emergency agencies, lower level, localised flooding, which is becoming more widespread, can sometimes receive a less focused response.

Last year CDC resumed responsibility for district land drainage & flood risk management. In view of these responsibilities, and our close working relationship with the county council, we should wherever possible:

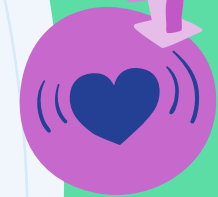
4. Encourage areas that are at risk of flooding to establish a 'flood resilient community', including forming local flood response groups, forums for residents to feedback information on current and potential flooding risks, and the setting up of their own flood response stores to provide locally available flood alleviation equipment
5. Publish regularly updated surveys and maintenance programs, with maps of drainage and flood defences and associated repair responsibilities.
6. Call on all risk management agencies to set up a cooperative task force, which we would participate in, including the provision of a centralised contact point which can trigger an immediate, proportionate response to all emergency flooding events.

The meeting ended at 11.35 pm

Chairman:

Date:

Cherwell District Business Plan 2021-2022



As we work to address the challenges of the pandemic and continue our journey to zero carbon, a clear vision of what we want to achieve has never been more important.

In local government, we need to be good at dealing with change in order to excel. That doesn't just mean reacting to external factors, it means being willing to grow as an organisation, and able to transform the way we work to meet our residents' needs.

A lot has happened in the year since our last business plan was published. But our underlying vision for Cherwell has not. This plan underscores our commitment to working with communities to shape a district where it is easier to lead an active, happy lifestyle, and one where it is easier to find professional fulfilment without a long commute.

This year we have seen the impact that COVID-19 has had on local communities and we recognise that this impact has been felt differently. The Black Lives Matter movement was a standout feature of last year, and it was a reminder for public bodies everywhere of the need to renew their commitment to reflecting local communities and celebrating their diversity. Following a listening exercise last year, we are continuing our work to ensure this is reflected in everything we do, for all the communities and residents we serve.

The climate crisis is another issue that will not go away simply because of our focus necessarily being on coronavirus. So, this business plan renews our commitment to becoming carbon



Councillor Barry Wood
Leader of Cherwell District Council

neutral by 2030, which includes an increase in the number of people walking and cycling, protecting, conserving and enhancing carbon capture and storage through our natural environments, and thinking differently about planning for local, renewable generation.

The changing nature of funding for local councils is also an area of activity we have needed to focus closely on. Uncertainties about the future of important funding streams such as New Homes Bonus and Business Rates, and the loss of income caused by the COVID measures, have forced us to make some very difficult decisions, which for the first time will affect some of our frontline services.

We continue to listen to you, our residents, and to prioritise our resources where we know they will have the greatest impact. By making responsible choices now and putting ourselves on a sustainable footing, we can keep supporting the district's recovery from COVID-19 and continue our work to make Cherwell a healthier and more prosperous place to live and work.



Our priorities:

Housing that meets your needs



- Deliver affordable housing
- Raise standards in rented housing;
- Support our most vulnerable residents;
- Promote innovative housing schemes;
- Deliver the Local Plan;
- Support vulnerable people.



Leading on environmental sustainability



- Deliver on our commitment to be carbon neutral by 2030;
- Promote the Green Economy;
- Increase recycling across the district;
- Protect our natural environment and our built heritage;
- Work with partners to improve air quality in the district;
- Reduce environmental crime.

An enterprising economy with strong and vibrant local centres



- Support business retention and growth;
- Develop skills and generate enterprise;
- Secure infrastructure to support growth in the district;
- Secure investment in our town centres;
- Promote the district as a visitor destination;
- Work with businesses to ensure compliance and promote best practice.



Healthy, resilient and engaged communities



- Provide opportunities to support active lifestyles;
- Improve and develop the quality of local sport and leisure facilities;
- Promote health and wellbeing in our communities to help create a more inclusive 'Including Everyone' community and workplace;
- Support community and cultural development;
- Work with partners to address the causes of health inequality and deprivation;
- Work with partners to reduce crime and anti-social behaviour.



Delivery themes:

Customers

Deliver high quality, accessible and convenient services that are right first time.



Healthy Places

Work collaboratively to create sustainable, thriving communities that support good lifestyle choices.



Climate Action

Transform our organisation to deliver its carbon neutral commitments.



Continuous Improvement

Make the best use of our resources and focus on improvement, innovation and staff development to maintain and enhance services.



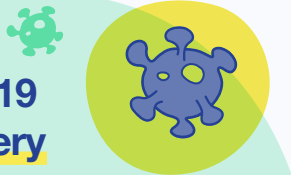
Partnerships

Work with partners to improve the services we provide for our residents and communities.



Covid-19 Recovery

Work with partners in the health and voluntary sectors to help our local business and residents respond to the challenges of the COVID-19 pandemic and support our communities to recover from the longer term social and economic impacts.



Including Everyone

Our Equalities, Diversity and Inclusion framework outlines how we plan to create an inclusive community and workplace in Cherwell, through fair and equitable services.



Performance Management Framework

Cherwell District Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2021 business plan and the priorities of the council. These targets, measures and key performance indicators are reported on a monthly basis to highlight progress, identify areas of good performance and actions that have been taken to address underperformance or delay.

To measure performance a 'traffic light' system is used. Where performance is on, or ahead of target it is rated green, where performance is slightly behind the target it is rated amber. A red rating indicates performance is off target.

The monthly performance cycle also includes the management and reporting of risk and financial information; providing an holistic overview of the councils' progress against it's strategic priorities and delivery themes as set out earlier in this business plan.



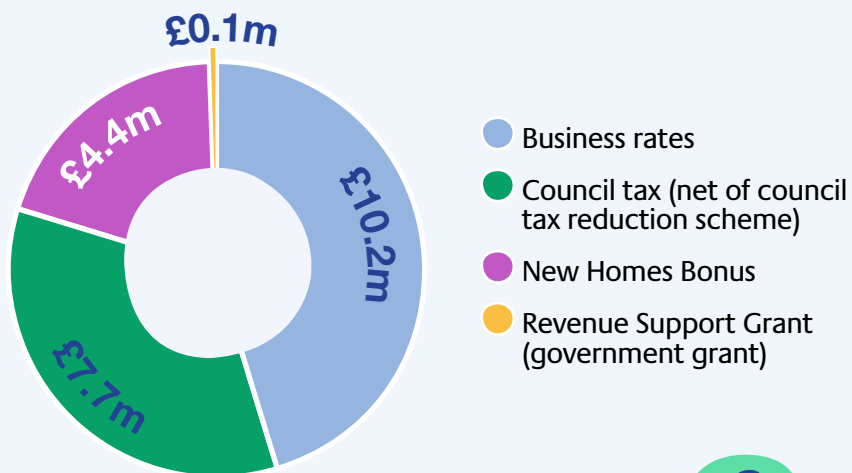
Council funding



Where our money comes from

Thirty-four per cent of our funding for services comes directly from council tax, with the rest coming from, New Homes Bonus Scheme, business rates and government grants.

2021/22 funding sources



How we generate income

We generate income by asking people and organisations to pay fees and charges for some of our services such as for planning, car parking and for licences. We also receive rental income from properties the council owns such as Castle Quay and Pioneer Square.



Contact us



Get in touch

Did you know you can access council information and services around the clock at www.cherwell.gov.uk

Email: customer.services@cherwell-dc.gov.uk

Find and email your ward councillor here: www.cherwell.gov.uk/find-member

Phone: 01295 227001

Write:

Cherwell District Council
Customer Services
Bodicote House
Bodicote
Banbury
Oxfordshire
OX15 4AA



Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Cherwell District Council

Council

22 February 2021

Budget Setting for 2021/22 and the Medium-Term Financial Strategy 2025/26

Report of the Director of Finance

This report is public

Purpose of report

This report is the culmination of the Budget and Business Planning process for 2021/22 to 2025/26 and sets out the Executive's proposed Business Plan and related revenue budget for 2021/22, medium term financial strategy to 2025/26, capital programme to 2025/26 and all supporting policies, strategies and information.

To detail the Calculations for the amounts of Council Tax for 2021/22 and the setting of Council Tax for 2021/22.

1.0 Recommendations

The Council is recommended to:

1.1 In relation to the Business Plan:

1.1.1 Approve the Business Plan at Appendix 1.

1.2 Have regard to the statutory report of the Chief Finance Officer (Section 25 report) at Appendix 2 in approving recommendations 1.3 to 1.5.

1.3 In relation to the Revenue Budget and Medium-Term Financial Strategy (MTFS):

1.3.1 Approve the net revenue budget for the financial year commencing on 1 April 2021 of £22.374m, including the budget allocations to the Directorates of the Council, as set out in Table 2;

1.3.2 Approve the MTFS and Revenue Budget 2021/22, including the Savings Proposals, Pressures and the Revenue Impacts of Capital Schemes included at Appendices 3, 4 and 5 respectively.

1.4 In relation to the Capital Programme and related strategies:

1.4.1 Approve the Capital Bids and Capital Programme at Appendix 15 and 16 respectively;

- 1.4.2 Approve the Capital and Investment Strategy at Appendix 17;
- 1.4.3 Approve the Treasury Management Strategy, including the Prudential Indicators, Minimum Revenue Provision (MRP) Policy and Affordable Borrowing Limit for 2021/22 at Appendix 18;
- 1.4.4 Approve the Property Investment Strategy at Appendix 19.
- 1.5 In relation to reserves:
 - 1.5.1 Approve the reserves policy at Appendix 12;
 - 1.5.2 Approve the planned level of reserves for 2021/22 – 2025/26 at Appendix 14;
 - 1.5.3 Approve the Chief Finance Officer's recommended minimum level of General Balances of £5m.
- 1.6 In relation to Council Tax:
 - 1.6.1 Approve an increase in the Basic Amount of Council Tax for Cherwell District Council for the financial year beginning on 1 April 2021 of £5, resulting in a Band D charge of £138.50 per annum;
 - 1.6.2 Note that on 4 January 2021 Executive approved Cherwell District Council's calculated Council Tax Base for 2021/22:
 - a) for the whole Council area as 55,615.9 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended by sections 72 to 79 of the Localism Act 2011 ("the 1992 Act")]; and
 - b) for dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix 22.
 - 1.6.3 That the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Parish Precepts and Special Expenses) is £7,702,802.
 - 1.6.4 That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the 1992 Act:
 - a) £115,532,120 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the 1992 Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses;
 - b) £102,378,407 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the 1992 Act;
 - c) £13,153,713 being the amount by which the aggregate at 1.6.4(a) above exceeds the aggregate at 1.6.4(b) above, calculated by the Council, in accordance with Section 31A(4) of the 1992 Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the 1992 Act);

- d) £236.51 being the amount at 1.6.4(c) above (Item R), all divided by Item T (1.6.2(a) above), calculated by the Council, in accordance with Section 31B of the 1992 Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses);
- e) £5,450,911 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the 1992 Act as per the attached Appendix 22;
- f) £138.50 being the amount at 1.6.4(d) above less the result given by dividing the amount at 1.6.4(e) above by Item T(1.6.2(a) above), calculated by the Council, in accordance with Section 34(2) of the 1992 Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates.;

1.6.5 It be noted that for the year 2021/22 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the 1992 Act, for each category of dwellings in the Council's area as indicated below :

<u>Valuation Band</u>	<u>Oxfordshire County Council</u>	<u>Police and Crime Commissioner for Thames Valley</u>
	£	£
A	1,048.74	154.19
B	1,223.53	179.88
C	1,398.32	205.58
D	1,573.11	231.28
E	1,922.69	282.68
F	2,272.27	334.07
G	2,621.85	385.47
H	3,146.22	462.56

1.6.6 The Council, in accordance with Sections 30 and 36 of the 1992 Act, hereby sets the amounts shown in Appendix 23 as the amounts of Council Tax for the year 2021/22 for each part of its area and for each of the categories of dwellings;

1.6.7 That the Council's basic amount of Council Tax for 2021/22 is not excessive in accordance with principles approved under Section 52ZB of the 1992 Act;

1.7 In relation to the Pay Policy Statement:

1.7.1 The in fulfilment of the requirements of Sections 38-43 of the Localism Act 2011, the Pay Policy Statement be approved at Appendix 20.

2.0 Introduction

- 2.1 This report sets out Executive's proposed Business Plan, Revenue Budget Strategy and the Capital & Investment Strategy. Alongside this, the report also sets out the Council Tax Calculations for 2021/22.
- 2.2 The Executive's Business Plan and revenue and capital budget proposals take into consideration the latest information on the council's financial position outlined in this report and comments from the Budget Planning Committee meetings on 15 December 2020 and 5 January 2021. Comments from the Budget Planning Committee are included as Appendix 9 to this report. In finalising the proposals, the Executive has also taken into consideration feedback from the public consultation on the Business Plan priorities, revenue budget proposals and council tax increase. An analysis of the responses to the consultation accompanies the budget proposals at Appendix 8.
- 2.3 Recent announcements from Government have confirmed that the significant changes to the way they fund local authorities over the medium term has been delayed. The latest indications are that those changes will begin to take effect from 2022/23. All the information and intelligence received indicates that this will present CDC with a substantial financial challenge over the medium term, which the Council needs to prepare for as it sets the budget for 2021/22.
- 2.4 Following a period of consultation, the Final Local Government Finance Settlement for 2021/22 was published on 4 February 2021. There are no changes from the Provisional Local Government Finance Settlement published on Thursday 17 December 2020. The details can be found here:
<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2021-to-2022>
- 2.5 The impact for CDC of this one-year settlement can be summarised as follows:
- Essentially a "roll-forward" of funding
 - Confirmation that Council Tax can be raised by 2% or £5, whichever is greater (for CDC this is £5)
 - That New Homes Bonus legacy payments from 2018/19 and 2019/20 will be fully funded.
 - That a one-year only New Homes Bonus award for 2021/22 has been allocated to CDC
- 2.6 The settlement was broadly as expected following announcements in the Spending Review announced on 25 November 2020. CDC had built its financial models on the indicative information provided at that point. The Government has also provided a one-off Lower Tier Services grant to ensure that CDC will not have a reduction in resources from Government in 2021/22.
- 2.7 Additionally, the settlement confirmed that the Council will receive a number of one-off grants for financial support relating to COVID-19. The grant funding received by the Council is set out in Table 1.

Table 1 – COVID-19 Funding

Grant	£000
General COVID-19 Grant	(720)
Local Council Tax Support	(159)
Total Grants for 2021/22	(879)

Additionally, there will be compensation for losses in fees and charges income for the period to 30 June 2021 and 75% compensation for irrecoverable business rates and council tax losses from 2020/21. However, the Government is still consulting on how this funding will be allocated and so this has not been factored into the budget. It is likely that the calculation will require outturn information which will not be available until May 2021.

2.8 In order to support the Council with its task of approving the budget for 2021/22 this report explains and explores the impacts of the various building blocks that make up the final budget of the Council including:

- estimated impact of the financial outturn for the Council for 2020/21
- cost of the services that we provide
- commercial activity and income
- financing the Council (borrowing and investments)
- inflationary and other price change impacts
- budget proposals (savings and pressures)
- capital investment proposals
- reserves and the use of reserves to support the budget
- an assessment of the financial resilience of the Council
- national funding assumptions for future years and the medium-term funding gap

2.9 This report will set out the Business Plan for 2021/22 and show how each of the above elements support the development of the delivery of the plan by setting a budget for 2021/22, the longer term MTFS, and will then summarise the next steps that will allow the Council to consider, approve and set balanced budgets over the MTFS period.

3.0 Report Details

3.1 Business Plan

3.1.1 Each year the Council reviews and updates its annual Business Plan, setting out the priorities and high-level objectives for the year ahead as found in Appendix 1.

3.1.2 The Business Plan informs the development of the annual budget and the operational Service Plans for the delivery of all Council services. The Service Plans will set out the activities that each service will undertake to deliver against the priorities set out in the Business Plan. Ultimately, these activities will be reflected in the individual objectives of employees providing a clear 'golden thread' through the organisation for the delivery of the Council's priorities.

3.1.3 This year the Business Plan has had a 'light touch refresh' in line with the budget setting process outlined above. The four strategic priorities are as outlined below:

- **Housing that meets your needs;**
- **Leading on environmental sustainability;**
- **An enterprising economy with strong and vibrant local centres;**
- **Healthy, resilient and engaged communities.**

3.1.4 Housing that meets your needs re-emphasises this Council's commitment to making sure its residents all have the opportunity to access housing that is suitable for them, whether this is through the delivery of affordable housing, improving standards in the private rented sector, preventing homelessness, supporting the most vulnerable in its communities or through innovative housing schemes and delivery of the Local Plan.

3.1.5 Leading on environmental sustainability builds on the Council's commitment to be carbon neutral by 2030 in addition to focusing on the priorities of its residents including maintaining and improving its waste and recycling services which are already highly regarded by residents. Promoting the Green economy and its natural environment along with its built heritage are also the Council's priorities. Climate action is a key focus for the council, transforming the organisation to deliver its carbon neutral commitments.

3.1.6 A strong and thriving economy has long been a priority of the Council, with a strong track record of supporting businesses and investing in its town centres which is a key priority for its residents. An enterprising economy with strong and vibrant local centres, reinforces this commitment for Cherwell to be a district where business can thrive and grow.

3.1.7 The wellbeing of its residents and communities has always been a priority for this Council. The healthy, resilient and engaged communities priority retains its focus on ensuring residents and communities are as active and healthy as possible. CDC continues to promote community development with existing and new communities and that communities remain safe places to live. The new Including Everyone strategy reflects the enhanced focus on reducing inequalities and providing greater support to the most vulnerable in our society. This year we have seen the impact that COVID-19 has had on local communities and it is recognised that this impact has been felt differently. The Black Lives Matter movement was a standout feature of last year, and it was a reminder for public bodies everywhere of the need to renew their commitment to reflecting local communities and celebrating their diversity. By making responsible choices now and moving to a sustainable footing, CDC can keep supporting the district's recovery from COVID-19 and continue working to make Cherwell a healthier and more prosperous place to live and work.

3.1.8 The four priorities are supported by seven themes that shape and influence the work of every service across the Council and reflect local priorities and the national context:

- **Customers** - To deliver high quality, accessible and convenient services that are right first time.
- **Healthy Places** - Working collaboratively to create sustainable, thriving communities that support good lifestyle choices.

- **Partnerships** - Working with partners to improve the services we provide for our residents and communities.
- **Continuous Improvement** - Making the best use of our resources and focusing on improvement, innovation and staff development to maintain and enhance services.
- **Climate Action** - transforming our organisation to deliver its carbon neutral commitments.
- **Including Everyone** - Our Equalities, Diversity and Inclusion framework outlines how we are seeking to create a more inclusive community, services and workplace in Cherwell.
- **COVID-19 Recovery Strategy** - Working with partners in the health and voluntary sectors to help our local businesses and residents respond to the challenges of the COVID-19 pandemic and supporting our communities to recover from the longer term social and economic impacts.

3.1.9 The service plans, operational plans detailing performance measures and outcomes are captured as part of the 2021/22 performance management framework and will link to the Council's Leadership Risk Register. The Council will report on progress against the Business Plan to Executive on a monthly basis through the Performance, Risk and Finance report. Leadership risks will also be linked to the corporate priorities.

3.1.10 The Business Plan has been discussed with Executive Members and was reviewed by the Overview and Scrutiny Committee on 12 January 2021.

3.2 Chief Finance Officer's Statutory Report

3.2.1 Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the estimates made in determining the council tax requirement and on the adequacy of the proposed financial reserves. This assessment is set out in Appendix 2 of the report. Council is required to have regard to this report in making their decisions on the budget.

3.3 Revenue Budget Strategy

Financial Outturn 2020/2021

3.3.1 The Budget Planning Committee and the Executive regularly review the forecast outturn as part of the Performance, Risk and Finance report. In addition to the social and economic impacts of COVID-19, the pandemic has had a significant impact on the 2020/21 budget.

3.3.2 The pandemic has required local authorities to make rapid adjustments to meet new demands and to step up work in critical frontline services. Cherwell District Council, as well as the other councils across Oxfordshire, have led communities through the coronavirus lockdown by creating new services and adapting existing services including the shielding of vulnerable residents, adult social care, emergency planning and public health response and ensuring schools are kept open for vulnerable children and those of key workers.

- 3.3.3 These new and increased demands have resulted in significant additional expenditure. At the same time, council income streams – from car parking to planning fee income – have been severely damaged by the lockdown and the impact on the local economy. Additional funding has been provided from central Government to help councils with the financial impact of COVID-19; however, this does not match our projected additional expenditure and loss of income and does not address potential increases in demand on Council services as lockdown measures are eased.
- 3.3.4 Therefore, at its meeting on 6 July 2020, the Executive asked Officers to address the potential overspend arising from COVID-19. A revised budget addressing the risk of overspend, reflecting the additional costs incurred by the Council in the response phase to the COVID-19 pandemic and the additional funding that has been received from central government was agreed by Council on 7 September 2020.
- 3.3.5 The revised budget provided a balanced budget for 2020/21 that includes budgets to meet the additional costs of COVID-19 to enable effective budget management. This was achieved by drawing savings from across all service areas, with a focus on protecting frontline services and activities that support those who are most vulnerable.
- 3.3.6 The forecast position as at 31 December 2020 based on the revised budget is an overspend of £0.4m. This has been taken into account in considering the reserves position of CDC. There are a small number of service pressures that continue to be managed by service managers who continue to try to deliver a balanced budget by the year end. Managers have considered their current operational and financial performance when considering their future year budget requirements and where necessary included growth pressures or proposed budget reductions as part of the budget setting process. These are described later in this report. The budget requirements and the changes requested by managers have been scrutinised by senior managers over a number of individual sessions allowing for challenge and consideration across the range of Council budgets. This helps to ensure the proposals align with the Council's objectives.

Net Cost of Services for 2021/22

- 3.3.7 Having reviewed the impact of prior years' financial information, the next step in setting a budget is to consider the "Net Cost of Services" which includes the costs and income streams directly attributable to service delivery and commercial activities. Table 2 summarises the draft budget for 2021/22 by directorate.

Table 2: Net Cost of Services

Directorate	Net budget 2021/22 £000
Adults & Housing	1,844
Commercial Development, Assets & Investments	75
Customers, Organisational Development & Resources	5,686
Environment & Place	6,698
Public Health & Wellbeing	1,816
Service Sub-total	16,119
Corporate Costs	2,768
Policy Contingency	3,487
Net Cost of Services	22,374

3.3.8 The largest proportion of the expenditure budget is spent on staffing (46%).

3.3.9 Service income streams in this section include fees and charges (e.g. planning fee income, income from car parks, licences etc.), service specific grants and rental income from all council-owned properties.

3.3.10 A thorough review of service levels and budgets has taken place and savings identified at Appendix 3 that will allow the Council to operate within the level of resources that it anticipates will be available to it in 2021/22. Full monitoring of the savings programme will take place throughout 2021/22.

Commercial Property

3.3.11 Whilst commercial property sits within the net costs of services it is worth reflecting on the part this plays in terms of the overall budget of the Council. The Council owns 177 properties that it uses for a number of functions including:

- Operational assets - services delivered or operated out of these properties as well as assets leased out for community activities
- Landholdings
- Commercial properties – these properties are major drivers in the Council's economic development strategy for Cherwell and additionally are income producing.

3.3.12 The Council in recent years has expanded its commercial property portfolio that both supports local businesses by providing good quality properties for rent by local businesses but also to help regenerate its town centres. The Council plays a leading role in actively influencing and working in partnership with others to stimulate redevelopment of our town centres. This will continue to be an area of activity going forward as the Council continues to support recovery from COVID-19. Any surplus revenue streams generated by these properties will be available to support the rest of the Council as other funding sources reduce.

3.3.13 The Investment portfolio comprises 24 properties in the following primary groupings:

- Retail properties (e.g. Castle Quay, High Street units)
- Mixed use commercial properties (e.g. Franklins House, Bridge Street)
- Industrial estate (e.g. Tramway Industrial Estate, Antelope Garage, Thorpe Estate)
- Local Centres (e.g. Bradley Arcade, Ferriston, Orchard Way, etc)
- Leisure Centres (run by Parkwood Leisure, e.g. Spiceball, Woodgreen, Bicester Ploughly Sports Centre, Kidlington Gosford)
- Car Parks (run by APCOA)

3.3.14 In setting the budget for 2021/22 we have considered any changes in tenancy arrangements and the budget has been set at circa £5.7m. The current value of these assets as at 31 March 2020 is £62m which gives a rate of return of 9%.

Budget Proposals (Inflation, Pressures, Capital Impact and Savings)

Inflation

3.3.15 The Council has provided for inflation within the budget. It assumes that there will be a 0% pay award in 2021/22 (but a cost of living increase of at least £250 for those earning below £24,000), in line with Government announcements. In future years pay awards are assumed to increase at 2.5% annually. Contract inflation is expected to increase at 3% annually and income from sales fees and charges has been assumed to increase by 2% annually.

3.3.16 The Council has a statutory obligation under the Localism Act 2011 to undertake an annual review of its pay arrangements and to publish these making particular reference to the following:

- The methods by which the salaries of all employees are determined
- The detail and level of remuneration of its most senior employees, i.e. "Chief Officers" as defined by the relevant legislation
- The detail and level of remuneration of the lowest paid employees
- The relationship between the remuneration for highest and lowest paid employees
- The Committee(s)/Panels responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

3.3.17 The details of this are captured in the Pay Policy Statement attached at Appendix 20. The purpose of the Statement is to provide transparency with regard to the Council's approach to setting the pay of its employees. The principles set out within the Statement are compliant with the budget proposals.

Directorate Budget Pressures

3.3.18 Budget Pressures of £2.7m will be funded in 2021/22. This is a combination of £4.4m of new budget pressures being funded, less a £1.7m reduction of one-off pressures from 2020/21. The full schedule of existing and new pressures can be seen at Appendix 4. Of the £4.4m new pressures, £3.0m are held as contingency (see Table 3 below) with the balance allocated to Directorates. Table 3

summarises the Pressures which have been included within the Net Cost of Services.

Table 3: Pressures

Directorate	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Ongoing Impact £000
Adults & Housing	(820)	0	0	0	0	(820)
Commercial Development, Assets & Investments	704	(708)	(90)	205	12	123
Customers, Organisational Development & Resources	64	(24)	0	0	0	40
Environment & Place	147	(48)	(151)	0	0	(52)
Public Health & Wellbeing	(420)	(52)	(27)	0	0	(499)
Executive Matters	62	0	(52)	0	0	10
Policy Contingency	2,987	(2,552)	(299)	165	0	301
Total Pressures	2,724	(3,384)	(619)	370	12	(897)
Prior Year Pressures	(1,701)	(124)	(178)	0	0	(2,003)
New Pressures	4,425	(3,260)	(441)	370	12	1,106
Total Pressures	2,724	(3,384)	(619)	370	12	(897)

Revenue Impact of Capital Expenditure

3.3.19 Where capital expenditure is financed from borrowing, this will have an impact on the revenue budget. The proposed capital programme and the new capital bids can be found at Appendix 16 and 15 respectively. The revenue impact of the proposed programme can be found in Appendix 5 and is summarised in the Table 4 below.

Table 4: Revenue Impact of Capital

Directorate	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Ongoing Impact £000
Commercial Development, Assets & Investments	(5)	(8)	0	0	0	(13)
Customers, Organisational Development & Resources	(72)	(20)	0	0	0	(92)
Environment & Place	(30)	(15)	45	0	0	0
Total Capital Impact	(107)	(43)	45	0	0	(105)

Savings Proposals

3.3.20 In total, savings of £4.4m are proposed for 2021/22, of which £0.2m were previously planned and £4.2m are new savings proposals. In December 2020, the Council consulted on £4.3m new savings proposals. After receiving consultation responses and considering the level of resources available to it following the Local Government Finance Settlement, the Council has amended its savings proposals. The full schedule of savings can be seen at Appendix 3.

3.3.21 The Council is grateful to all that responded to the budget consultation, with 383 responses received. Most proposals received reasonable levels of support and

generally there was more support than opposition. Appendix 8 provides a report on the responses received to the consultation. After considering consultation responses it is proposed to make a change to SAV2101b. It is also acknowledged that SAV2133e needed to be removed from the revenue savings proposals. Further details are provided below:

- SAV2101b – Rental increases for affordable homes and shared ownership properties owned by the Council – given the current financial situation the Council does not feel that this is the appropriate time to increase rents in these properties. It is therefore proposed to defer this increase until 2022/23.
- SAV2133e – Land Disposal Programme – upon further investigation this saving would generate capital receipts for the Council but would not generate significant revenue savings. Therefore; this has been removed from the revenue budget proposals.

3.3.22 Table 5 provides a breakdown of how the total savings of £4.4m for 2021/22 are allocated across the Directorates.

Table 5: Savings Proposals

Directorate	2021/22	2022/23	2023/24	2024/25	2025/26	Ongoing Impact
	£000	£000	£000	£000	£000	£000
Adults & Housing	(536)	0	0	0	0	(536)
Commercial Development, Assets & Investments	(589)	(135)	168	1	1	(554)
Customers, Organisational Development & Resources	(1,227)	5	0	0	0	(1,222)
Environment & Place	(1,184)	(853)	(310)	(122)	0	(2,469)
Public Health & Wellbeing	(827)	391	0	(13)	0	(449)
Total	(4,363)	(592)	(142)	(134)	1	(5,230)
Prior Year Savings	(190)	(5)	(100)	(58)	0	(353)
New Savings	(4,173)	(587)	(42)	(76)	1	(4,877)
Total Savings Proposals	(4,363)	(592)	(142)	(134)	1	(5,230)

3.3.23 All of the pressures and savings proposals are included in the proposed budget for 2021/22 which would allow a balanced and legal budget to be set.

Executive Matters

3.3.24 Executive Matters includes non-service costs including borrowing costs, interest receivable, contributions to reserves and a new Policy Contingency budget. The Executive Matters budget also includes the new one-off grants received that do not form part of the usual base funding of the Council.

3.3.25 COVID-19 has had a significant impact on the finances and services of the Council in 2020/21 and this will continue into 2021/22 and beyond. As it is unclear what the impacts of COVID-19 will be in 2021/22 the Council has introduced a Policy Contingency for COVID-19 in 2021/22 of £2.7m. This contingency is to protect the

Council in case it suffers losses of income or increases to contract costs compared to the normal budget position.

3.3.26 In addition, the Council has introduced an inflation contingency and a redundancy and pension fund strain contingency. Table 6 shows the provisions that have been made in the Policy Contingency budget:

Table 6: Contingencies

Policy Contingency	2021/22 £000
Inflation Contingency	500
Planning Fees	275
Leisure Contract	700
Commercial Income	1,603
Redundancy and Pension Fund Strain Contingency	250
Local Council Tax Support (LCTS) Hardship Fund	159
Total	3,487

3.3.27 Table 7 Below shows the movement from the approved 2020/21 budget to the draft budget for 2021/22.

Table 7: Budget Movement from 2020/21 to 2021/22

Directorate	2020/21 Budget £000	Pressures £000	Savings Proposals £000	Capital Impact £000	Corporate Changes £000	Use of Reserves £000	Grants £000	Permanent Virements	Inflation	2021/22 Budget £000
Adults & Housing	2,906	(820)	(536)			324		2	(32)	1,844
CDA&I	454	704	(589)	(5)	(714)	250		34	(59)	75
CODR	6,834	64	(1,227)	(72)	299	5	(55)	(42)	(120)	5,686
Environment & Place	8,684	147	(1,184)	(30)	(182)	(524)		1	(214)	6,698
Exec Matters	3,629	62	0		(1,011)	1,862	(1,775)	1	0	2,768
PH & Wellbeing	3,097	(420)	(827)			(64)		4	26	1,816
Policy Contingency		2,987							500	3,487
2021/22 Budget	25,604	2,724	(4,363)	(107)	(1,608)	1,853	(1,830)	0	101	22,374

Council Financing

3.3.28 In addition to the income streams recorded in the Net Cost of Services, the council funds the balance of its activities from the following sources:

Business Rates related income

3.3.29 The national Business Rates Retention systems separates business rates related income covers a number of different income and expenditure streams:

- CDC's share (40%) of locally retained business rates income. The remaining shares go to the Government (50%) and Oxfordshire County Council (10%)

- The Government will also charge CDC a tariff of £29.1m in 2021/22 as a way to redistribute resources around local government based on need.
- Section 31 Grants paid to compensate CDC for Government changes to the business rates which has resulted in CDC generating lower business rates income than it otherwise would have done.
- A levy charged by the Government on growth in business rates above a baseline determined by the Government.
- CDC has entered a pooling arrangement with the other councils in Oxfordshire to ensure that this growth is retained within the county. CDC is able to retain an element of this “pooling benefit”.

3.3.30 The resources retained by the Council from business rates are summarised in Table 8.

Table 8: Resources retained from business rates related income 2021/22

Business Rates Breakdown	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Business Rates	(38,141)	(1,137)	(1,171)	(1,206)	(1,242)
Business Rates Collection Fund (Surplus) / Deficit	339	(310)		(29)	
Business Rates Levy	1,920	(1,731)	199	209	219
Business Rates Pooling Gain	(900)	773	(132)	(140)	(146)
Business Rates Tariff	29,072	5,688	695	709	723
Business Rates Tariff Adjustment	1,165	(1,165)			
Section 31 grants	(3,608)	3,608			
Grand Total	(10,153)	5,726	(409)	(457)	(446)

3.3.31 CDC must also take account of how the level of business rates collected in 2020/21 compares to the estimate it made when setting the budget for 2020/21. This is summarised in Table 9 below and has been taken into account in setting the budget.

Table 9: Business Rates (Surplus)/Deficit Calculation

Business Rates Deficit	2021/22 £000
2019/20 deficit	310
2020/21 deficit relating to business rates reliefs	22,867
Use of Section 31 Grant Reserve	(22,867)
1/3 2020/21 deficit ¹	29
Business Rates Deficit	339

3.3.32 2020/21 was an exceptional year due to the implications of COVID-19. Shortly after CDC set the 2020/21 budget for business rates income, the Government announced business rates reliefs to assist businesses through the economic challenges of the pandemic. This resulted in a significantly greater deficit than in a normal year. To support local government the Government provided grant

¹ The 2020/21 estimated deficit is able to be spread equally across 2021/22, 2022/23 and 2023/24

payments in lieu of the lost business rates income. CDC has held these grants in reserves in 2020/21 which will be used in 2021/22 used to offset a large proportion of the total 2020/21 deficit.

Other Grants - Grants supporting the Net Budget

- 3.3.33 New Homes Bonus: The Council expects to receive £4.4m in 2021/22. Funding is then anticipated to taper away as the Government phases out New Homes Bonus. It is not known what the Government intends to replace this regime with; a consultation is expected in 2021/22.
- 3.3.34 Revenue Support Grant: Due to the roll forward of funding, the Council expects to receive £0.1m in 2021/22 which has increased in line with inflation compared to last year. RSG is then expected to be zero in future years.

Other Grants - Grant Funding within the Net Cost of Services

- 3.3.35 The Government announced a new one-off Lower Tier Grant for 2021/22 to ensure that the Council did not suffer a reduction in the allocations of funding received from Government. The Council will receive £0.9m.
- 3.3.36 The Council has also been allocated one-off funding in 2021/22 in acknowledgement of some of the costs of COVID-19. The Council will receive £0.7m in General COVID-19 Funding and £0.2m in Local Council Tax Support Grant.
- 3.3.37 The Council also receives ringfenced grants for specific purposes. These are allocated directly to the Directorates to be spent in line with the grant conditions. A breakdown of all grant income assumed within the budget is at Appendix 11.

Council Tax

- 3.3.38 The council tax requirement of CDC is £7.7m and the taxbase has been set at 55,615.9. A £5 increase to the rate of Council Tax has been assumed; from £133.50 to £138.50. This is the maximum increase the Council can propose, without the need to hold a referendum. Total Parish precepts of £5.5m have been received meaning the average Band D Council Tax including Parish Precepts will be £236.51.
- 3.3.39 The average Band D Parish Council Tax levy is £98.01. This compares to £96.84 in 2020/21, an increase of 1.2%.
- 3.3.40 The precept figures for Police and Crime Commissioner for Thames Valley, £12.863m, were approved on 29 January 2021 and the precept figures included for Oxfordshire County Council, £87.490m, were approved on 9 February 2021.
- 3.3.41 The Council has considered the amount of council tax that it anticipates it will collect in 2020/21 compared to the estimate it made when setting the 2020/21 budget. After taking into consideration Government legislation to spread deficits in council tax collection relating to 2020/21 over three years, the Council expects there to be a deficit to be taken into account of £0.021m.

Table 10: Breakdown of Council Tax Income

	£000
Council Tax (Surplus)/Deficit	21
Council Tax Requirement	(7,703)
Council Tax Income	(7,682)

3.3.42 The budget for 2021/22 therefore is balanced by these sources of funding as demonstrated in Table 11.

Table 11: Financing of Net Budget 2020/21

Full Budget	£000
Net Cost of Services	22,374
Financed by:	
Revenue Support Grant	(116)
Council Tax	(7,682)
Business Rates	(10,153)
New Homes Bonus	(4,423)
Balance	0

3.4 Capital and Investment Strategy

3.4.1 The Capital and Investment Strategy is included at Appendix 17 and reflects the requirements of the Prudential Code including for the Chief Finance Officer to report explicitly on the deliverability, affordability and risks associated with the Strategy.

3.4.2 The Capital and Investment Strategy aims to set a clear framework for capital decision making alongside the Council's Business Plan, vision, and priorities. The Capital Strategy is closely aligned with the Council's service plans, asset review and plans.

Capital Programme

3.4.3 The capital programme sets out a plan for investment in 2021/22 and 2022/23. It forms an integral part of the Council's core activity and is an important part of the MTFS.

3.4.4 Capital expenditure can be funded from Revenue, Capital Receipts, Capital Grants, Internal or External Borrowing. External Borrowing is used to manage the cashflow requirements of the Council and whilst it is used to finance the capital programme, it is not linked to individual projects. Details of the Council's expected borrowing for 2021/22 are included in the Treasury Management suite of strategies which are scrutinised by the Accounts, Audit and Risk Committee and included in Appendix 18. These were reviewed in draft form and were recommended to the Executive at the meeting on 20 January 2021.

3.4.5 Table 12 below details the capital investments proposed for 2021/22 (detailed proposals can be found in Appendix 15). Where these result in a revenue cost or savings, these have been adjusted for in the Net Cost of Services. A list of all

proposals in the full capital programme is set out in Appendix 16. The financial implications of these are incorporated into the MTFS.

Table 12 – Capital Bids 2021/22 through to 2025/26

Directorates	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total Project Cost £000
Commercial Development, Assets & Investments	812	1,370	0	0	0	2,182
Commercial Development, Assets & Investments	800	0	0	0	0	800
Environment & Place	1,340	244	0	0	0	1,584
Grand Total	2,952	1,614	0	0	0	4,566

3.4.6 The Council has developed a Property Investment Strategy (Appendix 19). This provides a high-level strategic approach, setting out a framework and the criteria against which any expansion or substantial capital investment in the Council's property portfolio will be assessed.

3.5 Reserves

3.5.1 Reserves are held to ensure the Council can manage and mitigate current and future risk and spending plans. The Council has carried out a comprehensive review of its reserves as part of the Budget and Business Planning Process and has developed a new reserves policy attached at Appendix 12. This has enabled the Council to hold larger, more strategic reserves, rather than smaller earmarked reserves and will allow the Council to use its reserves in a more flexible manner. The Council will regularly review its level of reserves to ensure they remain adequate and appropriate and will be monitored throughout 2021/22.

3.5.2 Table 13 below shows a summary of the forecast reserves position for 2021/22 to 2025/26. The final outturn position for 2020/21 will be reported to the Executive in April 2021 and the Accounts, Audit and Risk Committee in May 2021, as part of the Council's Accounts. Appendix 14 provides a breakdown of the proposed use of reserves for 2021/22 and an estimate of how reserves are currently expected to be used to 2025/26.

Table 13 – Forecast Use of Reserves

	Forecast Balance 1 April 2021 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Expected Balance 1 April 2026 £000
General Balances	(5,000)	0	0	0	0	0	(5,000)
Earmarked Reserves	(16,312)	(389)	(1,064)	3,515	(1,620)	(1,620)	(17,489)
Revenue Grants	(24,690)	22,001	350	216	0	0	(2,122)
Capital Reserves	(1,717)	0	0	0	0	0	(1,717)
TOTAL RESERVES	(47,718)	21,612	(714)	3,732	(1,620)	(1,620)	(26,328)

3.5.3 A risk assessment has been carried out on the level of general balances that CDC holds which is detailed in Appendix 13. This sets out that CDC should hold general balances of £5m. The review of reserves referred to above has enabled the Council to hold a £5m general balance in 2021/22 in line with the risk assessment.

3.5.4 It is the duty of the Section 151 Officer to ensure that the Council retains reserves at a level which provides the Council with financial resilience both in setting the budget for 2021/22 but also looking into the medium term and the MTFs. Reserves can be used for one-off expenditure but should not be used to finance ongoing Council activities.

3.6 Medium Term Financial Strategy

Proposed Changes to Local Government Funding 2022/23 and beyond

3.6.1 The Council expects that local government funding will be changing in 2022/23. Whilst there is not clarity of the precise impact of these changes, there have been a number of national consultations and working groups that have been reviewing the options. The Council has been able to model the most likely scenario and therefore consider what impact this is likely to have for CDC from 2022/23 onwards. It can be broken down as follows:

Business Rates Retention Consultation

3.6.2 The Government has previously consulted on proposals for setting up a reformed business rates retention system to which we are awaiting the outcome. The consultation outlined proposals to update the balance of risk and reward to better reflect the wider context for local authorities, now likely in 2022/23, mitigate volatility in income and simplify the system. It is proposed that:

- the baseline be reset – this would impact CDC significantly as the Council has been consistently collecting above the baseline and retaining 50% of that growth under the current retention scheme. The Council is assuming a reset is introduced in 2022/23, which will significantly reduce the level of resource available to the Council.

- Councils (as a whole sector) would retain 75% of business rates growth above the baseline which would eventually move to 100% retention – however, with the baseline reset, this will be 75%/100% of far less until our growth above the baseline increases again.
- Resets are likely to be more frequent in future than they have previously been

Fair Funding Review Consultation

3.6.3 Government funding of local authorities is based on an assessment of need. The Government intends to simplify the way need is determined and to make the formula more objective and transparent. The Council provided feedback to the government consultation on the assessment of needs, resources and transitional arrangements in 2019. The consistent intelligence from various local government finance experts that the Council has consulted, is that the Fair Funding Review when applied, will reduce government funding available to CDC. However, until a consultation on proposed new arrangements is released by the Government there is no way to accurately forecast the impact of this. Therefore, the Council has assumed the impact is neutral within the MTFS and has been considered as part of the risk assessment of reserves. The implications of the Fair Funding Review are likely to be significantly less than those of the business rates reset.

MTFS Funding Gap

3.6.4 The MTFS as presented in the table below represents the likely scenario without the benefit of any national transition funding to compensate for the loss of funding following a business rates reset. Planning on this basis is both prudent and sensible and ensures that the Council can respond to any changes coming forward and remain financially sustainable. It is important to note that 2021/22 reflects a balanced budget although this does include the planned use of one-off funds from some earmarked reserves. The net use of reserves in 2021/22 is shown above in Table 14 (£21.6m). A full schedule of the use of reserves can be found in Appendix 14. For 2022/23 an ongoing funding gap has been identified and the Council has established a strategy that will shape how it looks to review opportunities to reduce this gap and balance the budget in 2022/23.

3.6.5 Table 14 below sets out the Council's future funding estimates. There remains much uncertainty regarding this position over the medium term with the upcoming changes proposed relating to the Fair Funding Review, Business Rates and the New Homes Bonus. However, estimates are based on the most recent information available from the Government which forecasts the effects of these changes to be in the region of a 30% reduction in funding. This is a result of:

- the phasing out of New Homes Bonus beyond legacy payments and the one-off payment in relation to growth in 2020/21 payable in 2021/22
- the business rates baseline reset and growth at 1% thereafter (the Council has grown business rates significantly in recent years and this baseline reset results in the Council losing the benefit of this growth)
- the cessation of Revenue Support Grant, with the exception of the one-off payment in 2021/22
- Council Tax increases of £5 per annum with on average 1.6% annual growth of the Council tax base from 2022/23

- No assumptions have been made that the Council will receive any transitional finance support. We are aware that if this is available it is likely to be based on “Core Spending Power” which is a measure used by central government that does not include the impact from the loss of retained business rates. Given Cherwell’s significant growth over and above expectations in terms of business rates, we may not receive any financial protection from this drop in income.

3.6.6 The MTFS indicates that, with all of the assumptions around national funding changes, CDC will have a gap between its net budget requirement and its funding as shown in Table 14.

3.6.7 Table 14 also does not take account of any future spending reviews for local government as a whole where, along with our peers across all tiers of local government, CDC need to provide evidence and arguments about the totality of funding for CDC services. CDC has always taken an active role in these reviews and will continue to do so both on an individual Council basis but also through our professional bodies and professional peer groups including the District Council Network (DCN), the Local Government Association (LGA) and SDCT (Society of District Council Treasurers).

Table 14: MTFS 2021/22 – 2025/26

MTFS Movements	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Base budget brought forward	25,604	0	0	0	0
Service Pressures	2,724	(3,384)	(619)	370	12
Service Savings Proposals	(4,363)	(592)	(142)	(134)	1
Capital Impact	(107)	(43)	45	0	0
Corporate changes	(1,608)	4,941	(1,836)	(389)	45
Inflation	101	493	494	494	495
Use of reserves	1,853	(4,083)	321	0	0
Additional government grants	(1,830)	1,830	0	0	0
Net Budget Requirement	22,374	(838)	(1,737)	341	553
Revenue Support Grant	(116)	116	0	0	0
Council Tax	(7,682)	(403)	(428)	(448)	(405)
Business Rates	(10,153)	5,726	(409)	(457)	(446)
New Homes Bonus	(4,423)	2,656	1,767	0	0
Total Income	(22,374)	8,095	930	(905)	(851)
Funding Gap / (Surplus)	0	7,257	(807)	(564)	(298)

How we Plan to Address the MTFG Gap

3.6.8 The Council has developed a strategy to meet the challenges highlighted in the MTFG which will include:

- Continue its partnering arrangements in the future including:
 - a) alignment with Oxfordshire County Council services where this will benefit our residents and businesses and make financial sense to do so
 - b) joint contracting and commissioning arrangements
 - c) continuing our journey to transform the way in which we deliver with other partners
- Overarching review of the Council's priorities for 2022/23 and beyond and alignment of the Council's resources in order to maximise delivery against these. This will require savings proposals to be identified that focus on those areas that are of a lower priority to the Council.
- Begin a fundamental review of the services provided by CDC, taking into account the changing needs of the residents of Cherwell. Ensure future service provision is focussed on the delivery of the Council's priorities.
- Considering further approaches to maximise the levels of income the Council can generate to support frontline services.
- "Growing our way" out of trouble by identifying opportunities with the right business cases
- Continuing to lobby policy makers, highlighting where we have been delivering growth and driving benefits to others

Financial Resilience Assessment

3.6.9 CIPFA's Financial Resilience Index is designed to support and improve discussions surrounding local authority financial resilience. It shows a council's performance against a range of measures associated with financial risk, including the level of earmarked reserves and general balances. The Index is a comparative tool to be used to support good financial management and generate a common understanding of the financial position within authorities.

3.6.10 The index considers both the value of general balances and earmarked reserves compared to councils' net revenue budget. While earmarked reserves are held for specific purposes, they can be called upon to meet unexpected costs or provide short term funding to enable long term recovery plans to be put in place.

3.6.11 Due to the impact of COVID-19, the publication of the Financial Resilience Index based on 2019/20 data has only recently been published.

3.6.12 Whilst acknowledging that the Council does have reasonably high levels of debt compared to statistical neighbours, the repayment of this is factored into the MTFG. The Council's level of reserves is in a positive position compared to other similar authorities. The Council's biggest financial risk is the business rates reset which the Council is planning for. Taking these into account it is in a relatively stable position.

3.7 Climate Action

3.7.1 In 2019, CDC declared a climate emergency and committed to prioritising climate action in decision making. More recently, a climate action framework was approved that commits the council to:

- Being carbon neutral in its operations by 2030
- Enabling a zero-carbon Cherwell by 2030.

3.7.2 In developing budget proposals, services were asked to assess how their plans affected the Council's ability to reduce its emissions from buildings, fleet, staff travel, purchased products and services (including construction) and to enable emission reductions at a district-wide level.

3.7.3 Proposals were identified that will help reduce carbon emissions, particularly those involving service digitalisation. Potential reductions come from reduced staff mileage where services are delivered remotely, a decrease in energy consumption due to a reduced property footprint, and fewer emissions related to print and delivery from digitising publications. Direct reductions are also identified in the rephasing of LED lighting projects, which will deliver an additional reduction in carbon emissions of 13.44 tonnes of CO₂e per year.

3.7.4 Changes in waste collection arrangements have been identified as having the potential to lead to an increase in carbon emissions. Firstly, growth in the bulky waste collection service and the introduction of weekly food collection services may lead to a small increase in fleet mileage and emissions. This may be mitigated by a reduction in emissions due to waste being diverted from landfill and more food waste being used to produce green electricity through anaerobic digestion treatment. The service will continue to look at replacing diesel-powered vehicles with electric when the technology becomes available.

3.7.5 Secondly, the introduction of a charge for garden waste collection may encourage residents to travel to Household Waste Recycling Centres and increase private mileage. However, this risk is mitigated by the low service charge proposed and the availability of home composting options.

4.0 Conclusion and Reasons for Recommendations

4.1 This report is the culmination in the Budget and Business Planning process and provides information. It sets out the Executive's proposed budget for 2021/22, the MTFS to 2025/26 and capital programme to 2025/26 together with a number of strategies and policies that the Council is required to approve for the 2021/22 financial year.

5.0 Consultation

5.1 CDC undertook a comprehensive consultation on its budget savings proposals for 2021/22. The revenue budget savings proposals were consulted on between 8 December 2020 and 8 January 2021. The public and businesses were given the opportunity to provide feedback on all savings proposals indicating whether they

were supported or not. Additionally, comments explaining why savings proposals were supported or not could also be provided. Responses were received from 383 people and organisations. The responses to the consultation have been considered in arriving at the final proposals contained within this report. A summary of the consultation responses is contained in Appendix 8.

- 5.2 The Budget Planning Committee considered the revenue budget pressures and savings proposals in a report on 15 December 2020. The Budget Planning Committee met on 5 January 2021 to consider the capital bids and slippage from 2020/21. Its comments have been taken into account in arriving at these proposals and are summarised in Appendix 9.
- 5.3 The Accounts, Audit and Risk Committee considered and recommended to full Council the Treasury Management Strategies and the associated Appendices on 20 January 2021.
- 5.4 The Overview and Scrutiny Committee considered the Business Plan on 12 January 2021.

6.0 Alternative Options and Reasons for Rejection

- 6.1 It is a legal requirement to set a balanced budget and the recommendations as outlined set out a way to achieve this. The following alternative option has been identified and rejected for the reasons set out below.

Option 1: To reject the current proposals and make alternative recommendations. If alternative recommendations are agreed for 2021/22 the Council will not be aware of the medium-term implications of these options.

7.0 Implications

Financial and Resource Implications

- 7.1 The financial implications are set out in this report. The Council has a statutory duty to set a balanced budget and could be subject to intervention of the Secretary of State if it failed to do so.

Through 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 Police and Crime Commissioner for Thames Valley as well as to meet this Council's demand, which includes local precepting authority precepts.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,

Michael.Furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 The Council is legally required to set a balanced budget each year, the legal framework for which is set out in the main body of this report. Officers consider the recommendations will achieve this if approved by full Council.

Comments checked by:

Chris Mace, Solicitor, 01295 221808, christopher.mace@cherwell-dc.gov.uk

Risk Implications

- 7.3 The Business Plan and MTFs are linked in the Leadership Risk Register which is reported monthly. The report also highlights the relevance of maintaining a minimum level of reserves and budget contingency to absorb the financial impact of changes and unforeseen events during the year. Any increase in risk will be escalated through to the Leadership Risk Register.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, louise.tustian@cherwell-dc.gov.uk, 01295 221786

Equality and Diversity Implications

- 7.4 The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.
- 7.5 In developing budget and business planning proposals, all services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with our new framework: Including Everyone. Where a potential material service impact has been identified, an initial Equality Impact Assessment has been completed and these are available as background papers to this report. An overarching summary impact assessment, taking into account the overall impact of the budget proposals is published as Appendix 7.

Comments checked by:

Robin Rogers, Head of Strategy, 07789923206, robin.rogers@cherwell-DC.gov.uk

8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Cllr Tony Illott, Lead Member for Financial Management and Governance

Document Information

Appendix number and title

- Appendix 1 – Business Plan
- Appendix 2 – Statutory Report by the Director of Finance (Chief Finance Officer) including the Financial Management Code Self-Assessment
- Appendix 3 – Savings Proposals
- Appendix 4 – Revenue Pressures
- Appendix 5 – Revenue Impacts of Capital
- Appendix 6 – Fees and Charges Schedule
- Appendix 7 – Equality Impact Assessment
- Appendix 8 – Consultation Responses Report
- Appendix 9 – Budget Planning Committee Responses to Budget Proposals
- Appendix 10 – Gross Service Budget, Income, Net Budget and Future Years MTFS Changes by Directorate
- Appendix 11 – Revenue Grants
- Appendix 12 – Reserves Policy
- Appendix 13 – Reserves Assessment
- Appendix 14 – Forecast Use of Reserves
- Appendix 15 – Capital Bids
- Appendix 16 – Capital Programme
- Appendix 17 – Capital and Investment Strategy
- Appendix 18 – Treasury Management Strategy
- Appendix 19 – Property Investment Strategy
- Appendix 20 – Pay Policy Statement
- Appendix 21 – Calculation of Council Tax Requirement
- Appendix 22 – CDC Council Tax in Parishes
- Appendix 23 – Total Council Tax by Band in each Parish

Background papers

Equality Impact Assessments of Savings Proposals

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CDC 21/22 Savings Proposals - Adults & Housing								
Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV008	Existing	Saving from joint commissioning of debt and money advice	(15)					(15)
SAV2107	New	The Housing Service will be reviewed and redesigned to increase income generation, reduce overheads, release reserves and restructure the establishment in line with service priorities.	(433)					(433)
SAV2108	New	A reduction in overheads within Housing and restructure the debt and money advice contract.	(48)					(48)
SAV2112	New	Ensure that civil penalties are rigorously imposed and recovered in all appropriate cases in order that income is maximised.	(40)					(40)
Adults & Housing Total Savings Proposals			(536)	0	0	0	0	(536)

CDC 21/22 Savings Proposals - Public Health & Wellbeing								
Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV022	Existing	Reduce the support to the Museum to reflect their ability to begin charging for events.				(13)		(13)
SAV2132	New	Restructuring of the Healthy Place Shaping team.	(117)					(117)
SAV2119	New	Maintain the core grant to Banbury Museum but review additional support for utility costs that the Museum Trust will become responsible for.	(48)					(48)
SAV2122	New	Correction of revenue budget to better reflect costs across all leisure facilities.	(12)					(12)
SAV2115	New	Delivering Sports and Physical Activity in new ways and working in partnership to reduce the amount spent on venue hire, external coaches and equipment.	(31)					(31)
SAV2128	New	Additional income from Oxfordshire County Council to pay for administering the Councillor Priority Fund.	(23)					(23)
SAV2124	New	Reduce the grant payment to The Mill Arts Centre Trust.	(65)					(65)
SAV2116	New	Developing new models of delivery to make more use of the Youth Activators in school holidays.	(20)					(20)
SAV2123	New	Working with partners to make Stratfield Brake more accessible and need less subsidy to operate well.	(45)	(4)				(49)
SAV2117	New	One-off reduction in the cost of the leisure contract linked to repairs and maintenance requirements.	(400)	400				0
SAV2118	New	Income generation from sports pitches.	(29)	(5)				(34)
SAV2127	New	Provide Community First Oxfordshire with core grant only (for provision of rural community and new community development advice services) and reviewing funding available for community partnership initiatives.	(19)					(19)
SAV2199	New	Review funding to the Citizen's Advice Volunteer Connect service. Deliver some elements of reshaped service in house.	(18)					(18)
Public Health & Wellbeing Savings Proposals Total			(827)	391	0	(13)	0	(449)

CDC 21/22 Savings Proposals - Commercial Development Assets & Investments								
Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV2105	New	Increase income from licensing and chargeable work in Environmental Health.	(30)					(30)
SAV2133a	New	Establish a joint CDC/Oxfordshire County Council Property Service by sharing resources and functions. Efficiency savings are expected to be identified through the transformation and efficiency project.	(304)	(76)				(380)
SAV2133b	New	Temporarily reduced spend on utilities due to reduced occupancy of Bodicote House.	(30)		30			0
SAV2133c	New	Savings arising from closure of the Stables Café.	(59)					(59)
SAV2133d	New	Removal of planned LED lighting project at Bodicote House. This has been replaced with LED lighting projects across other properties.	(16)	(61)	120			43
SAV2173	New	Replace agency with contracted staff; increase External Income from Developers in Legal.	(100)					(100)
SAV2139	New	Removal of previously agreed project review funding within Growth and Commercial.	(16)		16			0
SAV2140	New	Charge appropriate salary costs to Crown House.	(23)					(23)
SAV2141	New	Removal of vacant post within Growth and Commercial.	(11)	2	2	1	1	(5)
Commercial Development Assets & Investments Savings Proposals Total			(589)	(135)	168	1	1	(554)

CDC 21/22 Savings Proposals - Customers, Organisational Development & Resources								
Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV2138	New	Removal of legal budget no longer required within Finance.	(20)					(20)
SAV2198	New	One-off reduction in contract costs due to expectation that stretch performance targets unlikely to be met for one year.	(114)	114				0
SAV2158	New	To reduce the annual budget of Computer Hardware Expenses due to a reduced hardware demand currently.	(1)					(1)
SAV2159	New	To increase the Land Charges income by increasing our local standard search fee by £15 from £170 to £185.	(21)					(21)
SAV2160	New	To reduce the annual budget of mileage, stationery and paper due to an increased use of working from home and digital methods in customer services.	(7)					(7)
SAV2166	New	To remove the 4 Cash and Card payment machines located at the Cherwell District Council Offices in order to reduce costs associated with accepting these payments. Alternative payment options include cash payment at Post Offices, Pay Zone or banks, online, direct debit or telephone payment.	(21)					(21)
SAV2169	New	To reduce the annual budget for postage as a result of ongoing increase in use of digital methods of accessing and sending correspondence and information.	(5)					(5)
SAV2157	New	Reducing Staffing Costs within Customer Services.	(122)					(122)
SAV2167	New	To close the LinkPoint offices, and provide appointment services by phone and online, with face to face appointments at Bodicote House only.	(10)					(10)
SAV2155	New	Hold three vacancies across Communications, Strategy and Insight.	(21)	21				0
SAV2153	New	Deliver business administrative support to directors through a shared provision across Oxfordshire County Council and CDC.	(149)					(149)
SAV2154	New	Establish a charged videography and design service for external customers.	(20)					(20)
SAV2156	New	Savings achieved by reducing consultants fees, Cherwell Link moving online, no longer contributing to District Data post and various other non-pay budget lines across Communities, Strategy and Insight.	(175)					(175)
SAV2172	New	This proposal will deliver targeted savings across Digital & IT. It will require capital funding to deliver and will take 12 to 18 months to achieve.	(363)	(130)				(493)
SAV2188a	New	Service redesign in the HR Transactional Team due to the roll out of i-Trent.	(27)					(27)
SAV2188b	New	No graduate trainee will be recruited by CDC in the current round.	(16)					(16)
SAV2188c	New	Reduction in training budget. We believe this can be achieved without a significant impact because a lot of training delivery has been moved to on-line delivery reducing cost and associated travel costs.	(15)					(15)
CEDR	New	Net cost to the directorate due to the establishment of joint director roles between Cherwell and Oxfordshire County Council.	18					18
CEDR	New	Net saving to the directorate due to the establishment of joint director roles between Cherwell and Oxfordshire County Council.	(123)					(123)
CEDR	New	Net saving to the directorate due to the establishment of joint director roles between Cherwell and Oxfordshire County Council.	(61)					(61)
CEDR	New	Net cost to the directorate due to the establishment of joint director roles between Cherwell and Oxfordshire County Council.	30					30
CEDR	New	Net cost to the directorate due to the establishment of joint director roles between Cherwell and Oxfordshire County Council.	16					16
Customers, Organisational Development & Resources Savings Proposals Total			(1,227)	5	0	0	0	(1,222)

Savings Proposals

Appendix 3

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV025	Existing	Increasing car parking charges.	(175)	(5)	(100)	(45)		(325)
SAV2101a	New	New repairs and maintenance contract at lower cost to current approach and service redesign.	(153)					(153)
SAV2101b	New	Rental increase for affordable homes and shared ownership properties owned by the Council.		(95)				(95)
SAV2102	New	Service redesign and review of service overheads within Growth and Economy, maximisation of grant income and review of providing funding for services that have become self-sufficient.	(213)					(213)
SAV2143	New	Growth of the bulky bin and bulk waste service has made it easier for residents to get rid of their waste with this cost effective service.	(30)					(30)
SAV2144	New	Review parking charges in car parks.	(400)					(400)
SAV2145	New	Introduce a new food waste collection service giving residents the opportunity to recycle their food waste on a weekly basis. This will reduce the amount of residual waste and increase CDC's recycling rate. Residents will still be able to subscribe to our current well used garden waste collection service, which will incur a charge from July 2021.	115	(636)	(210)	(77)		(808)
SAV2149	New	Increase charging for using public conveniences to 20p.	(15)					(15)
SAV2150	New	Mechanical sweeping in villages would be carried out annually. There would be a reduction in urban town centre late evening cleansing in the summer.	(153)					(153)
SAV2174	New	Reduction in costs from review of vacant posts in both Development Management and Planning Policy.	(114)					(114)
SAV2175	New	Reduction in consultancy budget with reprofiled work programme within Planning and Development.	(46)					(46)
SAV2185	New	A service redesign across the Planning and Development Function reducing costs and maximising the future potential for income generation.	0	(117)				(117)
Environment & Place Savings Proposals Total			(1,184)	(853)	(310)	(122)	0	(2,469)
Existing Savings			(190)	(5)	(100)	(58)	0	(353)
New Savings			(4,173)	(587)	(42)	(76)	1	(4,877)
Total Savings Proposals			(4,363)	(592)	(142)	(134)	1	(5,230)

Revenue Pressures

Appendix 4

CDC 21/22 Pressures - Adults and Housing

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
GRW019	Existing	Contribution to the Young People’s Supported Housing Pathway (YPSHP).	60					60
GRW004	Existing	Growth Deal – Affordable Housing “Top Up Funding”	(880)					(880)
Adults and Housing Total			(820)	0	0	0	0	(820)

CDC 21/22 Pressures - Commercial Development Assets & Investments

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
GRW017	Existing	Canalside Regeneration Feasibility	(230)					(230)
GRW005	Existing	Commercial Property Service Charges	(32)					(32)
SAV2190	New	Health and Safety works relating to Council owned properties.	100	(100)				0
SAV2152	New	Professional fees in relation to marketing and letting of retail units at Castle Quay Waterfront.	250	(250)				0
UNAV2101	New	Dilapidations budget to ensure property is maintained and improved in order to continue to generate acceptable income returns for the Council.	70	(45)				25
GRW2106	New	Funding for the Canalside Development.	100	(100)				0
SAV2193	New	Reduction in rental incomes for other Council owned properties due to Covid-19.	446	(213)	(90)	205	12	360
Commercial Development, Assets & Investments Pressures Total			704	(708)	(90)	205	12	123

CDC 21/22 Pressures - Environment & Place

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
GRW013	Existing	Waste Collection.	100		170			270

Revenue Pressures

GRW021	Existing	Planning Policy Conservation Design.	32					32
GRW033	Existing	Kidlington masterplan delivery project	(75)	(50)				(125)
GRW031	Existing	Development Management Staff Changes	(42)					(42)
GRW040	Existing	Waste Collection – Recycling gate fee	(118)					(118)
GRW002	Existing	Growth Deal – Year 3 CDC Plan Resourcing	(13)	2	(321)			(332)
GRW2102	New	Reduction in income within the Council's vehicle maintenance and fleet management facility.	75					75
SAV2148	New	Increase in the costs of recycling.	93					93
GRW2108	New	Covid-19 has caused a delay in the Car Park Action Plan capital project.	30					30
SAV2147	New	Additional resources ensure there is no breakdown in the collection of the waste and recycling service affecting the health and well being of residents.	65					65
Environment & Place Pressures Total			147	(48)	(151)	0	0	(52)

CDC 21/22 Pressures - Public Health and Wellbeing

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
GRW009	Existing	Healthy Place Shaping	(90)					(90)
GRW029	Existing	Spiceball Leisure Centre Contract Compensation	(330)					(330)
GRW028	Existing	Social Prescribing		(22)				(22)
GRW030	Existing	The Mill Arts Centre Trust – Operating Costs		(30)				(30)
GRW026	Existing	FAST programme – Wellbeing Service			(27)			(27)
Public Health and Wellbeing Pressures Total			(420)	(52)	(27)	0	0	(499)

CDC 21/22 Pressures - Corporate

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
SAV21100	New	Potential continuation of additional costs to compensate leisure for not being able to run at capacity due to Covid-19 restrictions.	700	(700)				0

Revenue Pressures

SAV2178	New	Review of Development Management Operational Budget with lower planning application and pre-application fees expected due to the impacts of Covid-19.	275	(275)				0
SAV2151	New	Castle Quay Shopping Centre is predicting a reduction in rental income due to the impacts of Covid-19.	1,603	(1,168)	(299)	165		301
UNAV2106	New	Redundancy and PFS Cont to be funded from reserves	250	(250)				0
UNAV2104	New	Audit Fee Increase.	10					10
UNAV2105	New	Housing and Growth Deal Contribution.	52		(52)			0
LCTS	New	LCTS Hardship Fund	159	(159)				0
Corporate Pressures Total			3,049	(2,552)	(351)	165	0	311

CDC 21/22 Pressures - Customers, Organisational Development & Resources

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
GRW044	Existing	Implementation of HR/Payroll System	(45)					(45)
GRW046	Existing	Implementation of HR/Payroll System	(8)					(8)
GRW047	Existing	Land Charges Modernisation	(20)					(20)
GRW042	Existing	Transitional Fund for CTRS	(10)					(10)
GRW011	Existing	Finance "Growing Our Own"		(12)				(12)
GRW045	Existing	HR Apprentice		(12)				(12)
UNAV2102	New	Increased contract costs due to loss of economies of scale following separation of CDC and South Northants Council.	70					70
UNAV2103	New	Net additional costs of HB Subsidy due to increasing caseload.	77					77
Customers, Organisational Development & Resources Pressures Total			64	(24)	0	0	0	40

Existing Pressures			(1,701)	(124)	(178)	0	0	(2,003)
New Pressures			4,425	(3,260)	(441)	370	12	1,106
Total Pressures			2,724	(3,384)	(619)	370	12	(897)

CDC 21/22 Capital Impact - Customers, Organisational Development & Resources

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
CAP001	Existing	Finance System Replacement	(70)	(18)				(88)
CAP004	Existing	Procurement of joint performance system with OCC	10					10
CAP025	Existing	Legacy Iworld System Migration	(12)	(2)				(14)
		Customers, Organisational Development & Resources Capital Impact Total	(72)	(20)	0	0	0	(92)

CDC 21/22 Capital Impact - Environment & Place

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
CAP031	Existing	Car Parking Action Plan Delivery	(30)	(15)	45			0
		Environment & Place Capital Impact Total	(30)	(15)	45	0	0	0

CDC 21/22 Pressures - Commercial Development Assets & Investments

Ref	Existing or New	Description	Total 2021/22 £000	Total 2022/23 £000	Total 2023/24 £000	Total 2024/25 £000	Total 2025/26 £000	Ongoing Impact £000
CAP006	Existing	Community Centre works		(7)				(7)
CAP2105	New	Bicester Dovecote - Structural Roof and Ancillary Works On a Listed Building	(3)					(3)
CAP2109	New	Flood Defence Works Hanwell Fields Community Centre		(1)				(1)
CAP2119	New	Enabling Agile Working	1					1
CAP2110	New	Structural Works to the Covered Pedestrian Bridge Linkway Connecting Banbury Museum to the Visitors' Centre in Castle Quay	(3)					(3)
		Commercial Development Assets & Investments Capital Impact Total	(5)	(8)	0	0	0	(13)

		Existing Capital Projects with Revenue Impact	(102)	(42)	45	0	0	(99)
		New Capital Projects with Revenue Impact	(5)	(1)	0	0	0	(6)
		Net Capital Impact	(107)	(43)	45	0	0	(105)

Appendix 15 – 2021/22 Capital Bids

Environment and Place

Reference	Project	Presentation Slides Description	Total Gross Project Cost (£000)	2021/22 (£000)
CAP2116	New Chargeable Garden & Food Waste	To implement chargeable garden waste collections and weekly food waste collections an investment in new additional vehicles and outdoor kitchen caddies is required. To move to weekly collection of food waste – nine vehicles of around 7.5 tonne size are required. Each vehicle is around 85-90k. In addition 70,000 kitchen caddies are required = one for each household. Most properties will already have an indoor caddy but undoubtedly many will have lost their indoor caddy. In total around 30,000 smaller caddies will be required.	1,200	1,200
CAP2117	Fairway Flats Upgrade	The proposal is to fully renovate the flats to provide warm and energy-efficient properties by upgrading the external building envelope including replacing the roof, improved external wall and cladding insulation and replacement of the external doors and windows. The open landing on the rear of the property, providing access to the first floor flats, will be enclosed to provide protection against the weather and further reduce heat loss. Internal works will include replacement of central heating boilers, kitchen and bathroom fittings, replacement internal doors together with new internal finishes and decorations.	384	140
	TOTAL		1,584	1,340

Customers, Organisational Development and Resources

Reference	Project	Presentation Slides Description	Total Gross Project Cost (£000)	2021/22 (£000)
CAP2114	Council Website and Digital Services	Enhancement of the Council's Website and Digital Services - which in the aftermath of COVID-19 will be Essential Services for the General Public. Working across CDC & OCC, this proposal will enable a digital technology shift to provide more efficient and integrated digital services to staff and customers, which will underpin recovery and enable more efficient collaborative working between CDC & OCC services.	250	250
CAP2115	IT Shared Services	The CDC IT Service is currently jointly funded with SNC. Separating SNC IT Service will increase the CDC operating revenue budget which is then unsustainable. Therefore, to achieve additional savings the service delivery will need to be remodelled. To address this shortfall and the budget savings target, savings will be achieved joining up the IT Service with OCC.	550	550
	TOTAL		800	800

Commercial Developments, Assets and Investments

Reference	Project	Presentation Slides Description	Total Gross Project Cost (£000)	2021/22 (£000)
CAP2102	Bicester East Community Centre	Development proposal on CDC land which has potential to generate significant capital profit and/or social benefit in enhanced community facilities and affordable housing provision	1,450	210
CAP2105	Bicester Dovecote	Essential statutory works to a Listed building to prevent a roof failure which could endanger life. Work would extend its lifetime by 30.	41	41
CAP2106	Thorpe Place Roof Works	Replacement of roofs formed of profile asbestos cement panels which are the landlord's responsibility to replace (i.e these works are a contractual obligation that cannot be avoided).	35	35
CAP2107	H&S Works to 3 Banbury Shopping Arcades	Works specified are necessary to extend the lives of the assets.	127	127
CAP2108	West Bicester Community Centre Car Park	Resurfacing works to retained land comprising car parking and circulation space are extensively used by members of the public and is necessary for Health and Safety reasons and, in particular, to avoid trip hazards.	35	35
CAP2109	Flood Defence Works Hanwell Fields Community Centre	Addressing persistent flooding which at times accesses community centre lift and electrical installations.	20	20
CAP2110	Banbury Museum Pedestrian Bridge	Works to prevent water penetration to the enclosed Museum pedestrian bridge where there is high public access and electrical installations.	78	78
CAP2111	Service Yard at Hart Place Bicester	The tarmac is nearing the end of its useful life and a comprehensive resurfacing is the better option than patch repairs. The expenditure should be recoverable from the tenants.	28	28
CAP2113	Retained Land	Comprehensive rebuilding of retained land to ensure safety of members of the public and extend the life of the assets for a further 30 years.	300	170
CAP2119	Enable Agile Working	The proposal is for the investment in upgraded IT equipment for the team to take advantage of the agile working capabilities of the case management system. An assessment is required to determine which equipment will provide the most benefit. It is likely that either tablets or larger screen Smartphones will be required, with supporting data connections.	15	15
TBC	Solar Panels at Castle Quay	To install 50kWp of solar PV on the existing site of Castle Quay using a non-penetrative ballast frame with a protective membrane, similar to the Franklins House install. The electricity would be wired into the communal areas of the shopping centre and paid via a Power Purchase Agreement (PPA), based on the price of the electricity bought via the centres supply agreement. This bid is in conjunction with Property	53	53
	TOTAL		2,182	812

**Cherwell District Council
Proposed Capital Programme - 2021/22**

Project Description	Year Approved	2020/21				2021/22				2021/22	2022/23	2023/24	2024/25	2025/26	Grand Total
		Re-profiled	New Projects	Total Approved	Total	Existing Capital Projects	New Bids	Adjustments	Total						
		£000	£000	£000	£000	£000	£000	£000	£000						
Bicester Leisure Centre Extension	2013/14	84		84	84					84					84
North Oxfordshire Academy Astroturf	2016/17	183		183	183					183					183
Solar Photovoltaics at Sports Centres	2012/13	43		43	43					43					43
Spiceball Leis Centre Bridge Resurfacing	2013/14	30		30	30					30					30
Public Health & Wellbeing Total		340	0	340	340	0	0	0	0	340	0	0	0	0	340
Disabled Facilities Grants	Annual	490		490	490					865	375				1,240
Discretionary Grants Domestic Properties	Annual			0	0					150	150	150	150	150	750
Adults & Housing Services Total		490	0	490	490	0	0	0	0	1,015	525	150	150	150	1,990
Bicester Country Park	2020/21	55		55	55					150	55				205
Car Park Refurbishments	2017/18	35		35	35					35					35
Car Parking Action Plan Delivery	2020/21	125		125	125					175					175
Commercial Waste Containers	2019/20			0	0					25	25	25			75
Depot fuel system renewal	2020/21	50		50	50					50					50
Horsefair Public Conveniences	2020/21			0	0					150					150
On Street Recycling Bins	2019/20	12		12	12					12					12
Street Scene Fencing, Street Furniture and Railings	2020/21			0	0					12	12	12	12		48
Thorpe Lane Depot capacity enhancement	2019/20	100		100	100					100					100
Vehicle Replacement Programme	Annual	304		304	304					846	664	1,102	1,316	926	5,158
Chargeable Garden & Food Waste	2021/22	0		0	0		1,200	1,200		1,200					1,200
Admiral Holland Redevelopment Project (phase 1b)	2015/16	61		61	61					61					61
Bicester Library (phase 1b)	2015/16	673		673	673					673					673
Creampot Crescent, Cropredy (phase 1b)	2015/16	6		6	6					6					6
Garden Town	2019/20	2,946		2,946	2,946					2,946					2,946
Creampot Crescent, Cropredy- repurchase contingency budget to satisfy lender	2020/21	350		350	350					350					350
East West Railways	2015/16	1,723		1,723	1,723			(1,703)	(1,703)	20	20	20	20	20	100
Fairway Flats Upgrade	2021/22			0	0		140	140		140	244				384
Environment & Place Total		6,440	0	6,440	6,440	0	(1,703)	815	0	7,255	1,020	1,159	1,348	946	11,728
Council Website and Digital Services	2021/22			0	0			250		250					250
IT Shared Services	2021/22			0	0			550		550					550
Customers Organisational Development and Resources Total		0	0	0	0	0	0	800	0	800	0	0	0	0	800
Bodicote House Fire Compliance Works	2019/20	141		141	141					141					141
Castle Quay 1	2017/18	2,771		2,771	2,771					2,771					2,771
Castle Quay 2	2017/18	9,240		9,240	9,240					9,240					9,240
Ferriston Roof Covering	2019/20	3		3	3					3					3
CDC Feasibility of utilisation of property space	2019/20	100		100	100					100					100
Corporate Asbestos Surveys	2019/20	100		100	100					100					100
Corporate Fire Risk Assessments	2019/20	60		60	60					60					60
Works From Compliance Surveys	2019/20	160		160	160					160					160
Bicester East Community Centre	2021/22			0	0			210		210	1,240				1,450
Bicester Dovecote	2021/22			0	0			41		41					41
Thorpe Place Roof Works	2021/22			0	0			35		35					35
H&S Works to Banbury Shopping Arcade	2021/22			0	0			127		127					127
West Bicester Community Centre Car Park	2021/22			0	0			35		35					35
Flood Defence Works Hanwell Fields Community Centre	2021/22			0	0			20		20					20
Enable Agile Working	2021/22			0	0			15		15					15
Banbury Museum Pedestrian Bridge	2021/22			0	0			78		78					78
Serice Yard at Hart Place Bicester	2021/22			0	0			28		28					28
Solar Panels at Castle Quay	2021/22			0	0			53		53					53
Retained Land	2021/22			0	0			170		170	130				300
Community Development Assets and Investment		12,575	0	12,575	12,575	0	0	812	0	13,387	1,370	0	0	0	14,757
Capital Total		19,845	0	19,845	19,845	1,703	2,952	(1,703)	2,952	22,797	2,915	1,309	1,498	1,096	29,615

Cherwell District Council

Capital and Investment Strategy 2021/22

A. Capital Strategy (Including Minimum Revenue Provision (MRP) Statement)

A1. Introduction

- A1.1 The Prudential Code for Capital Finance sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Strategy must be approved by full Council.
- A1.2 The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved. This strategy should be read alongside and in conjunction with the Treasury Management Strategy and the Investment Strategy.

A2. Capital Expenditure and Financing

- A2.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year¹. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year. In 2021/22, the Council is planning capital expenditure of £36.2m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Services	16.3	15.0	11.0	0	0
Capital investments	25.5	64.7	22.8	2.9	1.3
TOTAL	41.8	81.2	33.8	2.9	1.3

- A2.2 The main capital projects across the period include the Build! Programme, Castle Quay 1 and 2 and the Bretch Hill Reservoir Phase 2.

Governance

¹ For details of the Council's policy on capitalisation, see Financial Regulations

- A2.3 Capital project bids linked to corporate or service priorities plus essential need are brought forward by Service Managers as part of the Budget & Business Planning process. These are considered by the senior officer leadership team, both in terms of priority and affordability. The Finance team undertake a calculation of the financing cost of proposals and recommend the level of investment based on affordability. Projects proposed to be included in the Council's capital programme are then considered and appraised by the Budget Planning Committee and provide comments to the Executive on the proposals. The Executive then, taking into consideration any comments propose which schemes to include in the Capital Programme ahead of the final capital programme being proposed to Council in February each year.
- A2.4 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
External sources	3.4	0.8	1.0	1.0	1.0
Own resources	4.0	1.9	4.0	6.0	23.0
Debt	34.4	78.5	28.8	(4.1)	(22.7)
TOTAL	41.8	81.2	33.8	2.9	1.3

- A2.5 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is, therefore, replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). In addition, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Own resources	4.0	1.9	4.0	6.0	23.0

The Council's minimum revenue provision (MRP) statement is included at Appendix A below.

- A2.6 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £29.2m during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
TOTAL CFR	178.7	255.2	282.0	274.1	247.7

Asset management

A2.7 To ensure that capital assets continue to be of long-term use, the Council has a property management strategy in place. This is a multi-level approach structured as follows:

- At a tenancy level the Comprehensive Asset Register (a database of key lease events) is being updated and used to identify forthcoming lease events such as expiries, rent reviews and breaks. These are allocated to specific asset managers to progress whose work schedules are reviewed periodically.
- At a property level this can comprise the preparation of asset specific management plans which are then subject to periodic review and updating. This process is ongoing and informs the portfolio strategy as a whole.
- At a portfolio level the make-up of the portfolio is considered annually in terms of its sector weighting and suitability to meet the Council's longer-term objectives of providing a secure risk weighted income stream. One such review is ongoing.

Asset disposals

A2.8 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. In addition, there are currently no plans to utilise capital receipts on services transformation projects for 2020/21 and 2021/22. Receipts from capital grants, loan repayments and investments also generate capital receipts.

A3 Treasury Management

A3.1 Treasury management is concerned with the management of the local authority'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.

Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council typically has surplus cash in the short-term as revenue income is received before it is spent, but insufficient cash in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing. At 30 September 2020 the Council had borrowings of £152m at an average interest rate of 1.43%, and £15.4m of investments at an average interest rate of 0.47%. The borrowing position is reported regularly to Accounts, Audit & Risk Committee as part of the Treasury Management Reports.

Borrowing strategy

- A3.2 The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. This objective often conflicts, and the Council therefore seeks to strike a balance between lower cost short-term loans (currently available at around 0.75% to 1.0%) and long-term fixed rate loans where the future cost is known, but higher cost (currently 2.5% to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see above).

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31 March 2020 actual	31 March 2021 forecast	31 March 2022 budget	31 March 2023 budget	31 March 2024 budget
Debt (incl. leases)	141.0	219.5	248.3	192.5	188.5
Capital Financing Requirement	178.7	255.2	284.4	275.0	247.3

- A3.3 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5 above the Council expects to comply with this in the medium term.

Affordable borrowing limit

- A3.4 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Operational boundary and Authorised limit for external debt in £m

	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Operational boundary total external debt	215	270	270	270
Authorised limit total external debt	240	300	300	300

Further details on treasury investments can be found in the treasury management strategy.

A4. Commercial Activities

A4.1 To drive leadership of place within Cherwell, stimulate growth, pursue economic regeneration and helping to return confidence to the local economy through investment and facilitating inward investment, the Council invests in commercial property which may also provide some financial gain. Total commercial investments are currently (31 March 2020) valued at £62m with the largest being Castle Quay.

A4.2 From a financial perspective, the Council recognises that commercial investments can be higher risk than treasury investments. The principal risk exposures are listed below together with an outline of how those risks are managed:

Illiquidity:	<p>The Council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:</p> <ul style="list-style-type: none"> a) The council invests across a range of sectors. Illiquidity is to an extent fluid and at any given time varies across sectors. This allows the Council the opportunity to effect sales, if required, in the more liquid sectors. b) The Council's assets are likewise diversified in terms of lot size and market sector. This affords the Council the ability to access a range of purchaser types e.g. small local investors, listed property companies or institutions. c) The Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e. if sold they could be suitable for debt backed investors. d) The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.
Tenant default:	<p>The Council's portfolio includes both large national concerns and small local businesses (mainly retail or industrial type tenants). Tenant default risk is managed in two ways:</p> <ul style="list-style-type: none"> a) Tenants are vetted when entering the portfolio either as new tenants when property is let or as replacement tenants when existing tenants assign their leases. It has to be acknowledged that there is less control when a tenant applies for consent to assign, though guarantees may be sought. b) Risk is managed by diversification as only a small proportion of tenants will fail in any given year. c) A commercial risk earmarked reserve is held to meet any shortfall in income which may arise in year due to default.

Obsolescence:	<p>A significant proportion of the Council's portfolio comprises industrial / warehouse buildings and simple retail assets which have relatively low obsolescence compared to industrial premises where there are substantial amounts of plant and machinery. Where the Council has offices a sinking / replacement fund is put in place with annual sums collected from tenants to put towards high cost items such as the replacement of lifts or air conditioning. An example of this is the Banbury Health Centre which has a renewals fund set at £10,000 per annum. In other leases the Council will try to negotiate terms which allow for the replacement of obsolete plant when it is beyond economic repair.</p> <p>Where matters of Council policy override commercial concerns, the Council's portfolio is more vulnerable. For example, at Banbury Museum, the Council may be responsible for significant capital outlay on plant and machinery as it nears the end of its useful economic life.</p>
Capital expenditure	<p>Please see above but also note that the Council aims to let space on Full Repairing terms which makes the tenant either explicitly responsible for maintaining the asset or allows CDC to recover the cost of repairs through the service charge provisions of the relevant lease.</p>
Market risk:	<p>Two key market risks are falling rents in response to declining economic conditions and extended marketing voids when leases end or tenants fail. These risks are mitigated in three main ways:</p> <ol style="list-style-type: none"> 1. Lease lengths should be 3 – 5 yrs + which obviates most market risks during the period of the tenancy. 2. Rents are reviewed on a regular basis to maximise the income generated. 3. Tenant failure – see above under Tenant Default, re: vetting and diversification policies plus earmarked reserves held. <p>An additional risk is over-exposure to town centre retailing as the portfolio's largest assets are Castle Quay Shopping Centre in Banbury and Pioneer Square in Bicester. These are both strategic investments and in respect of Castle Quay, the Council relies on external advisors, particularly Montague Evans, to identify and manage both upside and downside risks.</p>
Returns eroded by inflation:	<p>All investment assets incorporate periodic rent reviews which provide a hedge against inflation. Property is generally accepted as performing better than fixed income assets in times of inflation.</p>
Rising interest rates:	<p>The portfolio is ungeared and therefore un-mortgaged.</p>

Governance

- A4.3 Decisions on commercial investments are made by Members and Statutory Officers in line with the criteria and limits approved by Council in the Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on commercial investments and limits on their use can be found in the Investment Strategy.

- A4.4 The Council also has commercial activities in trading companies, exposing it to normal commercial risks. These risks are managed by the governance structure in place. The Shareholder Committee is regularly informed of the progress of each company. The Shareholder meets with the directors both formally and informally to ensure there is a consistent dialog between the companies and the council.

A5. Revenue Budget Implications

- A5.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general Government grants.

Table 7: Prudential Indicator: Proportion of financing costs to net revenue stream

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Net Financing costs/(Income)(£m)	(£0.6m)	(£0.1m)	(£2.7m)	(£1.2m)	(£1.1m)
Proportion of net revenue stream	(3%)	(0%)	(11%)	(7%)	(7%)

Further details on the revenue implications of capital expenditure are in the 2021/22 revenue budget.

Sustainability

- A5.2 Due to the very long-term nature of capital financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future, which aligns with the attached MRP Statement. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

A6. Knowledge and Skills

- A6.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with many years' experience, the Assistant Director of Property and Investments is a chartered surveyor with over twenty years' experience of asset management and commercial

property investment. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and RICS.

A6.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, and a range of the current property advisors is as follows:

- Banbury based surveyors White Commercial and Bankier Sloane provide advice on the local property market, and assistance with new lettings, lease renewals, smaller valuations and rent reviews.
- Where specialist advice is required, the Council will ask for competitive quotes.
- Montague Evans supply asset management and facilities management in respect of Castle Quay.
- GVA Grimley also supply specialist accounting services in respect of Castle Quay.
- Montague Evans and Colliers both provide property valuation services
- BWD and Jackson Criss assist with Castle Quay lettings
- Gardiner Theobald provide project management, QS, CDM and Design services on Castle Quay
- Broomfield Property Ltd and Prime Project Management Ltd provide services relating to Castle Quay

This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Appendix A – Minimum Revenue Provision (MRP) Statement

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The Council is required by statute to charge an amount of MRP to the General Fund Revenue account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council tax payers.
2. Legislation requires local authorities to draw up a statement of their policy on the annual MRP, for full approval by Council before the start of the financial year to which the provision will relate.
3. The Council is recommended therefore to approve the following statement:
 - For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
 - For capital expenditure loans to third parties that are repaid in instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts

arising from principal repayments to reduce the capital financing requirement instead.

4. Capital expenditure incurred during 2021//22 will not be subject to an MRP charge until 2022/23.

B. Investment Strategy 2021/22

B1. Introduction

B1.1 The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

B1.2 The investment strategy was a new report introduced for 2019/20, meeting the requirements of statutory guidance issued by the Government in January 2018, and focuses on the second and third of these categories.

B2. Treasury Management Investments

B2.1 The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to be an average of £15m during the 2021/22 financial year.

Contribution

B2.2 The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details

B2.3 Full details of the Council's policies and its plan for 2021/22 for treasury management investments are covered in a separate document, the treasury management strategy

B3. Service Investments: Loans

Contribution

B3.1 The Council lends money to its subsidiaries, local parishes, the local Business Improvement District, and local charities to support local public services and stimulate local economic growth. The main loans issued are to the council's

subsidiaries – the Graven Hill Village companies and Crown House Banbury Ltd. Graven Hill is an ambitious self-build housing development providing significant housing in Bicester. Crown House is a redeveloped derelict office building in the centre of Banbury which is providing significant rental opportunities in the town centre while removing an eyesore.

Security

- B3.2 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Wherever possible the Council seeks to secure service loans on assets, for example property. In order to further limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2020 actual			2021/22
	Balance*	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	59.088	(0.728)	58.360	83.288
Local charities	1.186	(0.050)	1.136	1.150
Local Business	0.020	0	0.020	0.050
Parishes	0.077	0	0.077	0.100
TOTAL	60.371	(0.778)	59.593	84.588

* including accrued interest

- B3.3 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2018/19 onwards are shown net of this loss allowance. The Council, however, makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment

- B3.4 The Council assesses the risk of loss before entering into and whilst holding service loans by approaching each loan request individually. The bulk of the council's loans are to its subsidiaries. When the council considers whether or not to create or acquire a subsidiary a full business case is prepared which sets out the optimal financing of the company. This will include an assessment of the market in which it will be competing, the nature and level of competition, how that market may evolve over time, exit strategy and any ongoing investment requirements. External advisors are used where appropriate to complement officer expertise and second opinions from alternate advisors is sought in order to monitor and maintain the quality of advice provided by external advisors.
- B3.5 Other service loans are evaluated against a set of criteria designed to demonstrate:
- Evidence of project objectives and needs analysis is provided

- The loan must have a demonstrable community impact
- The loan would provide up to 50% of the whole project cost
- Such a loan can only be applied for by constituted voluntary organisations with their own bank account; Town or Parish councils; charitable organisations
- The loan cannot be applied retrospectively
- The applicant has provided evidence of its financial stability and of its ability to manage the proposed scheme.
- Appropriate checks have been carried out on the owners of the organisations to be satisfied as to their integrity and to avoid any potential embarrassment to the Council.
- The applicant has demonstrated that the proposed scheme has been developed following good practice in terms of planning, procurement and financial appraisal.
- The applicant has provided evidence the affordability of their proposed scheme and the loan repayments
- That the project furthers the council's priorities as reflected in its Business Plan

B4. Service Investments: Shares

Contribution

- B4.1 The council invests in the shares of its subsidiaries to support local public services and stimulate local economic and housing growth. The council currently holds shares in Graven Hill Holding Company Ltd and Crown House Banbury Ltd.

Security

- B4.2 One of the risks of investing in shares is that they can fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2020 actual			2021/22
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	29.053	0	29.053	38.823
TOTAL	29.053	0	29.053	38.823

Risk assessment

- B4.3 The Council assesses the risk of loss before entering into and whilst holding shares by maintaining close links with the Boards of Directors of the companies through an established Shareholder Committee. Risk is assessed as above in Service Loans.

Liquidity

- B4.4 The maximum periods for which funds may prudently be committed are assessed on a project by project basis. The decision will balance both the long-term viability of the subsidiary and the revenue and capital requirements of the Council.

Non-specified Investments

- B4.5 Shares are the only investment type that the council has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

B5. Commercial Investments: Property

Contribution

- B5.1 The Council invests in local commercial and residential property with the intention of making a profit that will be spent on local public services. The portfolio comprises a cross-section of retail, office and industrial assets together with a health centre. The four largest investments are as follows:

- Castle Quay, Banbury; a covered shopping centre and development site
- Pioneer Square, Bicester; a modern retail parade of shops
- Franklins House, Bicester; a mixed-use complex comprising offices, hotel, business centre and public library
- Tramway Industrial Estate

- B5.2 These assets contribute an aggregate £5.1m gross income to the council's revenue budget. They are all town centre properties and afford the Council an opportunity to influence the amenity and environment of its two principal strategic centres. Castle Quay will, in particular, allow the development of a new leisure orientated focal point to help revitalise Banbury town centre.

The component parts of the entire investment portfolio are described below:

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2020 Actual			31.3.2021 Expected	31.3.2022 Expected
	Purchase Cost	Net Book Value in accounts 31.3.2019	Expenditure, Gains or (losses)	Net Book Value in accounts 31.3.2020	Net Book Value in accounts	Net Book Value in accounts
Castle Quay Shopping Centre	63.485	42.425	(9.425)	33.000	33.000	40.812
Castle Quay Waterfront	0.000	0.000	0.000	0.000	0.000	72.482
Pioneer Square	8.164	8.053	(0.693)	7.360	7.360	7.360
Tramway Industrial Estate	9.618	9.220	0.030	9.250	9.250	9.250
Other properties valued under £5m	13.092	12.542	(0.545)	11.997	11.997	11.997
TOTAL	94.359	72.240	(10.633)	61.607	61.607	141.901

Security

B5.3 In accordance with Government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment

B5.4 The Council assesses the risk of loss before entering into and whilst holding property investments by cash flow modelling the income and expenditure profile of each investment and interrogating that model across a range of scenarios to test the robustness of the investment. The modelling exercise is informed by the likelihood of tenant default and the chances that individual units will become empty during the hold period.

B5.5 The property investment market is dynamic, and we are kept abreast of developments by frequent communication and established relationships with local and national agents, supplemented by in-house investigations and reading of published research. The market is, at present, competitive in most asset sectors and our focus is on assets that are local, strategic and meet our investment return criteria. We are mindful of the Council's need for reliable future income streams and occupational demand is fundamental to our appraisals as longer let assets tend not to generate sufficiently attractive returns.

- B5.6 In all acquisitions we take external advice from acknowledged experts in the field and sense-check their input against our in-house knowledge, experience and expertise. The advice sourced covers market value but also, given the purpose of the investment, letting risk, marketability and occupational demand, and likely expenditure over the hold period.
- B5.7 The Council uses a number of local and national advisors and cross reference their views periodically. There is no single party who expects to be instructed by the Council without competition.
- B5.8 Credit ratings are used on acquisitions, new lettings and when tenants request consent to assign their leases. The Council uses D&B ratings and also study published accounts.

Credit ratings have not historically been used to monitor existing tenants but this will be introduced for our largest tenants this year.

- B5.9 A number of other strategies are used to mitigate risk:
- Tenant rent payment histories are analysed on any acquisition.
 - Tenant rent payment patterns and arrears are examined in the existing portfolio.
 - Introducing agents advise the council throughout the acquisition process and their advice includes market commentary at a national and a local level and commentary on perceived risks to the investment.
 - In tandem with the above every acquisition is subject to a third-party valuation by national surveyors who are independent i.e. not acting for the council or the vendor on the acquisition.

Liquidity

- B5.10 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:
- The Council invests across a range of sectors. Illiquidity is, to an extent, fluid and at any given time varies across sectors. This allows the Council the opportunity to effect sales, if required, in the more liquid sectors.
 - The Council's assets are, likewise, diversified in terms of lot size. This affords the Council the ability to access a range of purchaser types e.g. small local investors, listed property companies or institutions.
 - The Council does not invest in high risk assets which can be the most illiquid of all.
 - The Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e. if sold they could be suitable for debt backed investors.
 - The Council does not invest in specialist properties, where the market tends to be most illiquid.
 - The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.

B6. Loan Commitments and Financial Guarantees

- B6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the council and are included here for completeness.

The council has contractually committed to the following loan amounts which have yet to be drawn upon (as at 31/3/20):

Table 4: Loan Commitments and Guarantees

Borrower	Purpose	£m Contractually Available
Crown House Banbury Ltd	Redevelopment of town centre building into housing	0.2
Graven Hill Village Development Company Ltd	Revolving Credit Facility available to the council's subsidiary until 2026	13.0
Graven Hill Village Development Company Ltd	Facility Agreement that has been in place since 2014 to deliver the project.	15.4
Graven Hill Village Development Company Ltd	Loan Note instruments to enable the company to deliver its objectives	6.1
TOTAL		34.7

The Council has also issued a performance bond of £22 million to Oxfordshire County Council (OCC) on behalf of Graven Hill Village Development Company Ltd in respect of Graven Hill's obligations to OCC under s106 agreements.

The Council has been asked to act as Guarantor for deposits payable to Graven Hill as part of commercial deals on employment land. The purpose of the guarantee is to cover the full sum of any guaranteed **deposit** in the event that:

- the agreed deal falls through (this could be due to a number of reasons, e.g. Graven Hill pulls out of the deal; vacant possession is unable to be achieved; necessary planning requirements are not secured etc.)

and

- Graven Hill is unable to return the deposit itself

Whilst such guarantees between commercial company groups are relatively common, and have been used by Graven Hill before, the COVID-19 pandemic has increased the caution with which prospective developers are approaching potential deals.

B7. Capacity, Skills and Culture

Elected members and statutory officers

- B7.1 The majority of senior statutory officers are qualified to degree level and have appropriate professional qualifications. Their shared business experience encompasses both the public and private sectors and the three most senior Property & Investment team members have on average 20+ years commercial experience.

Training and guidance are provided to support members in delivering their roles and support effective decision making.

Commercial Investments

- B7.2 Negotiations are either undertaken directly by Assistant Directors or at a senior level with Assistant Director direct involvement and oversight, alongside input from Directors and Lead Members where required. Assistant Directors are aware of the regulatory regime and convey that to all junior staff.

Corporate governance

- B7.3 There are appropriate corporate governance measures in place which comprise end to end decision making procedures. These include risk assessments within the organisation; presentation to relevant committees including Members, statutory officers' approvals and relevant project boards. The annual Corporate Investment Strategy provides the reference point against which investment decisions are undertaken.

B8. Investment Indicators

- B8.1 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure

- B8.2 The first indicator shows the council's total exposure to potential investment losses. This includes amounts the council is contractually committed to lend but have yet to be drawn down and guarantees the council has issued. This does not include the value of any assets secured against the loans which mitigate losses in the event of default.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	22.0	15.0	15.0
Service investments: Loans	60.4	66.6	77.6
Service investments: Shares	29.1	33.1	33.1
Commercial investments: Property	61.6	61.6	141.9

TOTAL INVESTMENTS	173.1	176.3	267.6
Deposit Guarantees	0.8	5.0	5.0
Commitments to lend	34.7	28.7	17.7
TOTAL EXPOSURE	208.6	210.0	290.3

How investments are funded

B8.3 Government guidance is that these indicators should include how investments are funded. The Council's investments are funded by usable reserves, income received in advance of expenditure and borrowing.

Rate of return received

B8.4 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	0.69%	0.30%	0.09%
Service investments: Loans	1.5% - 12%	1.5% - 12%	1.5% - 12%
Commercial investments: Property	Variable	Variable	Variable

Cherwell District Council

Treasury Management Strategy Statement 2021-22

Introduction

Treasury management is the management of the council's cash flows, borrowing and investments, and the associated risks. The council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the council's prudent financial management.

Treasury risk management at the council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the council to approve a treasury management strategy before the start of each financial year. This report fulfils the council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service or commercial purposes are considered in the Investment Strategy. This strategy should also be read in conjunction with the Capital Strategy.

The latest economic background, credit outlook and interest rate forecast provided by Arlingclose is attached at the end of this report. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.09%, and that new loans will be borrowed at an average rate of 0.77%.

Local Context

On 30 September 2020, the council held £152m of borrowing and £15.4m of investments. This is set out in further detail below:

	30.9.20 Actual Portfolio £m	30.9.20 Average Rate %
External borrowing:		
Public Works Loan Board	75.0	1.76%
Local authorities	77.0	1.10%
Total gross external debt	152.0	1.43%
Treasury Investments:		
Banks & building societies (unsecured)	0.1	0.01%
UK Government	0	-
Local Authorities	8.0	0.88%
Money Market Funds	7.3	0.03%
Total treasury investments	15.4	0.47%
Net debt	136.6	

Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	178.7	255.2	282.0	274.1	247.7
Less: External borrowing **	(141.0)	(179.0)	(75.0)	(75.0)	(75.0)
Internal/(over) borrowing	37.7	76.2	207.0	199.1	172.7
Less: Usable reserves	(28.6)	(28.6)	(28.6)	(28.6)	(28.6)
Less: Working capital	(33.0)	(33.0)	(33.0)	(33.0)	(33.0)
Investments/(New) borrowing required)	23.9	(14.6)	(145.4)	(137.5)	(111.1)

** shows only loans to which the council is currently committed. Therefore 'New Borrowing includes some refinancing of existing debt

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The council has an increasing CFR due to the capital programme, but minimal investments and may therefore be required to borrow up to a total of £220.4m over the forecast period (£75m plus £145.4m in 2021/22 from the table above).

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2020/21.

Borrowing Strategy

The council currently (30/9/20) holds £152 million of loans, an increase of £9 million on the previous year end, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to borrow up to a total of £220.4 million in 2021/22. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £300 million, which has been assessed and stated in the Capital Strategy.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

Strategy: The Council's borrowing strategy is to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. A balance is therefore sought between short-term borrowing, using internal resources and securing affordable long-term borrowing to mitigate future interest rate risk.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. External advisors, Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows

additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has raised the majority of its long-term borrowing from the PWLB, which provides accessible and affordable borrowing options. The council may also look to borrow any long-term loans from other sources as set out below.

Alternatively, the Council may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK private and public sector pension funds (except Oxfordshire County Council Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Forecast of borrowing rates: It is expected that the Bank Rate will remain at 0.10% during 2021/22. PWLB borrowing rates are forecast to be between 0.80 – 1.55% in the short to medium term, therefore the “cost of carry¹” associated with the long-term borrowing compared to temporary investment returns will be significantly reduced compared to previous years.

The main sources of borrowing for the Council are the PWLB and other UK local authorities. The borrowing rate from the PWLB is directly linked to UK Government Gilt yield. There are two rates offered by the PWLB which the Council has access to; the standard rate and the certainty rate, which are 100, and 80 basis points over gilts, respectively.

The Council will apply to qualify for the certainty rate each year.

¹ The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Our advisors, Arlingclose, have forecast gilt yields and borrowing rates over the medium term to be as follows:

Duration	Gilt Yield %	PWLB Certainty Rate %
50 year	0.60 – 0.75	1.40 – 1.55
20 year	0.70 – 0.85	1.50 – 1.65
10 year	0.30 – 0.55	1.10 – 1.35
5 year	0.00 – 0.25	0.80 – 1.05

Borrowing from Local Authorities comprises approximately 49% of our current loans and are readily available for short durations (1 month – 2 years) at lower rates than PWLB, although these do carry the risk of interest rate rises when refinancing.

For the purpose of setting the budget, it has been assumed that new loans will be borrowed at an average rate of 0.77%, using a combination of PWLB (10% of required borrowing at 1.5%) and local authority loans (90% of new borrowing at 0.7%). The overall forecast loans rate for 2021/22 using existing long-term borrowing and new loans is 1.16%.

Investment Strategy

The Council currently (30/9/20) holds invested funds of £15.4m representing income received in advance of expenditure plus balances and reserves held. In the past 6 months (April – September 2020), the council's investment balance has ranged between £13.5 million and £58.8 million. Levels in the forthcoming year are expected to be generally lower, ranging between £10m and £25m, but may vary for short periods due to cashflow needs and borrowing opportunities.

Treasury management investments in £millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Short-term investments	22	15	15	15	15
Longer-term investments	0	0	0	0	0
TOTAL	22	15	15	15	15

Objectives: The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: There is a chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment

options. This situation already exists in many other European countries. In this event, the council would divest from any negative yielding instant access deposits and switch to a series of short term inter local authority deposits, whilst inter local authority returns remain above, or at zero.

Strategy: Given the increasing risk and low returns from short-term unsecured bank investments, the Council would aspire to diversify into more secure and/or higher yielding asset classes. However, given the low level of funds available for longer-term investment and the high liquidity requirements, the Council's surplus cash is likely to remain invested in short-term bank deposits and call accounts, money market funds, and deposits with the UK Government and other local authorities.

Forecast of interest rates: Our advisors, Arlingclose is forecasting that the BoE Bank Rate will remain at 0.10% until at least the end of 2023. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero. Taking into account the advice from Arlingclose, market implications and the current economic outlook, it has been assumed that new treasury investments for 2021/22 will be made at an average rate of 0.09%,

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3m 5 years	£3m 20 years	£5m 50 years	£3m 20 years	£3m 20 years
AA+	£3m 5 years	£3m 10 years	£5m 25 years	£3m 10 years	£3m 10 years
AA	£3 m 4 years	£3m 5 years	£5m 15 years	£3m 5 years	£3m 10 years
AA-	£3m 3 years	£3m 4 years	£5m 10 years	£3m 4 years	£3m 10 years
A+	£3m 2 years	£3m 3 years	£5m 5 years	£3m 3 years	£3m 5 years
A	£3m 13 months	£3m 2 years	£5m 5 years	£3m 2 years	£3m 5 years
A-	£3m 6 months	£3m 13 months	£5m 5 years	£3m 13 months	£3m 5 years
None	None	None	£5m 2 years	None	None
Pooled funds		£5m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the council's investment objectives will be monitored regularly.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £50,000 per bank wherever possible e.g. except for overnight balances where funds are received during the day and it is too late to transfer to another counterparty. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria. In addition to Arlingclose ratings and advice, the council maintains an internal counterparty 'Watch List' based on intelligence from a variety of other sources available to officers.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits: In order that the council's revenue reserves available to cover investment losses are not put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager

Negotiable instruments held in a broker's nominee account	£3m per broker
Foreign countries	£5m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£5m in total
Money market funds	£15m in total
Real estate investment trusts	£5m in total

Liquidity management: The council uses in-house cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the council's medium-term financial plan and cash flow forecast.

Governance

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the treasury management strategy approved by Council. Reports on treasury management activity are presented to the Accounts, Audit & Risk Committee. The Accounts, Audit & Risk Committee is responsible for scrutinising treasury management decisions.

Treasury Management Indicators

The council measures and manages its exposures to treasury management risks using the following indicators.

Interest rate exposures: This indicator is set to control the council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or a 0.75% fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£600,000
Upper limit on one-year revenue impact of a 0.1% <u>fall</u> in interest rates	£450,000

As interest rates are at 0.1%, the impact of a potential fall has been capped at 0%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	80%	10%
12 months and within 24 months	80%	0%
24 months and within 5 years	80%	0%
5 years and within 10 years	80%	0%
10 years and above	80%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits as shown above provide the scope to accommodate new loan(s) in the most appropriate maturity band at the time of borrowing

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£5m	£5m	£5m

Related Matters

The CIPFA Code requires the council to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive (MiFID II): The council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the council's treasury management activities, the Executive Director of Finance believes this to be the most appropriate status.

Financial Implications

The budget for treasury investment income in 2021/22 is £13k, based on an average investment portfolio of £15 million at an average interest rate of 0.09%.

The budget for debt interest payable in 2021/22 is £2.235 million, based on an average debt portfolio of £192 million at an average interest rate of 1.16%.

If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Economic Commentary and Interest Rate Forecast – Arlingclose - January 2021

External Context

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2020**Underlying assumptions:**

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Artingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r.													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Artingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Artingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Cherwell District Council

Property Investment Strategy

Assistant Director Property Investment and Contract Management

1 Introduction

- 1.1 This strategy document in line with the CDC Property Management Strategy sets out the investments the Council holds and the underlying principles supporting those investments and the decision-making process for investing in property to enhance the Council's financial resilience and safeguard services. It places the Council's investments into the context of its overall financial position, outlines the contributions that the different investments will make to service delivery and gives an indication of the performance of those investments.
- 1.2 This policy sets out Cherwell District Council (CDC) property acquisition investment objectives for the year 2021/22. It also sets out the criteria that will be applied prior to either recommending an investment purchase or recommending substantial investment in an existing asset to the Investment Committee.
- 1.3 The policy draws a distinction between:
- Investment Property where the principal advantage of ownership is the rental return a property generates
 - Regeneration Property where the principle objective of investment is to catalyse the regeneration of an area or halt further decline and
 - Operational Property where the rationale for ownership / capital investment is CDC's own occupation to facilitate the more effective delivery of council services.
- 1.4 The policy will outline in overview the governance structures that will set the framework for decision making (although each investment is assessed on its merits) and also some high-level background on the current investment climate.
- 1.5 It is intended that the investment strategy is reviewed annually. For the year 2021/22 there will be a presumption against the acquisition of additional Investment Properties and likewise for Operational Properties save where without the newly acquired asset CDC will be unable to deliver core council services within a three-year timeframe. An example of this would be the acquisition of an alternative depot facility in Bicester to replace Highfield Depot. However, there is no funding allocated neither in the capital budget, nor in the revenue budget for borrowing costs in 2021/22 for such acquisition.
- 1.6 The embedded strategy within the plan is a Plan-Do-Review approach via annual reviews and analysis of the portfolio performance to generate revised Action Plans, Risk Management Strategies and Performance Targets.

2 Policy Details

2.1 Overview of Investments

The Council holds a number of different income-generating investments which can be classified into three main categories:

- Investments held for treasury management purposes (e.g. investment in short-term bank deposits and call accounts, money market funds, and deposits with the UK Government and other Local Authorities)
- Loans to subsidiaries such as Graven Hill Village Development Company Ltd
- Alternative investments: tangible assets such as real estate or asset backed loans.

This document is exclusively focusing on the Council's Alternative / Real Estate investments.

2.2 Alternative Investments

2.2.1 All commercial property investments the Council holds and makes are categorised as Alternative Investments.

2.2.2 The Council has a portfolio of investment properties. These are properties which are held principally for the rental income they generate. They are not intended to be used to deliver services although at times they are occupied by Council Departments, such as Environmental Services at Thorpe Place, an investment property located close to CDC's Banbury Depot or the Customer Services' Link Point in Franklins House in Bicester. The income they generate helps fund the Council's service delivery objectives and its Corporate Priorities. The properties in the portfolio can be split into two groups, those that have been:

- owned by the Council for many years e.g. district centres; or
- purchased more recently by the Council as part of its continued investment programme and with regeneration objectives e.g. Tramway Industrial Estate, Castle Quay Shopping Centre and Castle Quay Waterside

2.3 Contribution to Service Delivery Objectives

2.3.1 All investments the Council holds should contribute in some way to the Council's service delivery objectives and help to achieve the Council's corporate objectives and priorities as defined in its Corporate Plan.

2.3.2 The contribution of the Council's investments to these objectives will not always be immediately evident but the income they generate supports services across the Council. Whilst it is not possible to draw a straight line from commercial rental income to the Council's service outcomes it is clear that their contribution each year towards the Council budget (£5.3m in pre-Covid period) is substantial.

2.3.3 Nor is the contribution of commercial property investment always purely financial. Whilst property returns can generally be described in terms of yield and profit this does not always tell the whole story and targeted investment can support the following Council objectives.

- Thriving local economy

Targeted investment can support the Council's economic development ambitions such as supporting the districts town centres, local businesses and jobs. An example of this is CDC's investment in Castle Quay Shopping Centre.

- Economic benefit or business rate growth

The investment has assisted in creating new opportunities for local businesses or has increased the Council's business rates base. These investments will generally be linked to projects or developments promoted by the Local Plan, such as Castle Quay Waterfront, or historically Pioneer Square and Franklin's House in Bicester. However, the benefit of business rates growth would only be retained for a time limited period.

- Respond to local market failure

There may be instances where the Council needs to step in and invest in a development or other entity within the District where, without Council support, the impact on the local economy would be detrimental. Examples of this include our ongoing capital investment in community assets such as Community Halls or more entrepreneurially, the provision of 52 apartments for rent in Crown House, Banbury.

- Regeneration

The investment will help (or has helped) to drive regeneration. There will generally be a link to the Local Plan when this type of investment occurs. E.g.: Tramway Industrial Estate, Castle Quay Waterfront, or indirect investments such as Crown House or Graven Hill (loans to subsidiaries).

- Better Use of Assets

The Council own land and buildings with embedded (re)development potential and these which include car parks, retained land and council occupied assets have historically been under-appreciated. Value can be realised either through a sale of these assets or it can be maximised by direct development and we have this expertise and can build upon it (Castle Quay Waterfront, Crown House, Build!, Bicester Eco Centre).

It is possible for individual investments to meet more than one objective.

2.3.4 However, whilst the Council would like to invest in all of these categories to drive better outcomes for the residents of Cherwell, in practice suitable opportunities are few and far between. With the probable exception of using Council assets for principally residential development investment in regeneration projects or addressing market failure is risky and carries with it an inherent risk of capital loss.

2.4 Investment philosophy

2.4.1 The Property Team have established a set of criteria which are designed to allow the Council to systematically assess risk and consider the likely future performance of the Council's investments. These are summarised in Annex 1.

- 2.4.2 Security of capital is the underlying objective of all financial investments made by the Council. This means that the safety of the Council's money is the main criteria considered when deciding whether to make an investment.
- 2.4.3 The yield (or return on investment) is only considered once the appropriate level of security of capital has been determined and satisfactorily met by the proposed investment. However, it is possible for the relative balance between these principles to differ depending on the nature and objectives of the individual investment being made, particularly where regeneration or social factors are prominent drivers of a particular project. It is imperative that the downside financial risks of any such project are appreciated and balanced against the targeted regeneration or social upsides. This balancing of financial risk and non-financial reward is not an exercise that the Property team can undertake in isolation. Quantifying the value of environmental and social good outcomes, possibly at the prejudice of income security / risk and returns, is an exercise that the Property Team can only undertake by working closely with other service teams.

2.5 Market Outlook

- 2.5.1 The impact the Covid crisis is having on the UK economy is significant and there is little to be gained from rehearsing its evolving consequences in this policy. We are however clearly living through a period of tremendous social and economic turbulence and whilst attempts to quantify Covid-19's long term effects remain uncertain; few would argue that national prosperity and confidence have been severely damaged.
- 2.5.2 With the exception of one or two important sub-sectors (distribution, for example) this has translated in property terms into declining capital values, a drop in transaction volumes and a fall in both occupier and investor confidence.

2.6 Public Works Loan Board (PWLB) limitations

- 2.6.1 PWLB is the principle source of borrowing for local authorities but there have been increasing calls from CIPFA and other industry leaders for central government to address what has been seen by many as local authorities taking on disproportionate levels of debt in order to buy investment properties.
- 2.6.2 Following extensive consultation with local government HM Treasury has issued a summary document titled 'Public Works Loan Board: Future lending terms', whose recommendations became effective 26 November 2020. In the context of this policy to CEDR its two key impacts are:

2.6.3 Interest rates

Interest rates on PWLB lending will be decreased by 100 basis points (bps) (1%). This is essentially a reversal of the 100 bps increase in rates announced in October 2019 and, for example, 40-year annuity rates are at the time of writing this policy set at 1.92%. CDC is a qualifying authority which means that this rate can be reduced by 20 basis points (0.2%) if certain reporting requirements are met.

2.6.4 Ban on cash-flow acquisition

On all new lending the PWLB will ask a local authority's finance director to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This in effect prevents local authorities accessing PWLB funds for any purpose if it is their intention to acquire properties purely to generate income, either with or without debt.

2.6.5 A short extract from the guidance is pasted below:

1.10 The main features of the new lending terms are:

- a) As a condition of accessing the PWLB, LAs will be asked to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. In order to minimise the administrative burden for LAs, this process is closely modelled on the existing application process that most large LAs follow to access the Certainty Rate (a discounted rate offered by the PWLB).
- b) As part of this, the PWLB will ask the finance director of the LA to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment is based on the finance director's professional interpretation of guidance issued alongside these lending terms.
- c) It isn't possible to reliably link particular loans to specific spending, so this restriction applies on a 'whole plan' basis – meaning that the PWLB will not lend to an LA that plans to buy investment assets primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.

2.6.6 In simple terms the application of these provisions in a CDC context is to make borrowing costs to finance the purchase of operational property (and probably to fund regeneration projects) more competitive, whilst simultaneously making the use of PWLB funds to acquire conventional commercial property investments virtually impossible.

2.6.7 As a public body CDC's finances are a matter of public record and it is clear that if CDC in the future wish to access PWLB funds as part of its day to day operation, the purchase of income producing assets is effectively no longer currently possible.

2.6.8 However, subject to the principles of prudential borrowing and Minimum Revenue Provision applying, borrowing to acquire property for operational or regeneration reasons remains an option.

2.7 Governance

The Investment Advisory Board, a non-decision-making Working Group, was created in part to facilitate the further growth of the investment portfolio. The Board and its role are noted in the constitution of the council and its powers and constitution is outlined in Annex 2.

2.8 Strategic approach

The Property Investment Strategy aims to provide a clear set of objectives and a framework, compliant with HM Treasury and CIPFA guidance and legislation, by which new projects are evaluated. In doing so it will deliver the Council Objectives/Corporate Priorities with a focus on commercialism – projects that generate a revenue surplus –

but which also deliver wider economic or service objectives e.g. regeneration / job growth.

2.9 Real Estate Investment and Disinvestment

Investment

2.9.1 In a commercial property investment market currently characterised by falling capital values and Covid uncertainty local authorities will have a general presumption against making new investments. This decision is reinforced by what is in effect a moratorium on investing in lower risk assets which is a consequence of the new PWLB lending regime.

2.9.2 Therefore, the focus will instead be on maximising the embedded development potential of the Council's existing portfolio and for the 2021/22 financial year this will principally be on its retained land assets where residential value can be released. This approach is explored in the Strategic Property and Asset Management Plan where the land portfolio is examined on a site by site basis.

Disinvestment

2.9.3 The ongoing suitability of CDC's operational properties for continued occupation is under constant review and this too has been discussed in the Strategic Property and Asset Management Plan. Given the current market uncertainty it is not envisaged that the Council would divest in any of its current property assets.

3 Conclusion

3.1 Subject to the above the following principles will underpin the CDC Property Investment Strategy:

- There should be a general presumption against investing purely for yield in the year 2021/22 as the property market and the economy is too volatile to confidently predict the direction of capital values. Furthermore, these types of investments would limit the Council's ability to borrow from the PWLB.
- Wherever possible investment for regeneration or social good should be directed to land and buildings currently owned by the Council. This will optimise profits and reduce capital risk.
- Investments that relate to regeneration should be pursued only when through vigorous stress testing the risk of capital loss is judged to be extremely low, and the social benefits are tangible.
- All acquisitions that have planning risk will only be acquired on a subject to planning basis.
- Whilst there should be a general presumption against the disposal of income producing assets in line with the Strategic Property and Asset Management Plan this presumption will be reviewed on an asset by asset basis at the start of each quarter. This reflects the uncertainty of the occupational property market due to Covid and at present the retail and leisure focused investments are thought to be

particularly vulnerable to further movement which may precipitate a review of this presumption.

Annex 1 – Investment Decision Factors

- Compatibility and ability to balance the existing portfolio

Compared with cash investments, property is relatively difficult to sell and convert to cash at short notice and market conditions can impact on how long a sale can take. In order to mitigate against this, the diversity of the portfolio will be maintained to ensure that if there is a need to sell an asset to release cash, the Council can take advantage of the different market conditions for the different sectors.

Generally new investments will add diversity and balance to the existing portfolio as well as providing yield.

- Market value

External advice is sought to gain assurance over the market value of a potential purchase to ensure that the price sought by the vendor is not inflated. The advice will include an analysis of current value, lettable in the event of tenant failure and what possible alternative uses are available for the property or site if the current tenant vacates. This enables the Council to take a view on future values in the event of a change in circumstances.

External advice will usually take the form of a Purchase Report from a retained agent and a third party wholly independent valuation.

- Credit rating of the tenant

The strength of the existing tenant(s) within a proposed acquisition is assessed. A strong tenant is important as there is less chance of them defaulting on lease payments and thereby putting the Council's income stream at risk. Credit reference agencies along with Companies House searches are used to carry out this area of due diligence.

- Length and terms of the lease

In order to minimise the risk of rental values going down following the renewal of a lease, the Council will prefer to invest in properties which have long term leases in place and strong tenants. The Council also ensures that leases place the onus for insurance, repairs and maintenance on the tenant so that the Council does not incur any additional or unforeseen costs.

The reality is that these characteristics will not be available in assets bought for regeneration purposes and that lease length can be less important in multi-let assets and in asset classes where vacancy rates are low.

- Location

The Council's present and future commercial investments will all be within the District. When future investments are evaluated social good and regeneration potential will always be considered.

- Diversity of the commercial property portfolio

To minimise the risk of changes in the performance of particular sectors of the commercial property market (i.e. the retail, office and industrial sectors) impacting on the Council's income, investment decisions are taken in the context of the existing nature of the portfolio and whether or not the property to be acquired complements the existing mix of portfolios. The Council will seek to maximise the diversity of its overall portfolio and not concentrate new investments in any one sector or area.

- Yield

The Council will consider the return it will get on its investment (the yield). The Council has a minimum yield expectation that covers the costs of borrowing and will only invest in a property below this level if it fulfils other strategic interests. The yield calculation takes into account any costs incurred if the investment is to be funded by borrowing.

- Investment cover ratio

This ratio compares the total net income from property investments to any interest costs associated with borrowing to make those investments. This demonstrates the Council's ability to meet borrowing costs. The Council's assets are unencumbered but adopting a notional level of gearing can a useful indicator of the robustness of an investment.

- Loan to value ratio

This is the amount of debt the Council currently has compared to the total asset value. In this instance, the asset value is the total value of the Council's commercial property portfolio. This illustrates whether or not the Council has assets of sufficient value to repay debt if required. Again, the Council's assets are unencumbered but adopting a notional level of gearing can a useful indicator of the robustness of an investment.

- Target income returns

This is net revenue income from commercial properties compared to the value of the property or stapled to it's price on acquisition when it is known as the running yield. The target will be set by the Investment Advisory Board.

- Gross and net operating income (NOI)

The income received from the Council's investment portfolio at a gross level and a net level (after the deduction of costs) over time.

- Operating costs

This is the trend in operating costs of the property portfolio over time. It gives an overview of the impact of commercial property investments on the costs of running the portfolio.

- Property vacancy levels

The lower the level of vacant properties (voids) the better the property portfolio is being managed to ensure that rental income is maximised as much as possible.

Annex 2 – The Investment Advisory Board and Governance

The Investment Advisory Board is made up of:

Investment Advisory Board	
Members	Officers
<ul style="list-style-type: none"> • Leader of the Council • Portfolio Holder for Finance • Portfolio Holder for Property, Economic Development, Regeneration • Chair of the Audit Committee • Leader of the Opposition 	<ul style="list-style-type: none"> • Chief Executive (CEX) • Director of Finance (S151) • Corporate Director of Assets and Investments (CDAI) • Assistant Director Property Investment and Contract Management (AD PICM) • Investment Consultant • Director of Law and Governance (Monitoring Officer)

The primary purposes of the Investment Advisory Board are twofold:

- To consider recommendations from officers regarding the potential purchase of a property asset, prior to submission of a bid. The Investment Advisory Board review the officers' investment valuation, sanction expenditure on further due diligence and ultimately whether to submit a bid or not, and at what value.
- To consider the results of pre-acquisition due diligence following acceptance of an offer from CDC to purchase an asset, and ultimately to consider whether to endorse the purchase and proceed to exchange of contracts.

The Investment Advisory Board is authorised to sanction all offers. All recommendations relating to offers to purchase are reported to the next available meeting of the Council and their consent is required prior to any exchange of contracts.

Given the short notice that could often be inevitable in convening meetings of the Investment Advisory Board, all members would be able to nominate substitutes if they are unable to attend, or meetings could be held on a 'virtual' basis. For similar reasons, a quorum is not recommended, (particularly as the Investment Advisory Board is not decision making), although a meeting should include:

- at least two of the Officers: CEX, S151, MO, CDAI and AD PICM.
- at least two of the Members: Leader of the Council, Portfolio Holder for Finance, Portfolio Holder for Property, Economic Development

Other directors and assistant directors will be invited to participate when they have distinct operational needs that can only be addressed through the acquisition of additional premises.

As well as considering investment recommendations the Investment Advisory Board responsibilities also include:

1. Setting the threshold target return that investment properties should reach before they can be considered for investment.

2. Setting target volume of investments, expressed in capital and income terms, and subject to an investment timeline.

For the avoidance of doubt CDC Property are well placed to identify, evaluate and rank assets that might meet the two criteria identified above, but the criteria themselves are not necessarily property dependent; they will be a function, inter alia, of the Council's need for income, appetite for risk, quantum of reserves, Minimum Revenue Provision and capacity to take on additional debt, and the interplay of property with other treasury investments.

3. Managing the progress of an investment decision through the governance process including interaction with the wider Council.
4. The extent of interaction and co-investment between CDC and OCC.
5. The extent to which regeneration and the climate crisis, for example, should play a part in investment decisions.
6. The use of external suppliers, particularly lawyers and external valuers.
7. Retaining agents on acquisition and how this might impact on procurement protocols.
8. Geographic investment boundaries i.e. is there an area of economic influence that extends beyond the council's boundaries?
9. Preferred sectors and investment characteristics (lease length, covenant strength etc vs lettability).
10. Cashflow horizons.

CHERWELL DISTRICT COUNCIL RESERVES POLICY

1. Background

- 1.1. The purpose of this policy is to set out how Cherwell District Council (CDC) will determine and review its overall level of reserves and how it uses them.
- 1.2. Sections 31A and 42A of the Local Government Finance Act 1992 require authorities to have regard to the level of balances and reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.3. CDC has usable reserves and unusable reserves on its Balance Sheet. The unusable reserves are as a result of accounting adjustments and are not therefore available to spend. This policy will concentrate on usable reserves.

2. General Policy

- 2.1. Usable reserves can be split into the following categories:
 - General Balances
 - Earmarked Reserves
 - Revenue Grant Related Reserves
 - Capital Reserves
- 2.2. CDC maintains usable reserves primarily for the following reasons:
 - The need to put aside sums in case of unexpected or unplanned events or emergencies.
 - To smooth out the impact of payments on the revenue account
 - To cover timing differences such as grant money received in any given year where expenditure takes place in a later year
 - To provide pump prime funding for projects to deliver changes in working practices on an invest to save basis. Any approved use on this basis must include an agreed repayment plan
 - A means of building up funds to meet known or predicted liabilities
- 2.3. Reserves can only be used on a one-off basis which means that their application does not offer a permanent solution to delivering savings or reductions in the level of expenditure.

3. Usable Reserves

3.1. General Balances

- 3.1.1. These are funds that do not have restrictions as to their use. CDC can use them for any purpose within the General Fund. The purpose of general

reserves is to manage the impact of exceptional emergencies and unforeseen events. Without such reserves the potential financial impact of these unforeseen events could cause a financial deficit in the General Fund, which would be severely disruptive to the effective operation of the authority.

3.2. Earmarked Reserves

3.2.1. Earmarked Reserves enable CDC to set aside sums to meet specific future anticipated liabilities. Funds could be set aside for items such as (but not limited to):

- cyclical maintenance,
- cyclical events such as elections,
- income generated that must be spent on specific purposes,
- managing market volatility (e.g. commercial rent)
- insurance.

3.2.2. Earmarked reserves should not be held for a sustained period of time as they are held for a specific purpose¹. Where earmarked reserves are no longer required for their original purpose or are not expected to be spent over the medium term they should be reviewed and a decision made on using for alternative purposes.

3.2.3. In line with financial regulations, where a service has generated a service underspend as part of its day to day running, this should not be requested to be set aside as an earmarked reserve without a specific purpose; it should contribute to the overall benefit of CDC's financial position and the achievement of its corporate objectives.

3.2.4. The request to use earmarked reserves, create new earmarked reserves or contribute to existing earmarked reserves (where not approved as part of the budget) must be approved by the Executive. The allocation of Earmarked Reserves will be made when services can demonstrate that the funding is required for that particular purpose.

3.3. Revenue Grant Related Reserves

3.3.1. These reserves relate to the unused element of grant support for which the conditions of the grant are expected to be met. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded. These reserves are managed by Directors.

3.3.2. CDC holds various Section 106 reserves which were contributed by private companies to improve the local community. The fund must be used for the specific scheme and within the agreed timescale. If funds are not used they need to be returned back to the contributors.

¹ with the exception of insurance reserves held to manage risk for which it is difficult to forecast when they will be called upon

3.3.3. Use of these reserves should be planned as part of the budget setting process. Use of these reserves during the financial year requires approval by the Section 151 Officer.

3.4. Capital Reserves:

3.4.1. These are reserves that have been set aside to finance capital schemes and cannot be used to support revenue expenditure without the consent of the Secretary of State for Local Government. These reserves comprise:

- Capital Receipts Reserve reflects the income received from the disposal of capital assets prior to being used to fund future capital expenditure or for the redemption of debt. Capital receipts cannot be used to fund revenue expenditure except where allowed by statute. CDC will allocate resources from the Capital Receipts Reserve in line with its priorities
- Capital Grants Unapplied reflects the unused element of capital grants or capital contributions awarded to CDC, for which the conditions of the grant support are expected to be met or for which there are no conditions. The reserve will be used to meet future years' capital expenditure in a way which best fits with CDC's priorities.

4. **Determining the Level of General Balances and Earmarked Reserves**

4.1. CDC must maintain sufficient general balances and earmarked reserves to cover the key financial risks and contingencies.

4.2. Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer must report on the adequacy of the proposed financial reserves

4.3. As part of the budget setting process the Section 151 Officer will consider and assess the level of general balances and earmarked reserves. Consideration will be given to the strategic, operational and financial risks facing CDC.

4.4. Major factors to be considered when evaluating the level of general balances and earmarked reserves, include but are not limited to the following:

Budget Assumptions	Issues to Consider
Inflation and interest rate volatility	The overall financial standing of CDC
Scale of budget gap over the medium term	The trend of CDC's financial management and the robustness of the MTFS – i.e. is it balanced over the medium term and delivered annually?

Savings delivery	Size, scale, complexity and pace of the savings programme and risks around slippage or non-delivery.
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of CDC's arrangements to cover major unforeseen risks.
Income streams	Volatility in levels of income
Government funding	Political landscape and approach to allocating funding across local government

5. Governance and Review

- 5.1. The Council recognises the need to hold and maintain adequate reserves that meet the needs of the organisation. However, there is an opportunity cost as a result of the Council allocating resources away from other potential uses. It is therefore essential for the Section 151 Officer to regularly review the purpose and level of reserves.
- 5.2. All anticipated use of reserves should be understood and recognised as part of the budget setting process and agreed when Council approves the budget.
- 5.3. Any identified use of, or contribution to, reserves after the budget has been set should be approved by the Executive, or the Section 151 Officer in the case of grant reserves, prior to the budget being changed. Uses should be for specific purposes for which reserves have been set aside and not to address savings non-delivery or budget pressures. Contributions to reserves should be for specific costs expected to be incurred in the future.
- 5.4. The reserves position is reported quarterly as part of the revenue monitoring process. The planned usage of reserves is also included as part of the budget setting process. In addition the level and use of reserves is reported and reviewed during the closedown process.
- 5.5. The reserves policy will be reviewed annually as part of the budget setting process.

6. Use of Reserves Approval

- 6.1. Table 1 below shows the level of approval required to use or contribute to usable reserves.

Table 1 Level of approval required for requested use of or contribution to reserves

Type of Reserves	Level of Approval Required
General Reserves and Balances	Executive*
Earmarked Reserves	Executive*
Revenue and Capital Grant Related Reserves	Section 151 Officer
Capital Reserves**	Executive*

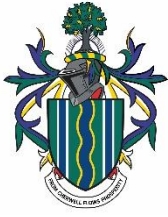
* Unless previously approved by Full Council as part of approval of the budget

** Approval required for contribution from reserves only

Description			Expected Use over MTFS Period					Expected Balance 1 April 2026
	Actual Balance 1 April 2020	Forecast Balance 1 April 2021	2021/22	2022/23	2023/24	2024/25	2025/26	
General Balances								
General Fund Balance	(2,018,282)	(5,000,000)						(5,000,000)
Earmarked Reserves								
Building Control	(24,000)	(24,000)		24,000				0
Country Park Reserve	(100,000)	(116,870)		25,000	25,000			(66,870)
Elections	(158,000)	(158,000)						(158,000)
Environmental Warranties	(802,000)	0						0
Hanwell Fields Open Space	(79,000)	0						0
Housing Reserve	(114,000)	0						0
Work in Default reserve	(100,000)	0						0
Licensing	(161,000)	(161,000)		30,000	30,000	30,000	30,000	(41,000)
Local Plan Charges	(124,000)	(249,000)		100,000	24,000			(125,000)
NHB - Affordable Housing	(2,337,000)	0						0
NHB - Economic Development	(3,872,184)	0						0
NHB - Superfast Broadband	(727,000)	0						0
Planning Control	(259,000)	(259,000)		86,333	86,334			(86,333)
Business Rates and Risk reserve	(1,591,500)	0						0
Sainsbury's Primary Authority	(38,000)	0						0
Self Insurance	(127,000)	0						0
VAT Deminimus	(500,000)	0						0
Welfare Reform	(99,000)	0						0
Horton General Towns	(84,000)	0						0
Pensions Deficit	(3,489,391)	(64,391)	(1,675,000)	(1,675,000)	3,325,000	(1,675,000)	(1,675,000)	(3,439,391)
Art Development	(41,000)	0						0
CCTV	(55,000)	0						0
Bicester reserve	(403,447)	(357,215)	50,000	50,000	50,000	50,000	50,000	(107,215)
Transformation and Projects Reserve	(5,117,000)	(3,852,428)						(3,852,428)
Brexit	(34,484)	0						0
Member Services	(275)	0						0
Health & Safety - Public Food	(30,000)	(30,000)						(30,000)
Bicester Depot	(100,000)	0						0
Chewell Local Lottery - Play Well in Cherwell	(165,353)	(109,353)						(109,353)
DOVECOTE MILCOMBE	(32,000)	0						0
BICESTER FIELDS MAIN PARK	(97,000)	0						0
Bicester Youth Bus	(35,000)	0						0
Area Based Grant	(83,000)	0						0
Thames Valley Police	330	0						0
New Burdens Grant	(248,000)	0	72,000					72,000
Sportivate Initiatives	(55,000)	(55,000)						(55,000)
Courtyard Youth Arts	(9,000)	(9,000)						(9,000)
Brighter Futures - Skills Reward	(9,000)	(9,000)						(9,000)
Housing Reserve	(322,000)	(322,000)						(322,000)
Home Improvement Agency	(221,000)	(210,000)	110,000					(100,000)
NEW Dilapidations	0	(260,000)	250,000	(25,000)	(25,000)	(25,000)	(25,000)	(110,000)
NEW Capital Reserve		(3,000,000)	180,000					(2,820,000)
NEW Projects		(1,420,814)	55,000					(1,365,814)
NEW Redundancy Reserve		(1,000,000)	250,000					(750,000)
NEW Commercial Risk Reserve		(4,004,398)						(4,004,398)
NEW Growth Deal	0	(640,054)	318,929	321,125				0
Revenue Grants								
Eco Town Revenue	(263)	0						0
Garden Town (Phase 2)	(657,000)	0						0
Garden Town (Phase 3)	(320,000)	0						0
S31 Reserve	(2,345,640)	(22,867,000)	22,867,000					0
Covid 19 Reserve	(67,257)	0	(1,616,000)					(1,616,000)
Eco Town Revenue	(4,000)	(4,000)						(4,000)
Flood Recovery Grant	(40,000)	(40,000)						(40,000)
Homelessness Prevention	(355,464)	(355,464)						(355,464)
Police & Crime Commissioner	(64,000)	(64,000)						(64,000)
Green Deal Pioneer Places	(67,000)	(67,000)						(67,000)
Bicester Garden Town	(782,349)	(1,040,321)	498,000	350,000	216,321			24,000
NEW NSAP Grant		(33,000)	33,000					0
NEW Housing FSHB Grant		(219,000)	219,000					0
Capital Reserves								
Disabled Facilities Grants	0	(12,236)						(12,236)
NEW Capital Grants & Contributions		(1,704,596)						(1,704,596)
	(28,564,560)	(47,718,140)	21,611,929	(713,542)	3,731,655	(1,620,000)	(1,620,000)	(26,328,098)

Council Tax Calculations

Column1	CDC Services	Incl. Parish Precepts
	£	£
CDC Services Gross Expenditure	110,081,209	110,081,209
Parish Precepts		5,450,911
Gross Expenditure	110,081,209	115,532,120
Less: Estimated Income (incl. Business Rates, NHB, RSG)	(102,399,407)	(102,399,407)
Council Tax (Surplus)/Deficit	21,000	21,000
Council Tax Requirement	7,702,802	13,153,713
Divided by Taxbase	55,615.9	55,615.9
Band D Council Tax	138.50	236.51



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Cherwell District Council Pay Policy Statement

This policy statement will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective. It is effective from 1st April 2021

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1. Introduction, Overview and Purpose

Under Section 112 of the Local Government Act 1992, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and guidance issued under the Local Government Transparency Code 2015.

The purpose of this statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees, excluding employees working in alternative service delivery models.

Thus, this statement details the methods by which salaries for all roles are determined, and the detail and the level of remuneration of its most senior employees. This statement will be published on the Council’s public website and will be available in other formats upon request.

Procedural and approval requirements set down in the Council’s Constitution will be applied as required.

In determining the pay and remuneration of all its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure.

The Council also aims to develop and implement reward systems and structures which meet the following requirements.

- Allow the Council to recruit and retain high calibre employees to provide high quality services
- Maintain levels of pay which are in line with the Council’s financial policies and provide value for money
- Are open, transparent and accountable
- Are fair and consistent

Once approved, this policy statement will come into effect on the 1st April 2021 superseding the 2020/21 statement and will continue to be reviewed on an annual basis.

2. Definitions

To support the transparency of the Pay Policy Statement, below are definitions for common words/phrases that are used throughout.

2.1. Remuneration

For the purposes of this statement remuneration includes three elements – basic salary, pension and all other allowances arising from employment.

2.2. Chief Officers

The definition of Chief Officers is defined as the officer designated as the Head of the Authority's Paid Service; a statutory chief officer – which under the Local Government and Housing Act 1989 means the Section 151 Officer and Monitoring Officer.

The definition of a non-statutory officer which under section 2 (7) of the 1989 Act means direct reports of the Head of Paid Service (HOPS), a person for whom the HOPS is directly responsible; a person who, as respects all or most of the duties of his/her post, is required to report directly or is directly accountable to the HOPS; and any person who, as respects all or most of the duties of his/her post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

In the case of the Council these posts are:

- Chief Executive (Head of Paid Service)

Statutory Chief Officers

- Director of Finance and Section 151 Officer
- Director of Law and Governance and Monitoring Officer

Non-Statutory Chief Officers

- Corporate Director of Customers, Organisational Development and Resources
- Corporate Director of Commercial Development, Assets and Investment
- Corporate Director of Environment and Place
- Corporate Director of Adult Services and Housing
- Corporate Director of Public Health and Wellbeing

2.3. Lowest Paid Employees

According to the pay scales, the lowest pay that employees receive is on Grade 1, Spinal Point 1 which is the lowest standard pay point. The salary on this grade is currently payable to staff carrying out cleaning roles. Lowest paid employees exclude apprentices due to their trainee status and exclude staff who may have transferred into the Council under TUPE protected rates.

2.4. Pay Multiples

The pay multiples is the relationship between two different pay amounts, showing the number of times one value is contained within another value. The relationships will be shown between:

- the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and cash value of any benefits in kind) and the lowest paid taxable earnings.
- the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind) and the median earnings figure of the whole workforce.
- the average median salary of Chief Officers and the median earnings figure of the whole workforce.

3. Pay Strategy

We undertake a comprehensive review of the remuneration of all staff each year, taking into consideration hourly pay rates and other significant benefits such as annual leave above the statutory requirements, employer pension contributions and training and development. We believe that taking a holistic view to remuneration ensures that our staff are rewarded fairly and encourages us all to think of total reward packages rather than a single component such as base pay.

When annual leave above the statutory minimum requirements and employer pensions contributions are added to our lowest pay rates, the hourly rate equates to £10.07 this is currently 5.66% above the UK Living Wage of £9.50 (2020/2021).

4. Pay Design

There is a single pay scale in operation at CDC. This was developed in 2018 by external reward specialists as part of a harmonisation process and in conjunction with a review of the job evaluation schemes in use. The harmonisation process was subject to a full consultation process with the trade unions.

The Council ensures that all pay arrangements can be objectively justified through the use of Job Evaluation methods. These are:

- GLPC scheme for roles that score under 560 points when evaluated.
- Roles that score 560 points and above are subject to HAY evaluation.
- All roles within the Council were subject to external review in 2018 when the Council undertook the harmonisation of pay, terms and conditions.

Grading structures for all groups of employees are implemented in line with agreed published pay scales and agreed relevant local terms and conditions of employment where applicable.

5. Joint Working

All Chief Officer, Statutory Chief Officers, non-statutory Chief Officers and many Deputy Chief Officer appointments are shared appointments with Oxfordshire County Council. Cherwell District Council and Oxfordshire County Council have been joint working since 1st October 2018.

6. Appointments

The Joint Shared Services and Personnel Committee (JSSPC) is the appointing body for shared statutory appointments to the roles of Head of Paid Service, the Monitoring Officer and the s151 Officer with recommendations to full council. If a role is exclusive to Cherwell District Council, the Personnel Committee (PC) is the appointing body for the Head of Paid Service, the Monitoring Officer and the s151 Officer with recommendations to full council.

The JSSPC is the appointing body for shared non-statutory Chief Officers. If a role is exclusive to Cherwell District Council, the appointing body will be the PC.

Post	Regulatory Description	Appointment under Constitution
Head of Paid Service	Head of Paid Service	JSSPC or PC
Corporate Director of Adults and Housing	Non -Statutory Chief Officer	JSSPC
Corporate Director of Public Health and Wellbeing	Non- Statutory Chief Officer	JSSPC
(s151 Officer) Director of Finance	Statutory Chief Officer	JSSPC or PC
Monitoring Officer	Statutory Chief Officer	JSSPC or PC
Corporate Director Customers, Organisational Development and Resources	Non-statutory Chief Officer	JSSPC or PC
Corporate Director of Commercial Development, Assets and	Non-statutory Chief Officer	JSSPC or PC

Investment		
Corporate Director of Environment and Place	Non-statutory Chief Officer	JSSPC or PC

It still remains that the Executive consultation procedure would be utilised as required by regulations for Chief Officer posts.

Any pay or grading changes for Cherwell only Chief Officers are considered and, if agreed, approved by the PC.

Salary packages for new posts in excess of £100,000 per annum will be subject to formal approval by the PC.

7. Pay Structures

7.1. Pay Grades and Progression

Most jobs have a grade with at least four and a maximum of five incremental points. When an employee is appointed to a new role it is typically at the bottom of the grade, unless they have significant experience in a similar role.

Annually and usually with effect from 1st April, pay awards are implemented following local negotiation with the trade unions and are broadly in line with national recommendations.

Employees also progress to the next incremental point within their pay scale subject to completion of satisfactory probation periods. This system recognises their increasing experience and performance progression continues until they reach the top of the grade.

High levels of performance are expected from all employees and where standards are non-satisfactory prompt managerial action will be taken to improve performance. This may include disciplinary/capability action in accordance with agreed procedures.

7.2. Pay Supplements

From time to time it may be necessary to pay special allowances or supplements to individual employees as part of their employment contract where specific circumstances require this and where it can be justified in accordance with Council policies. The Council uses the following:

- Market Supplements in order to attract and retain employees with particular experience, skills and capacity, for example when there are skills shortages locally or nationally. Market supplements must be agreed by the relevant Corporate Director, Director of Finance and the Director of Human Resources.

- Honoraria are paid where an employee has taken on additional duties and responsibilities for a defined period, for example covering a vacancy due to maternity leave or other staff absence.

The Council will ensure that the requirement for additional allowances or supplements is objectively justified by reference to clear and transparent evidence and where market supplements are considered, that this is with reference to data available from within and outside the Local Government sector.

Pay Supplements are subject to reviews as appropriate

8. Other Employment Related Arrangements

8.1. Local Government Pension Scheme (LGPS)

Subject to qualifying conditions, employees have a right to belong to the LGPS.

The Employee contribution rates which are defined by statute, currently range between 5.5% and 12.5% of pensionable pay depending on actual salary levels.

The Employer contribution rates are set by actuaries and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current average rate is 15.9%.

The Council will not at any time augment the pension or membership of employees nor award or fund additional pension to employees unless required to do so by the LGPS Regulations.

8.2. Benefits Schemes

As part of the Reward Strategy to recruit and retain high calibre employees, the Council provides a wide range of benefits including the Cycle Scheme and Childcare Voucher salary sacrifice schemes.

A full review of the benefits offered by the council is continuing in 2021.

8.3. Expenses

Subsistence and out of pocket expenses are based on national joint council rates. Car mileage is based on the HM Revenue & Customs approved rate, currently 45 pence per mile falling to 25 pence, for miles travelled in excess of 10,000 per annum.

9. Pay Arrangements for Senior Management

All Chief Officer, Statutory Chief Officers, Non-Statutory Chief Officers and many Deputy Chief Officer appointments are shared appointments with Oxfordshire County Council. Cherwell District Council and Oxfordshire County Council have been joint working since 1st October 2018. The funding for these salaries is shared between both authorities and is pursuant to the partnership arrangements and the agreed costs sharing principles set out in the Section 113 Agreement.

The following roles are jointly funded roles as at 1st April 2021:

9.1. Statutory and non-statutory Chief Officers

- The Chief Executive (Head of Paid Service)
- Director of Law and Governance (Monitoring Officer)
- Director of Finance (s151 Officer)
- Corporate Director of Customers, Organisational Change and Resources
- Corporate Director of Commercial Development, Assets and Investment
- Corporate Director of Environment and Place
- Corporate Director of Adults and Housing
- Corporate Director of Public Health and Wellbeing

The Council does not apply any bonuses or performance related pay to its Chief Officers.

Where Officers receive fees for undertaking elections duties, these will be shown separately to salary. Election fees are reviewed by the Returning Officer.

10. Pay Multiples and Medians as at 1st January 2021

Cherwell District Council is required to report on the pay multiples between its lowest and highest paid members of staff.

Table 1 The Chief Executive is a joint role with Oxfordshire County Council. The table below details the salary contribution made by Cherwell District Council.

Role	Joint Salary for OCC and CDC	Cherwell District Council contribution
Joint Chief Executive Officer	£199,910	£77,965

Table 2 shows the ratio between the lowest paid and the highest paid and the ratio between the median salary of the workforce and the highest paid. **The highest paid salary in table 2 is the joint salary which is funded by both councils.**

Pay Multiples including the <u>jointly funded</u> Chief Executive salary with Oxfordshire County Council	2020
Highest Paid - <u>Joint</u> Chief Executive (Cherwell District Council and Oxfordshire County Council)	£199,910
Lowest Paid	£16,452
Pay Multiple between the lowest paid and the highest paid	1:12
Median Salary	£49,261
Pay Multiple between median and highest paid	1:4.

Table 3 shows the ratio between the median salary of the workforce and the average salary of its Chief Officers all of which are joint roles with Oxfordshire County Council and are jointly funded.

Pay Multiples using the average salary of Chief Officers all of which are <u>jointly funded</u> with Oxfordshire County Council	2020
Average Salary of Chief Officers	£143,667
Lowest Paid	£16,452
Pay Multiple between the lowest paid and the Average Salary of Chief Officers	1:9
Median Salary	£49,261
Pay Multiple between Median salary and Average salary of Chief Officers	1:3

11. Payments on Termination of Employment

The Cherwell District Council Redundancy Scheme applies to all employees and is one week's statutory entitlement based on actual pay for employees under the

age of 41 years and one and half week's statutory entitlement based on actual pay for those aged 41 years and above where redundancy payments are due.

All employees who have received a redundancy payment in relation to the termination of their contracts of employment will be subject to the provisions of the Redundancy Modification Order and will be subject to Local Government Pension Scheme (LGPS) Regulations.

Where severance payments are appropriate such payments will be approved by the Director of Law and Governance and the Director of Finance and will be the subject of a Settlement Agreement for the purpose of compromising any compensation for which the Council may otherwise be legally liable. Severance payments will be discussed with legal advisors and a 'Best Value' note obtained based on the merits of the individual case.

The Council is subject to and will comply with The Small Business, Enterprise and Employment Act 2015, as amended by the Enterprise Act 2016, whereby HM Treasury has made regulations implementing a £95,000 cap on exit payments made to staff leaving the employment of the Council.

At the time of writing, the necessary changes to the Local Government Pension Scheme (LGPS) have not been made in time to align with the Exit Cap Regulations, as those changes are currently the subject to the Ministry of Housing, Communities and Local Government consultation on further exit pay reforms in the local government sector. The consultation on these proposals did not close until 9 November 2020, and the associated consultation on the proposed implementing legislation did not close until 18 December 2020. It is anticipated that it will not be until January or February 2021 that the necessary changes will be made to align the LGPS rules with the cap on exit payments.

12.Publication of Senior Salaries Statement

In accordance with publication requirements, a table showing information on the current pay of the Chief Executive, Statutory and Non-statutory Chief Officers, Deputy Chief Officers and other officers earning over £50,000 per annum will be published on the Council's website. All allowances and other payments will be shown.

Karen Edwards
Director of Human Resources
January 2021



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Draft Statement of Licensing

Policy

Licensing Act 2003

February 2021

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1. Executive Summary

- 1.1 The Licensing Act 2003 introduced a revised licensing system for alcohol, entertainment and late-night refreshment.
- 1.2 Section 5 of the Licensing Act 2003 has imposed a statutory duty on the Licensing Authority to produce a statement of licensing policy for a five years period, beginning with such day as the Secretary of State may by order appoint.
- 1.3 This document sets out the Licensing Authority's policy, which will guide the Council when considering applications under the Act. The policy provides guidance on the general approach the Council, as the Licensing Authority within the meaning of the Act, will take in terms of licensing. However, each licence application will be considered separately on its individual merits.
- 1.4 The Licensing Authority in adopting this policy recognises both the needs of residents for a safe and healthy environment to live and work and the importance of safe and well run entertainment premises to the local economy and vibrancy of the area. However, the Council also recognises that balancing these interests will not always be straightforward and it will be guided by the four licensing objectives as set out in this policy.
- 1.5 This policy does not seek to undermine the right of any individual to apply under the Act for a variety of permissions and as stated above each application will be considered on its individual merits. Nor does the Policy seek to override the right of a person to make representations on an application or seek a review of a licence or certificate. However, this Council in adopting the policy is indicating that a wide range of considerations will be taken into account.
- 1.6 The Licensing Authority will use its powers to promote best practice in relation to the operation of licensed premises and is committed to partnership working with responsible authorities, local businesses, licensed trade, residents and others to ensure that they have a clear understanding of the legislation.
- 1.7 The Licensing Authority has had regard to the guidance issued by the Secretary of State under Section 182 of the Act when developing this statement of Licensing Policy. It is not possible to anticipate every scenario that may arise and there may be occasions when the guidance and policy may be departed from, and in such circumstances the Licensing Authority will give full reasons for doing so.
- 1.8 The scope of this policy covers new applications, renewal of personal licences, transfers and variations of licences and certificates including temporary event licences. This includes the review of licences and certificates which could lead to a range of sanctions including the revocation of a licence or a certificate.

2. Purpose and Scope of the Licensing Policy

- 2.1 The Licensing Act 2003 makes it a duty for the local authority to carry out its functions under the Act with a view to promoting the four licensing objectives:
- The prevention of crime and disorder
 - Public safety
 - The prevention of public nuisance, and
 - The protection of children from harm
- 2.2 The purpose of this policy is to detail how the Licensing Authority will comply with that duty.
- 2.3 The Act regulates the following activities:
- retail sales of alcohol;
 - the supply of alcohol by or on behalf of a club
 - the provision of regulated entertainment
 - the provision of late night refreshment.
- 2.4 In determining its statement of licensing policy, the Licensing Authority will have regard to the guidance issued by central government and other regulatory bodies to ensure that its actions are consistent with those nationally. To further ensure consistency the licensing authorities of Oxfordshire will meet as necessary to ensure that a consistent approach is being achieved.
- 2.5 Licensing decisions will be made in accordance with the current legislation, case law, relevant guidance and in accordance with this policy.
- 2.6 No decision will be made which undermines the right of any individual to apply under the terms of the Act for a variety of permissions and to have any such application considered on its individual merits.
- 2.7 Authorised persons, interested parties and responsible authorities, as defined in the Act, will have the right to make representations to the Licensing Authority on any application or seek a review of a licence or certificate where provision has been made for them to do so in the Act. The Licensing Authority recognises that in the absence of relevant representations it will grant licenses on the terms sought.
- 2.8 Licensing is about regulating the provision of licensable activities on licensed premises, by qualifying clubs and at temporary events within the terms of the Licensing Act 2003. The terms and conditions attached to various permissions will be focused on matters which are within the control of individual licensees and others granted relevant permissions. Accordingly, these matters will centre on the premises and places being used for licensable activities and the vicinity of those premises and places. The Licensing Authority will primarily focus on the direct impact of the activities taking place at the licensed premises and on members

of the public living, working or engaged in normal activity in the area concerned. However, the Licensing Authority recognises that licensing legislation is not a mechanism for the general control of anti-social behaviour by individuals once they are beyond the direct control of the individual, club or business holding the licence, certificate or permission concerned.

- 2.9 The Licensing Act 2003 is not the primary mechanism for the general control of nuisance and anti-social behaviour by individuals once they are away from licensed premises and, therefore, beyond the control of the licence holder. Nonetheless, it is a key aspect of such control and licensing laws will always be part of the holistic approach to the management of the evening and night-time economy.
- 2.10 The objective of the licensing process is to allow for the carrying on of retail sales of alcohol and the prevention of public nuisance, prevention of crime and disorder, public safety and protection of children from harm. The Licensing Authority wishes to facilitate well run and managed premises with licence holders displaying sensitivity to the impact of the premises on local residents.
- 2.11 The Licensing Authority recognises that the provision of entertainment is a major contributor to the economy of the area attracting tourists and visitors and is a source of employment.
- 2.12 The Licensing Authority will also have regard to wider considerations affecting the residential population and the amenity of any area. These include littering, fouling, noise and street crime.
- 2.13 In determining a licence application, the overriding principle adopted by the Licensing Authority will be that each application will be determined on its merits. Only mandatory conditions and conditions offered or agreed with by the applicant will be imposed except where relevant representations against an application are received. Where relevant representations are received then further additional conditions to meet the licensing objectives may be added provided they are appropriate, proportionate, and reasonable and deal with the issues raised. Licence conditions will not be imposed where other regulatory regimes provide sufficient protection to the public e.g. health and safety at work and fire safety legislation.
- 2.14 In considering licensing hours The Licensing Authority will place significant emphasis on the individual merits of an application. In addition, the views of the Police and other Responsible Authorities will be important in this consideration.
- 2.15 Licensing hours will not inhibit the development of a thriving and safe evening and night-time local economy which is important for investment and employment locally and beneficial to tourism without compromising the ability to resource local services associated with the night-time economy. Providing consumers with greater choice and flexibility is an

important consideration.

- 2.16 Shops and public houses will generally be permitted to sell alcohol during the hours they intend to open. Entertainment providers will be encouraged to provide a range of entertainment during their operating hours and to promote live music, dancing and theatre for the wider cultural benefit of the community. Individual applicants should address the licensing objectives in their operating schedule within the context of the nature of the location, type of premises, entertainment to be provided, operational procedures and the needs of the local community.
- 2.17 The purpose of this policy document is to assist the Licensing Authority in reaching a decision on an application, setting out those matters which will normally be taken into account. In addition, this policy document seeks to provide clarity for applicants, residents and other occupiers of property and investors, enabling them to make plans to move, to remain or invest in the area with some measure of certainty.
- 2.18 Before determining its policy for any five-year period, the Licensing Authority will undertake full consultation as prescribed by the 2003 Act.
- 2.19 The views of all of those consulted will be given appropriate weight when the policy is determined together with those of any other persons or bodies which the Licensing Authority considers appropriate to consult with. When undertaking consultation exercises, the Licensing Authority will also have regard to cost and time.

3. Duplication

- 3.1 The enforcement of licensing legislation will at all times be distinct from other regulatory regimes such as fire safety and health and safety so far as is practicable.
- 3.2 Conditions will only be attached to premises licences and club premises certificates that are necessary for the promotion of the licensing objectives detailed in the introduction to this policy, be they mandatory conditions, conditions made against the operating schedule and/or following relevant representations. Under normal circumstances where matters are already provided for in other legislation, they cannot be considered necessary in the context of licensing law.
- 3.3 To ensure clarity of enforcement roles appropriate liaison with other enforcing authorities will take place and, where considered appropriate, joint inspections by enforcement agencies will be arranged.

4. Strategies

- 4.1 Where relevant representations are received, the Licensing Authority will attach conditions to premises licences and club premises certificates where appropriate to reflect local crime prevention strategies, for example, the provision of closed-circuit television

cameras in certain premises. The need for such conditions will be considered specifically as part of the application consultation process with Thames Valley Police and more generally through Crime and Disorder Partnerships.

- 4.2 The Licensing Committee will be advised of any relevant information received either reactively or proactively indicating that this policy is having a detrimental impact on live music and dancing and other regulated activities, to ensure that broader cultural activities and entertainment are not being affected. Where indications are that there is a negative effect on such events then this policy will be reviewed in order to identify how the issues may be remedied. Advice will be sought from other relevant bodies as appropriate where such issues are identified. Every care will be taken to ensure that only necessary, proportionate and reasonable licensing conditions are applied.

5. Live Music Act

- 5.1 The Live Music Act came into force on 1st October 2012 and is designed to encourage more performances of 'live' music.
- 5.2 Where licensable activities continue to take place on premises any licence conditions relating to 'live' music will be suspended between 08:00 hours and 23:00 hours, but it will be possible to impose new, or reinstate existing conditions following a review. When considering whether an activity constitutes 'the provision of regulated entertainment' each case will be treated on its own merits.

6. Operating Schedules

- 6.1 Under the Licensing Act 2003 applicants are required to complete an 'operating schedule' as part of their application. This is a key document and, if prepared comprehensively, will significantly reduce the likelihood of the application attracting representations.
- 6.2 Applicants need to be aware of the expectations of the Licensing Authority and the responsible authorities as to the steps that are appropriate for the promotion of the four licensing objectives and to demonstrate knowledge of their local area when describing the steps they propose to take to promote them.
- 6.3 Each objective is of equal importance, and the four objectives will be paramount considerations for the Licensing Authority at all times.
- 6.4 It is for the applicant to decide what, if any, measures to suggest in its operating schedule in order to address any potential concerns that might arise in the promotion of the licensing objectives. Applicants are reminded that measures proposed in the operating schedules will be converted into conditions on their licence.
- 6.5 The Licensing Authority recommends early consultation with

responsible authorities. In addition, many responsible authorities would be prepared to discuss matters on site with an applicant with a view to reaching agreement on measures to be proposed. Contact details for the responsible authorities can be found in Appendix 2.

- 6.6 The following sections are intended to assist applicants by setting out criteria and considerations relating to each of the four licensing objectives that they should bear in mind when drawing up an operating schedule. They alert applicants to any matters that responsible authorities are likely to consider when deciding whether to make representations on an application or whether to call for a review of the premises licence.

7. Prevention of Crime and Disorder

- 7.1 The Licensing Authority has a duty to act solely or with its partners to reduce crime and disorder throughout the district, consistent with its statutory duty under section 17 of the Crime and Disorder Act 1998. The council as a member of the Community Safety Partnership will work with partners to utilise legislation as required to prevent crime and disorder issues and promote public safety. In addition, the council will work in partnership with the Home Office in relation to illegal working on licensed premises.
- 7.2 The essential purpose of the licence or certificate is to regulate behaviour on premises and access to them where this relates to licensable activities and the licensing objectives. Conditions attached to licences cannot seek to manage the behaviour of customers once they are beyond the direct management of the licence holder and his staff or agents. They can however directly impact on the behaviour of those under the licensee's direction when on their premises or in the immediate vicinity of the premises as they seek entry or leave.
- 7.3 Applicants will be expected to demonstrate in their operating schedule that suitable and sufficient measures have been identified and will be implemented and maintained to reduce or prevent crime and disorder on and in the vicinity of their premises having regard to the location, character and condition of the premises, the nature and extent of the proposed use and the persons likely to be attracted to the premises or event.
- 7.4 There are a number of offences both within the Licensing Act 2003 and other legislation that relate to crime and disorder that a licensee should be familiar with. These offences stand and will not be duplicated as conditions on any licence or certificate.

Local Alcohol Profile

- 7.5 Before completing an operating schedule, applicants should have regard to the latest data set on alcohol related hospital admissions and alcohol related crimes for the district, which can be found on the

council's website at the following link: (insert link). The data aims to increase awareness of local risks and inform applicants of the specific risks that need to be considered prior to submitting an application.

Pubwatch

- 7.6 The Licensing Authority recognises the value of Pubwatch schemes and will play a supportive role and attend meetings whenever possible. Where such a scheme is active in the locality of a premises, the applicant is strongly encouraged to become an active member. As well as traditional pubs and entertainment venues, this includes premises that are licensed solely for the sale of alcohol for consumption off the premises.
- 7.7 Pubwatch provides a forum for sharing information, disseminating best practice and meeting with representatives of the Licensing Authority, the police and other responsible authorities. The Licensing Authority encourages all licensees to actively participate in their local Pubwatch scheme and will support the development of schemes where there is a demand but does not consider it appropriate to make it a condition of licence to be a member.

Information sharing and reporting incidents

- 7.8 As well as sharing information through formalised Pubwatch schemes, licensees are encouraged to share and report incidents to relevant agencies as and when appropriate, rather than waiting for a next meeting. Any issues of crime and disorder should be reported as soon as possible to Thames Valley Police. If persons or property are in danger then this should be done through calling '999', alternatively the '101' number should be used. Incidents that occur on licensed premises should be recorded and made available to Thames Valley Police and other agencies.
- 7.9 The police and the council work in partnership to target those individuals who cause crime and disorder. Powers under the Anti-social Behaviour, Crime and Policing Act 2014 such as Criminal Behaviour Orders (S22), Community Protection Notices (S43), Public Spaces Protection Orders (S59) and Closure Orders (S76) and any replacement powers will be utilised to assist in the prevention of crime and disorder. Information about relevant orders against persons will be shared with premises. Licence holders are also expected to assist in preventing crime and disorder by notifying the police of any persons who breach orders relevant to their premises.

Closed Circuit Television (CCTV)

- 7.10 CCTV has a key role to play in stopping and deterring crime and anti-social behaviour in town centres and is also used as an evidence and detection tool. Applicants are expected to consider the installation of CCTV covering both inside and outside of the premises and if they do not believe it to be appropriate, to detail why this is the case in their

application.

7.11 Surveillance cameras should only be used if necessary and proportionate, in addition:

- when considering the use of CCTV systems, either as part of the conditions attached to a licence or certificate, or within an operating schedule the Licensing Authority or applicant must in particular have regard to the Code of Practice on CCTV published by the Information Commissioner's Office.
- The Licensing Authority supports the use of CCTV systems in premises. Where a licence or certificate is granted subject to the installation of a CCTV system, it is the responsibility of the licensee to comply with any data protection considerations that may arise from the use of such a system.
- the public must have confidence that surveillance is necessary and proportionate, and that those who operate the camera systems, or use the images and information they capture, demonstrate integrity in doing so and can be held to account.
- Recordings should be retained for a minimum of 31 days and staff must be trained to operate the CCTV equipment and able to provide recordings within 24 hours to any of the responsible authorities on request.

Consumption of alcohol

7.12 The Licensing Authority expects all licence holders to take steps to control excessive consumption and drunkenness in licensed premises. This will reduce the risk of anti-social behaviour and violent crime occurring both on and away from the premises after customers have departed. Premises licence holders are expected to be able to demonstrate a general duty of care to customers using their premises and others affected by their activities, and this is supported by responsible retail sales of alcohol and appropriate staff training.

7.13 Premises should complete a specific risk assessment in respect of any alcohol promotions and should follow any industry codes of practice such as the Portman Group Code of Practice of the Naming, Packaging and Promotion of Alcoholic Drinks. A copy of the Code can be found at www.portman-group.org.uk. Promotions that encourage irresponsible consumption of alcohol should be avoided, including drinking games, as these would likely breach the relevant mandatory licence conditions and pose a risk to public safety. Consideration should be given to the promotion of smaller measures.

7.14 Where any of the following alcoholic drink is sold or supplied for consumption on the premises (other than alcoholic drinks sold or supplied having been made up in advance ready for sale or supply in a secured closed container) it must be available to customers in the following measures:

- - Beer or cider ½ pint;

- - Gin, rum, vodka or whisky: 25 ml or 35 ml;
- - Still wine in a glass: 125 ml;

- 7.15 These small measures must be displayed on menus, price lists or other printed material, and be available to customers on the premises. Where a customer does not specify the alcohol measure, the customer should be made aware that these small measures are available.
- 7.16 No alcohol should be sold or supplied for consumption on or off the premises for a price which is less than the alcohol minimum permitted price.

Door supervisors/stewards

- 7.17 Any person engaged at licensed premises to carry out security activities including the prevention of access to, or the physical ejection of, a person from the same premises on behalf of the licensee must hold and display a valid current licence issued by the Security Industry Authority (SIA) or any successor system.
- 7.18 The Licensing Authority will consider representations that indicate that specific premises require door supervision for the purpose of meeting the crime and disorder or public safety licensing objectives. In such cases, the Licensing Authority may impose a condition that an agreed number or ratio of licensed door supervisors must be present at the premises either at all times, or at such times as certain licensable activities are taking place.
- 7.19 In certain circumstances it may be appropriate to use trained stewards to provide a satisfactory level of customer care and safety awareness. These individuals must not carry out security activities and would not be required to hold an SIA licence. If they were employed to undertake duties involving children, then the applicant must consider whether such individuals should undergo a Disclosure and Barring Service check.
- 7.20 The applicant may find it beneficial in developing the operating schedule for a premises licence or certificate to have undertaken a security risk assessment in order to determine the resources necessary to meet the licensing objectives. The application should state if they propose the use of registered door supervisors which is supported by the completion of a risk assessment. Where it is felt that registered door supervisors are not required, the reasons for this should be provided in the application and again supported by the completed risk assessment.

Illegal drugs

- 7.21 The Licensing Authority recognises that the supply and use of illegal drugs by individuals is not relevant to all licensed premises, but it is recognised that conditions may need to be attached to the premises licences if problems arise. The aim will be to reduce the availability, sale, and consumption of illegal drugs and to create a safer environment for those who may have taken them. Any conditions will take into

account the relevant guidance and advice from appropriate bodies.

- 7.22 The Licensing Authority expects all premises to fully co-operate with the police including drug swabbing and permitting the access and use of drug dogs within the public and staff areas of the premises. It may also be appropriate to have procedures in place such as regular toilet checks and staff training to recognise the signs of drug taking on premises.

Modern Slavery

- 7.23 The Licensing Authority expects licence holders and applicants for new licences to be aware of the possibility of modern slavery, which can take many forms including the trafficking of people, forced labour, servitude and slavery. Traffickers and unscrupulous recruitment agencies target a range of industries including those involved in hospitality. The vast majority of employees will be recruiting people legitimately, but some firms could find themselves targeted by unscrupulous agencies or individuals.
- 7.24 Anyone can be a victim of modern slavery. However, victims of this crime in the hospitality sector are often Eastern European men and women who are promised a job in the UK and then forced by traffickers to work for little or no money. Through threat, violence or coercion they may be forced to live in squalid accommodation and have their identity documents taken from them.
- 7.25 All licence holders should make proper background checks on the agencies who supply them labour, including where the agency is operating in a supervisory role. The Association of Labour Providers and the Recruitment and Employment Confederation are the two main recruitment industry associations, and work with the Gangmasters and Labour Abuse Authority to tackle slavery.
- 7.26 For advice on how you can avoid employing victims of trafficking visit **stronger2gether.org**.

The Institute for Human Rights and Anti-Slavery International have produced specific advice for the hospitality industry to help combat forced labour visit **staff.wanted.org**

Other matters relating to crime and disorder

- 7.27 The following should also be considered:
- Measures to prevent the bringing of offensive weapons onto the premises
 - Illegal (illicit, counterfeit or non-duty paid) tobacco or alcohol
 - Use of toughened glass or plastic (consideration should be given to the use of plastic drinking receptacles in outside areas that are situated in town centres).
 - Access and last entry
 - Issues relating to staff and their right to work in the UK

- No external advertising of alcohol outside the premises or in the windows.

8. Public safety

- 8.1 The public safety objective is concerned with the physical safety, including fire safety, of the people using the relevant premises and not with public health, which is dealt with in other legislation. Public safety includes the safety of performers appearing at any premises.
- 8.2 From 1st October 2006 the Regulatory Reform (Fire Safety) Order 2005 replaced previous fire safety legislation and responsibility for complying with the order rests with the ‘responsible person’ who has control of premises.
- 8.3 Where applicants consider that the public safety objective could be compromised by their intended activities, they are encouraged to contact the council’s Health Protection and Compliance team and/or the Fire Authority as the most relevant responsible authorities for guidance.
- 8.4 The council is a member of the Nightsafe scheme, which seeks to promote public safety in the night-time economy through partnership working with licensed premises and responsible authorities.
- 8.5 The Licensing Authority is familiar with the “Safer Clubbing Guide” and its application to nightclubs and dance events. The guide contains a number of suggestions and safeguards, which appropriate premises should consider and include within their operating schedules as necessary. There are a number of other key publications that relate to public safety at entertainment events, which the Licensing Authority would recommend to applicants (see Appendix 3).
- 8.6 Applicants may also wish to consider the following within their operating schedule with a view to the safety of persons attending the premises.

Alcohol harm reduction

- 8.7 Excessive alcohol causes major health problems, increases the burden on health care and society, impacts individuals, families, society and the economy, increases health inequalities and impacts deprivation.
- 8.8 Communities, agencies and businesses are best placed to identify and deal with alcohol related problems in their area. It is important to maximise the benefits of partnership working, focusing and co-ordinating the efforts of local agencies, industry and the voluntary sector in tackling alcohol-related problems. Budgets and expertise can be pooled, providing the right services at the right time, making town centres safer and in doing so encourage more people to enjoy a night out, thus promoting economic growth.
- 8.9 Information is a powerful tool in tackling alcohol-related problems. It is vital to strengthen data sharing within local partnerships in particular

between crime and health agencies and licensing authorities. See Local Alcohol Profile section above.

- 8.10 The Licensing Authority will continue to work alongside their partners on a countywide and local level. The licensing team will work proactively with the Community Safety Partnership and Thames Valley Police and will support local initiatives to tackle alcohol misuse such as Pubwatch, Nightsafe and Community Alcohol Partnerships.
- 8.11 Alcohol related harm costs UK an estimated £21 billion per year, of which £11 billion is related to crime, £3 billion is related to NHS and £7 billion is related to lost productivity, sickness or unemployment. Alcohol is recognised as a causal factor for more than 60 diseases and a greater risk for mortality. Excessive alcohol consumption is a major cause of preventable premature death. Higher risk of alcohol misuse is seen in populations with severe disadvantage, especially those with poor mental health, offenders and the homeless. It is also seen in higher proportion in areas of deprivation and increases health inequality. The impact of harmful drinking and alcohol dependence is much greater for those in the lowest income bracket and those experiencing the highest levels of deprivation.
- 8.12 According to the 2019 Index of Multiple Deprivation (IMD), parts of Banbury Cross and Neithrop, Banbury Grimsbury and Hightown and Banbury Ruscote are among the 20% most deprived LSOAs (Lower Super Output Areas) nationally. For further information, maps of deprivation ranked nationally and within each district are available at <http://insight.oxfordshire.gov.uk/cms/jsna-district-summaries-2020>
- 8.13 The Oxfordshire Drug and Alcohol Partnership Strategy (2020-2024) brings together partners, including the Licensing Authority and Responsible Authorities to work together to reduce the harm caused to individuals and to society by misuse of alcohol and drugs

Safeguarding

- 8.14 It is important that licence holders are aware of their responsibilities relating to safeguarding. Individuals may be vulnerable for a number of reasons such as their age, mental health or intoxication. Premises should have a safeguarding/welfare policy, appropriate to the type of venue or event, available at the request of the Licensing Authority or any other responsible authority. This should cover matters such as proof of age checks, spotting signs of abuse or vulnerability, random toilet checks, how to challenge and report where there are concerns, provision of water and phone charging facilities, first aid and welfare support. This may also link with any dispersal and ejections policy. Staff should be trained so they are clear of the expectations of them in respect of safeguarding and wellbeing.
- 8.15 In addition, it may be worth considering having a dedicated safe space for vulnerable customers, with at least two members of staff present and

ideally covered by CCTV.

- 8.16 Some areas have Street Pastor schemes, where trained volunteers patrol the night time economy and take care of vulnerable people that they encounter. Applicants should find out if there are any such schemes operating in their area and make contact with them to encourage regular engagement.

Occupancy limits

- 8.17 It is recommended that the applicant or operating company assess and set occupancy limits following a risk assessment of the planned activities being carried out at the premises, having regard to other relevant legislation such as the Regulatory Reform (Fire Safety) Order 2005.
- 8.18 The Licensing Authority may set an occupant capacity following representations received if it is appropriate and proportionate to do so in order to meet the licensing objectives.

Health and Safety

- 8.19 Where five or more people are employed, the Health and Safety at Work etc Act 1974 requires there to be a written health and safety policy statement which must be brought to the employees' attention. Employers must also record the results of risk assessments and ensure a robust health and safety action plan is in place for both staff and customers. Applicants should have these documents available at the request of the Licensing Authority or any other responsible authority.

Other matters relating to public safety

- 8.20 The following should also be considered:
- Disabled access and evacuation
 - Emergency procedures
 - Special risks such as lasers or fireworks

9. The prevention of public nuisance

- 9.1 The public nuisance objective is designed to deal with the impacts of licensable activities on persons living and working (including doing business) in the vicinity that is disproportionate and unreasonable. The main issues for concern will be the control of noise nuisance, light pollution, noxious smells (odour) and litter.
- 9.2 Public nuisance is not defined within the Act but is given a broad common law definition. The prevention of public nuisance could therefore include low-level nuisance perhaps affecting a few people living locally as well as major disturbances affecting the whole community. This may also include in appropriate circumstances the reduction of the living and working amenity and environment of interested parties (as defined) in the vicinity of the licensed premises.

- 9.3 Applicants should carefully consider how they intend to promote the prevention of public nuisance objective in their operating schedule and the following sections provide some guidance:

Noise

- 9.4 Noise can come either directly or indirectly from licensed premises. Direct noise, such as that from entertainment activity, will be under the premises' direct control. Indirect noise, such as that from vehicles and customers coming to and from the premises may not be under direct control, but the premises can strongly influence it. Both types of noise will be of more significance in areas with residential accommodation and will usually, but not exclusively, be of greater importance between 11pm and 7am. However, it must be noted that noise and disturbance can also cause public nuisance outside these times. The operating schedule should identify the control measures that will be taken to minimise the impact of both types of noise on neighbouring residents and businesses.
- 9.5 Noise and disturbance from people outside can cause public nuisance even when those people are not behaving badly. The operating schedule should identify the control measures that will be taken to minimise the impact of use of outside areas. This may include noise and disturbance from customers on the premises and customers in outdoor areas such as terraces, beer gardens and smoking areas. It will also include noise, disturbance and obstruction from customers in the vicinity of the premises including customers congregating outside premises to smoke or drink, customers arriving, leaving or queuing outside premises.
- 9.6 Amendments to the Act have removed the requirement for licensing of a wide range of entertainment between the hours of 8am and 11pm. This does not reduce the risk of noise nuisance occurring. The risk increases when the entertainment takes place in the open air or within a marquee. Steps should be taken to prevent noise and vibration from entertainment causing nuisance. This may include noise from music, human voices and other forms of entertainment whether amplified or not. Consideration should also be given to ensure noise is not audible at sensitive locations such as dwellings, hospitals, hotels and other business premises. Any noise should also not cause unreasonable disturbance to the wider public, such as passers-by and people using public facilities. The Environmental Protection team are responsible for dealing with noise complaints arising from unregulated entertainment.
- 9.7 Steps should be taken to prevent noise from any servicing of the premises causing nuisance. This may include noise from deliveries, collections and the onsite disposal of bottles and other waste or recyclable materials.
- 9.8 The Licensing Authority will have regard to the powers available within the Anti-Social Behaviour Crime and Policing Act 2014. This provides

that if noise from licensed premises is causing a public nuisance the local authority has powers to issue a closure order for up to 24 hours. This compliments the police powers under Part 8 of the 2003 Act.

Light Pollution

- 9.9 Outdoor artificial lighting is used for a number of reasons, including for work, recreation, security, safety, advertising, display and to create a pleasant atmosphere where people gather socially. As many of the premises operating under the Licensing Act will use outdoor lighting late at night, it is important to ensure that it does not become a nuisance to others. Light 'spilling' onto other property can cause annoyance, distraction and discomfort. The design of larger outdoor lighting installations will need advice from a specialist Lighting Engineer.

Odour

- 9.10 The applicant should consider any odour that maybe emitted from the premises. This can include the generation of odour from food preparation, waste, bottle storage and smoking areas. The operating schedule should identify the control measures that will be taken to minimise the impact of odour from all sources.
- 9.11 When designating a smoking area outside it is important to consider who will be affected by the smoke, the possible number of persons using the area and ensuring a facility to safely dispose of lit cigarettes.
- 9.12 Oxfordshire has also signed up to creating a smoke free County by 2025, see section 30 below on Smokefree.

Waste and cleansing

- 9.13 Licensed premises of all types can potentially cause public nuisance from litter and waste. The Environmental Protection Act 1990 and the Clean Neighbourhoods and Environment Act 2005 impose responsibilities relating to proper waste collection and disposal, not least of which is the 'duty of care' to ensure any waste is properly contained and controlled while in the operator's possession, and that it is collected by a licensed waste carrier. The Act does not duplicate these laws, but licence holders will need to apply good waste management practice in order to prevent public nuisance.
- 9.14 The provision of welfare facilities such as toilets within licensed premises is relevant to the prevention of public nuisance. Adequate welfare provisions may prevent nuisance activities taking place within the street, such as urination. Licensees should therefore ensure that adequate facilities are provided within the premises and include these details within their operating schedule.

10. The protection of children from harm

- 10.1 For the purposes of this policy the Licensing Authority considers anyone under 18 years of age to be a child or young person.

- 10.2 The provisions of the Act are that unaccompanied children under 16 years should not be on 'premises being used exclusively or primarily for the supply of alcohol'.
- 10.3 The policy aims to work alongside the principles set out by the Oxfordshire Safeguarding Children Board at www.oscb.org.uk/.
- 10.4 The Licensing Authority expects that, whether alcohol is supplied or proposed to be supplied on or in the vicinity of the premises, operating schedules will identify:
- the extent to which it is proposed that children be admitted to the premises;
 - whether it is proposed that unaccompanied children will be admitted;
 - the type of regulated entertainment provided whilst children are present;
 - the specific steps undertaken to ensure the safety of children and to further ensure that no products or services are sold to children that are not appropriate for their use or consumption.
 - that staff are aware of their responsibility to ensure that an adult should not become over intoxicated if accompanied by a young person or child as to inhibit their ability to safeguard that young person.
- 10.5 Whether or not premises with a mixed use are 'exclusively or primarily used' is a matter of judgment and will depend upon the particular circumstances of the case. The guidance makes it clear that this does not mean that where the supply of alcohol is not the exclusive or primary use then young people should automatically be given access.
- 10.6 Applicants, who propose to admit children, particularly where they would not require them to be accompanied by a responsible adult, should be especially careful in ensuring they meet the requirement that their operating schedule fully and clearly sets out the nature of the activities for which permission is sought. Further, the operating schedule should specify the measures and management controls proposed to protect children from harm.
- 10.7 When deciding where restrictions should be imposed, the Licensing Authority will examine the individual merits of each application and only impose conditions where the circumstances justify them.
- 10.8 Aspects of an application that would be likely to raise concerns in relation to access by children would include:
- Where entertainment or services of an adult or sexual nature are commonly provided;
 - Where entertainment or services include strong or offensive language;
 - Where there have been convictions of members of the current staff at the premises for serving alcohol to minors or with a reputation

for underage drinking;

- Where there is a known association with drug taking or dealing;
- Where there is a strong element of gambling on the premises (but not, for example, the simple presence of a small number of cash prize gaming machines); and
- Where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the services provided at the premises.

10.9 Where conditions are required for the prevention of harm to children, a range of alternatives will be considered as methods for limiting access. These could include:

- Limitations on hours when children may be present;
- Limitations of the presence of children under certain ages when particular specified activities are taking place;
- Limitations on the parts of the premises to which children might be given access;
- Age limitations (below 18);
- Requirements for accompanying adults (including for example, a combination of requirements which provide that children under a particular age must be accompanied by an adult); and
- Full exclusion of those people under 18 from the premises when any licensable activities are taking place.

10.10 Where the above restrictions are not considered necessary, access to licensed premises by children will remain a matter for the discretion of the individual licence holder or club. Where the licence holder volunteers prohibitions and restrictions and no other relevant representations are made, the volunteered prohibitions and restrictions will be made into conditions and no other conditions in relation to the presence of children will be applied.

10.11 The sale of alcohol to minors (under 18 years of age) is a criminal offence. The Licensing Authority, Oxfordshire County Council Trading Standards Service and Thames Valley Police take a very serious view of the persistent and illegal sale of alcohol and other age-restricted goods to children. Together with Trading Standards, the Licensing Authority will continue to seek to ensure that illegal sales of alcohol and other age-restricted goods are reduced and ultimately eradicated.

10.12 The Licensing Authority expects that staff are trained and aware of their responsibility for ensuring that customers are old enough to purchase alcohol. This requirement is particularly relevant for bar staff working at premises where door supervisors control entry to a premise. Particular care and appropriate measures should be in place for venues that, due to the nature of the events, attract both over and under 18-year-old patrons.

10.13 Thames Valley Police and Oxfordshire County Council Trading Standards Service are jointly responsible for the enforcement of

sections 146, 147, 147(a) and 147(b) of the Licensing Act 2003 (The sale of and allowing the sale of alcohol to children). Trading Standards are mainly responsible for 'off licence' premises and the Police have the main responsibility for 'on licence' premises.

10.14 The Licensing Authority will maintain close contact with Thames Valley Police, Oxfordshire Youth Justice Service and Trading Standards officers regarding unlawful activities and share actions and intelligence where appropriate.

Age verification and refusals log

10.15 There is a mandatory condition on all premises licensed to sell alcohol requiring them to have adequate age verification systems in place. The Licensing Authority would recommend the use of a Challenge 25 scheme i.e. 'challenging anyone who looks under 25 to prove their age by use of an approved means of identification'; such a scheme to be advertised and enforced on the premises.

10.16 Licensees must demonstrate that their staff receive regular and adequate training on the law and practice relating to age restricted sales (including challenging purchasers and checking identification). The training provided to members of staff to prevent the sale of alcohol to underage people must be properly documented in the training log so that there is an adequate audit trail. Records must be available for inspection.

10.17 The following are examples of identification used:

- Passport
- Photo-card driving licence
- PASS card or other nationally accredited photo ID document
- Official identity card issued by HM forces

10.18 Additionally, when a retailer refuses the sale of alcohol this should be recorded in a 'refusals log'. These documents must be kept available for inspection by a police officer or authorised officer of the Licensing Authority.

Proxy sales

10.19 Adequate procedures must be in place to ensure that all members of staff working at the premises are routinely trained and regularly reminded of their responsibilities in relation to the issue of proxy sales of alcohol, and shall ensure that all reasonable steps and procedures are in place and implemented to prevent adults purchasing alcohol for those underage.

10.20 Steps must be in place to ensure that any designated premises supervisors and members of staff involved with the delivery of alcohol to residential addresses are made fully aware of their responsibilities to ensure that no alcohol is sold or delivered to persons under the age of

18.

Film classification

- 10.21 The Licensing Authority will expect licensees or clubs to include in their operating schedules arrangements for restricting children from viewing age-restricted films classified according to the recommendations of the British Board of Film Classification (BBFC) or the Licensing Authority itself. The 2003 Act also provides that it is mandatory for a condition to be included in all premises licences and club premises certificates authorising the exhibition of films for the admission of children to be restricted in accordance with the recommendations given to films by the BBFC or by the Licensing Authority itself. The Licensing Authority will expect Licensees to demonstrate the controls they have in place for the showing of recordings which have no age classification.
- 10.22 In the event that the Licensing Authority is asked to stipulate an age category for a film or video that has not been classified by the BBFC, the licensing panel or its delegated officers may view the film or video and use the BBFC published guidelines on classification as a 'benchmark' in reaching their decision.
- 10.23 All requests for a classification must be accompanied by a synopsis of the film and a full copy of the film in DVD or other appropriate format and submitted at least 28 days before the proposed screening. Failure to submit a request in time may result in the Licensing Authority being unable to classify the film. Requests shall be assessed against the BBFC guidelines and the licensing objectives and a fee may be charged to cover the costs associated with this process.
- 10.24 In considering any application, the Licensing Authority will take into account any evidence that age restrictions for exhibitions of film are not being properly observed.

Child exploitation

- 10.25 The Licensing Authority expects licence holders and applicants for new licences to be aware of the possibility of exploitation including child sexual exploitation and child criminal exploitation taking place in or around licensed premises. Licence holders are expected to adopt suitable protective measures to assist in the detection and reporting of incidents of this kind. These may include staff training and management procedures to include monitoring and reporting. Child sexual exploitation is a type of sexual abuse. When a child is exploited, they are given things like gifts, drugs, money and affection in exchange for performing sexual activities. Child criminal exploitation is child abuse where children are manipulated and coerced into committing crimes, for example carrying drugs for gangs.
- 10.26 Premises licence holders and designated premises supervisors have a legal responsibility to ensure that children and young people are protected from harm at their premises. The guidance issued under

Section 182 of the Licensing Act requires that children must be protected from ‘moral, psychological and physical harm, which not only includes protecting children from the harms associated directly with alcohol consumption but also wider harms such as exposure to strong language and sexual expletives (for example, in the context of exposure of certain films or adult entertainment).’ It is important that the risk of child exploitation is managed at premises to both protect children and young people from harm as well as to protect the business, particularly financial and reputational risk if legal action is taken against the premises, which could result in suspension or revocation of the licence.

10.27 To minimise the risk to children and young people, premises need to have preventative systems in place. Below are some suggested safeguarding measures:

- Undertake a written children and young person’s risk assessment and use it to inform or complement your staff training and operation of the premises
- Staff should be trained to recognise indicators of child sexual exploitation and know how to report concerns, with records maintained of this training
- Activities at the premises should be monitored (by using CCTV or by regular patrols). If patrols are carried out, a record should be kept of who made the patrol, where they patrolled and the times and dates it was carried out
- Suspicious activities should be reported to the police, including details of vehicle registration numbers and description of any individuals involved and all incidents of this nature should be recorded in the premises incident log.
- If the designated premises supervisor, licence holder or staff are in a situation involving the supervision of a vulnerable person at the premises, it is important to follow a consistent and auditable protocol.

Other matters relating to protection of children from harm

10.28 The following should also be considered:

- Performances by children
- Alcohol delivery services

11. The Licensing Authority as a Responsible Authority

11.1 The 2003 Act enables licensing authorities to act as responsible authorities as a means of early intervention and may do so where the authority considers it appropriate without having to wait for representations from other responsible authorities.

11.2 The Licensing Authority will not normally act as a responsible authority on behalf of other parties (for example, local residents, local councillors or community groups) although there are occasions where the authority may decide to do so. Such parties can make relevant representations

to the Licensing Authority in their own right, and it is reasonable to expect them to make representations themselves where they are reasonably able to do so. However, if these parties have failed to take action and the Licensing Authority is aware of relevant grounds to make a representation, a choice may be made to act in its capacity as responsible authority.

- 11.3 The Licensing Authority expects that other responsible authorities should intervene where the basis for the intervention falls within the remit of that other responsible authority. For example, the police should make representations where the representations are based on concerns about crime and disorder. Likewise, it is reasonable to expect the local authority exercising environmental health functions to make representations where there are concerns about noise nuisance.
- 11.4 In cases where the Licensing Authority is also acting as responsible authority in relation to the same process, there will be a separation of responsibilities within the authority to ensure procedural fairness and eliminate conflicts of interest. In such cases licensing determinations will be made by the licensing committee or sub-committee comprising elected members of the authority (although they are advised by a licensing officer). Therefore, a separation is achieved by allocating distinct functions (i.e. those of licensing authority and responsible authority) to different officials within the authority.
- 11.5 Accordingly, the officer advising the licensing committee will be a different person from the officer who is acting for the responsible authority. The officer acting for the responsible authority will not be involved in the licensing decision process and will not discuss the merits of the case with those involved in making the determination by the licensing authority. Communication between these officers in relation to the case will remain professional and consistent with communication with other responsible authorities.

12. Public Health as a Responsible Authority

- 12.1 The inclusion of the Oxfordshire County Council Director of Public Health as a responsible authority under the Act enables Public Health to have a say in alcohol licensing. Public Health may have access to information that is unavailable to other responsible authorities, which help the licensing authority exercise its functions.
- 12.2 The role of the Director of Public Health is to help promote the health and wellbeing of the local populations they serve. This wide remit influences a wide range of circumstances, including local licensing arrangements. The licensing regime is concerned with the promotion of the licensing objectives which collectively seeks to protect the quality of life for those who live and work in the vicinity of licenced premises and those who socialise in licensed premises. The Director of Public Health could make or support representations as well as make observations on licensing applications. The focus on the wellbeing of the wider

community via licensing is an important addition to the role of public health in promoting the wellbeing of their localities.

13. Responsible Authorities

- 13.1 Thames Valley Police (Licensing)
- 13.2 Oxfordshire Fire and Rescue Service
- 13.3 Trading Standards
- 13.4 Regulatory Services and Community Safety (Environmental Health)
 - Environmental Protection
 - Health Protection
 - Community Safety
- 13.5 Planning Authority
- 13.6 Oxfordshire County Council Public Health
- 13.7 See Appendix 2 for contact details.

14. Planning

- 14.1 The Licensing Authority acknowledges that there must be proper separation of the planning and licensing regimes to avoid duplication and inefficiency. Licensing applications should not be a re-run of the planning application and should not cut across decisions taken by the Local Planning Authority, Planning Committee or following appeals against decisions taken by that committee.
- 14.2 The Licensing Committee may provide reports to the Planning Committee on the situation regarding licensed premises in the area to ensure proper integration, including the general impact of alcohol related crime and disorder, to provide background information to any planning applications for potential licensed premises under consideration.
- 14.3 The Planning Authority also has a duty to consider matters of crime and disorder at this stage. This will enable the Planning Committee to have regard to such matters when taking its decisions and avoid any unnecessary overlap.
- 14.4 Applications for premises licences for permanent commercial premises should normally be from businesses with planning consent for the property concerned. However, applications for licences may be made before any relevant planning permission has been sought or granted by the Planning Authority. There is no legal basis for the Licensing Authority to refuse a licence application because it does not have planning permission,
- 14.5 The strength of planning policies is that there is an obligation both on the council, as local planning authority, and the decision maker on any

appeal to give considerable weight to them. This helps ensure consistency in the decision making process.

15. Licensing Hours

- 15.1 Consideration will always be given to the individual merits of an application in line with the four licensing objectives and any relevant representations. The Licensing Authority recognises that longer licensing hours with regard to the sale of alcohol need to be managed effectively to ensure that the concentrations of customers leaving premises simultaneously are avoided. This is necessary to reduce the friction at late night fast food outlets, taxi ranks and other sources of transport, which may lead to disorder and disturbance.
- 15.2 However, when issuing a licence with hours beyond 23.00 hours, higher standards may be expected to be included in Operating Schedules to address the Licensing Objectives especially premises which are situated near to residential properties.
- 15.3 In considering licence applications, where relevant representations are made, the Licensing Authority will consider the adequacy of measures proposed to deal with the potential for public nuisance and/or public disorder having regard to all the circumstances of the case.
- 15.4 Where relevant representations are made, the Licensing Authority will demand stricter conditions with regard to noise control in areas that have denser residential accommodation, but this will not limit opening hours without regard for the individual merits of any application. The Licensing Authority will consider each application and work with the parties concerned to ensure that adequate noise control measures are in place.
- 15.5 In general terms, the Licensing Authority supports the view that, with regard to shops, stores and supermarkets, they should be free to provide sales of alcohol for consumption off the premises at any times when the retail outlet is open for shopping unless there are very good reasons for restricting those hours. For example, a limitation may be appropriate following police representations in the case of isolated shops known to be a focus of disorder and disturbance.

16. Temporary Event Notices

- 16.1 Temporary event notices (TENs) may be used to authorise licensable activities at premises where there are 499 persons or fewer (including any staff and volunteers) present. TENs are not applications for permission to hold an event; they are notices of intention to hold an event to the Licensing Authority, Environmental Health and Thames Valley Police, subject to fulfilling certain conditions. If there are 500 or more persons present at the event, a premises licence will be required.
- 16.2 As many users giving TEN's will not have commercial backgrounds or

ready access to legal advice, the Licensing Authority will ensure that guidance is clear and understandable and will aim to keep arrangements manageable and user friendly for these groups.

- 16.3 Organisers of temporary events are encouraged to submit their TEN as soon as is reasonably practicable in order for the Police and Environmental Health to consider whether or not they have any concerns about the event and, if they have, to enable all parties to try and take steps to resolve those concerns. Persons intending to use premises under a TEN are encouraged to discuss their proposals with the community that may be affected before submission.
- 16.4 Although the legal requirement is 10 clear working days (or 5 clear working days for late TENs) not including the date of receipt or the date of the event, the Licensing Authority recommends that at least 28 days and no more than three months' notice be given to hold such events, to allow sufficient time for organisers to plan their events safely, for appropriate publicity and for consultation with responsible authorities and interested parties. Any longer period than this may mean that organisers do not have all the details available at the time of submitting the notice, and any lesser time means that planning may be rushed and haphazard.
- 16.5 The Licensing Authority will remind notice givers about relevant offences under licensing law, including the sale of alcohol to minors and the sale of alcohol to a person who is drunk,
- 16.6 The Licensing Authority will also advise notice givers of the police powers to close down an event with no notice on grounds of disorder or because of public nuisance caused by noise emanating from the premises. Where the application is not within the parameters described in the legislation, the Licensing Authority will issue a Counter Notice to the person giving the TEN.
- 16.7 In the event of an objection, if the matter cannot be resolved informally the matter will be considered by the Licensing Committee. Objection notices received for late TENs mean that the event cannot go ahead.

17. Sexual Entertainment

- 17.1 The Licensing Authority has adopted a policy in relation sexual entertainment venues under the Local Government (Miscellaneous Provisions) Act 1982, as amended by the Policing and Crime Act 2009. With reference to this related policy standard conditions are attached to such licences and where there are similar conditions in the two regimes, the more onerous apply.
- 17.2 The Licensing Authority acknowledges there is an exemption under the Local Government (Miscellaneous Provisions) Act 1982 that allows premises to provide sexual entertainment no more than 11 times per year and no more frequently than monthly,

18. Cumulative Impact and Special Policies

- 18.1 Commercial demand for additional licensed premises is not a matter for the Licensing Authority or its Statement of Policy but a matter for planning committees and for the market. On the other hand, the cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for the Licensing Committee.
- 18.2 Conditions may only relate to matters that the licensee can be expected to control. These are likely to relate to the premises themselves and the immediate vicinity. Where the number, type and density of premises selling alcohol are unusual, serious problems of nuisance and disorder can sometimes arise or begin to arise outside or some distance from the licensed premises. This has been described as the cumulative effect of the increasing capacity of all premises taken together and is outside of the control of licence conditions.
- 18.3 There may be circumstances where the Licensing Authority receives relevant representations from a responsible authority or interested party that the cumulative effect of new licences is leading to an area becoming saturated with premises, making it a focal point for large groups of people to gather and circulate, away from the licensed premises themselves. This might be creating exceptional problems of disorder and nuisance over and above the impact from the individual premises. In such circumstances the Licensing Authority may consider the question of whether the granting of any further premises licences or club premises certificates would undermine one of the licensing objectives. The Licensing Act 2003 allows for this, so long as cumulative impact is addressed in the context of the individual merits of any application.
- 18.4 However, it may be necessary for The Licensing Authority to adopt a special policy of refusing new licences because the area is already saturated with certain types of licensed premises. In such circumstances this policy is not absolute and will still allow for the circumstances of each application to be considered properly and for licences which are unlikely to add significantly to saturation to be approved provided all other requirements are met.
- 18.5 In deciding whether to adopt such a policy, the Licensing Authority will:
- identify evidence of concerns relating to a licensing objective;
 - consider whether the evidence demonstrates that a cumulative impact caused by the customers of multiple licensed premises is adversely affecting a licensing objective;
 - identify the precise area(s) where issues are occurring;
 - undertake consultation with those persons and bodies identified in Section 5(3) of the 2003 Act.
- 18.6 Where this process identifies such a need, the Licensing Authority will consider adoption of a special policy relating to future licence

applications from that area. Reference to any such special policy will be made in the Licensing Policy Statement and the special policy will be published as part of the statement of licensing policy.

- 18.7 A special policy cannot be used to set a terminal hour for premises in the identified area.
- 18.8 In considering representations the onus will be on the objector to lay an evidentiary base for the assertion that the addition of the premises in question would produce the cumulative impact claimed. The impact can be expected to be different for premises with different styles and characteristics.
- 18.9 Any special policy adopted by the Licensing Authority will be reviewed regularly to assess whether it has had the effect intended, whether it is needed any longer or whether it needs extending.
- 18.10 A special policy on cumulative impact will not be used as grounds for removing a licence when representations are received about problems with an existing licensed premise. Nor can it justify rejecting variations to a licence except where those variations are directly relevant to the policy (as would be the case with an amendment significantly to increase the capacity limits of a premises).
- 18.11 The Licensing Authority will not adopt quotas which pre-determine the individual merits of any application even in respect of premises selling alcohol for consumption on those premises as they have no regard to the individual characteristics of the premises concerned. Public houses, nightclubs, restaurants, hotels, theatres, concert halls and cinemas all sell alcohol, serve food and provide entertainment but with contrasting styles and characteristics. Proper regard will be given to those differences and the differing impact they will have on the local community.
- 18.12 The Licensing Authority recognises that once away from these premises, only a minority of consumers will behave badly and unlawfully. The licensing policy is part of a much wider strategy for addressing these problems. Other mechanisms which may be used to deal with such issues which fall outside of the scope of this licensing policy include:
- planning controls;
 - positive measures to create a safe and clean town centre environment in partnership with local businesses, transport operators and other departments of the local authority;
 - the provision of CCTV surveillance in town centres, ample taxi ranks, provision of public conveniences open late at night, street cleaning and litter patrols; powers of local authorities to designate parts of the local authority area as places where alcohol may not be consumed publicly;
 - police enforcement of the general law concerning disorder and

- antisocial behaviour, including the issuing of fixed penalty notices;
- the prosecution of any personal licence holder or member of staff at such premises who is selling alcohol to people who are drunk;
- the confiscation of alcohol from adults and children in designated areas;
- Police powers to close instantly for up to 24 hours any licensed premises or temporary events on grounds of disorder, the likelihood of disorder or excessive noise emanating from the premises causing a nuisance;
- the power of the Police, other responsible authority or a local resident or business to seek a review of the licence or certificate in question.

18.13 The Licensing Authority and Thames Valley Police will continue to work closely together to ensure that these other mechanisms are used appropriately to deal with the issues of concern and where possible will supplement these with other local initiatives that similarly address these problems.

19. Early Morning Alcohol Restriction Order

- 19.1 Under sections 172A to 172E of the 2003 Act as amended by section 119 of the Police Reform and Social Responsibility Act 2011 the Licensing Authority can make an early morning alcohol restriction order (EMRO) if it considers it necessary for the promotion of the licensing objectives.
- 19.2 An order would mean that any premises licence, club premises certificate or temporary event notice that authorises the sale of alcohol within the location and during the period specified in the order would not have effect. The period specified must begin no earlier than midnight and end no later than 6am.
- 19.3 The only exemptions relating an EMRO are New Year's Eve and the provision of alcohol to residents in premises with overnight accommodation by means of mini bars and room service.
- 19.4 The decision to implement an EMRO will be evidence based and will be considered by Full Council.

20. Conditions

- 20.1 A key concept underscoring the Licensing Act 2003 is for conditions to be attached to licences and certificates that are tailored to the individual style and characteristics of the premises and events concerned. Conditions may only be applied following the receipt of relevant representations where they have been agreed by all parties concerned or have been applied by the Licensing Committee. This is essential to avoid the imposition of disproportionate and overly burdensome conditions on premises where there is no need for such conditions.

- 20.2 Conditions shall be appropriate and proportionate to achieve the promotion of the licensing objectives and shall be tailored to suit the circumstances and premises. Conditions will not be attached where adequate legislative control exists.
- 20.3 If no representations are received, there is no provision for a Licensing Authority to impose conditions on a licence other than the mandatory conditions and those proposed by the applicant within the operating schedule which will be translated into clear, enforceable conditions by the Licensing Authority.
- 20.4 The mandatory conditions that will apply to all licences for the promotion of the licensing objectives are specified in the Licensing Act 2003 (Mandatory Licensing Conditions) (Amendment) Order 2014 which can be found at the following link <https://www.legislation.gov.uk/ukdsi/2014/9780111116906>
- 20.5 The Licensing authority will therefore avoid the general application of standardised conditions to licences and certificates. However, to ensure consistency, when it is necessary to apply conditions, the Licensing Authority will draw from pools of model conditions where available, from which appropriate and proportionate conditions may be drawn in particular circumstances to suit individual cases. The model conditions will cover the four licensing objectives.

21. Reviews

- 21.1 The Licensing Act 2003 makes provision for the Review of premises licenses where problems associated with crime and disorder, public safety, public nuisance or the protection of children from harm are occurring.
- 21.2 At any stage following the grant of a premises licence or club premises certificate, a responsible authority or an interested party (such as a resident living in the vicinity of the premises), may request the Licensing Authority review the licence because of a matter arising at the premises in connection with any of the four licensing objectives.
- 21.3 A review of a premises licence will follow any action by Thames Valley Police exercising powers to close licensed premises under Section 161 of the Licensing Act 2003 on grounds of disorder or noise nuisance as a result of a Magistrates' Courts' determination sent to the Licensing Authority.
- 21.4 In all cases, the representation must relate to a premise for which a licence is in force and must be relevant to the promotion of the licensing objectives. Representations must be made in writing and may be amplified at the subsequent review or may stand in their own right. Additional representations, which do not amount to an amplification of the original representation, may not be heard at the hearing.

- 21.5 Where the request for a review originates from an interested party e.g. a local resident or residents' association, the Licensing Authority will first consider whether the complaint made is relevant, vexatious, frivolous or repetitious.
- 21.6 A repetitious complaint is one that is identical or substantially similar to:
- a ground for review made in respect of the same premises licence which has already been determined; or
 - representations considered by the Licensing Authority when the premises licence was granted; or
 - representations which would have been made when the application for the premises licence was first made and which were excluded then by reason of the prior issue of a provisional statement; and
 - in addition to the above grounds, a reasonable interval has not elapsed since that earlier review or the grant of a licence.
- 21.7 The Licensing Authority recognises the need to prevent attempts to review licences, following the failure of representations on earlier occasions. The Licensing Authority will judge what is to be regarded as a reasonable interval in these circumstances. The Licensing Authority has regard to the recommendation in the guidance that more than one review originating from an interested party should not be permitted within a period of 12 months on similar grounds except in compelling circumstances or where it arises following a Closure Order.
- 21.8 The Licensing Authority also recognises that the promotion of the licensing objectives relies heavily on a partnership approach. The Council would encourage authorised persons and responsible authorities to give licence holders warning of their concerns about problems identified at premises and of the need for improvement. The Licensing Authority will advise licence holders that a failure to respond to such a warning may lead to a responsible authority requesting a Review.
- 21.9 The Licensing Authority will hold a hearing following a request for a Review from a responsible authority, interested party or after closure procedures described earlier. The Licensing Authority will make the licence holder fully aware of the representations received together with supporting evidence in order for the licence holder or his legal representatives to be able to prepare a response.
- 21.10 In determining a Review, this authority has a range of powers it may exercise where it considers them necessary for the promotion of the licensing objectives:
- no action necessary as no steps required to promote the licensing objectives;
 - issuing an informal warning to the licence holder and/or to recommend improvement within a particular period of time. The Licensing Authority regards such warnings as important mechanisms for ensuring that the licensing objectives are

effectively promoted, and any warning issued will be in writing to the licence holder.

- to modify the conditions of the premises licence (including adding new conditions, altering/omitting an existing condition);
- excluding a licensable activity from the licence;
- remove the designated premises supervisor,
- suspend the licence for a period of three months;
- to revoke the licence.

21.11 The Licensing Authority in determining what action to take will seek to establish the causes of concern and any action taken will be directed at these causes. Any action taken to promote the licensing objectives will be necessary and proportionate.

22. Minor Variations

22.1 The purpose of the minor variation process is to save time, money and regulatory resources by allowing small variations that could not impair the promotion of the licensing objectives to be made to premises licences and club premises certificates through a simplified and less costly procedure. Under this process, the applicant is not required to advertise the variation in a newspaper or copy it to Responsible Authorities. However, they must display it on a white notice at the premises. The notice must be displayed for a period of 10 working days starting on the working day after the minor variation application was given to the Licensing Authority.

22.2 The holder of a premises licence or a club premises certificate can apply to the licensing authority for a minor variation to the licence or the certificate using the prescribed form. In determining an application the Licensing Authority will consult such of the Responsible Authorities as it considers appropriate.

22.3 The Licensing Authority will take into account any relevant representations made concerning the application by Responsible Authorities or by an interested party, Relevant representations must be about the likely effect of the grant of the application on the promotion of the licensing objectives. The Licensing Authority will grant an application only if it considers that none of the variations proposed in the application could have an adverse effect on the promotion of any of the licensing objectives. In any other case the authority must reject the application. There is no right to a hearing in this process.

22.4 An application may not be made under the minor variation provision if the effect of the variations proposed in it would be to:

- extend the period for which a premises licence has effect;
- to vary substantially the premises to which a premises licence/club premises certificate relates;
- to specify (in a premises licence) an individual as the Designated Premises Supervisor (DPS);

- to authorise the sale or supply of alcohol or to authorise the sale by retail or supply of alcohol at any time between 11pm and 7am or increase in the amount of time on any day during which alcohol may be sold by retail or otherwise supplied; or
- to disapply the mandatory conditions concerning the supervision of alcohol sales by a personal licence holder and the need for a Designated Premises Supervisor who holds a personal licence at a community premises.

22.5 If an application is refused, the Authority must notify the applicant in writing, giving its reasons for the refusal. The Authority is required to reach its determination within a period of fifteen (15) working days starting on the first working day after the authority receives the application, otherwise the application is rejected, and the Authority must return the application fee.

22.6 Minor variations will generally fall into four categories:

- minor changes to the structure or layout of a premises;
- small adjustments to licensing hours;
- the removal of out of date, irrelevant or unenforceable conditions or volunteered conditions;
- the addition of certain licensable activities.

23. Enforcement

23.1 The Licensing Authority will establish protocols and have regular liaison with the local police, fire & rescue service, trading standards, other County local authorities and other agencies on enforcement issues. This will provide for a more efficient deployment of local authority staff and police officers who are commonly engaged in enforcing licensing law and the inspection of licensed premises. There will also be regular liaison with other enforcement authorities.

23.2 In particular, these protocols will provide for the targeting of agreed problem and high-risk premises which require greater attention, while providing a lighter touch in respect of low risk premises which are well run. The limited validity of public entertainment, theatre, cinema and late-night refreshment house licences has in the past led to a culture of annual inspections regardless of whether such inspections are necessary. The Licensing Act 2003 does not require inspections to take place save at the discretion of those charged with this role. The principle of risk assessment and targeting will prevail, and inspections will not be undertaken routinely but when and if they are judged necessary. This should ensure that resources are more effectively concentrated on problem premises.

24. Licence Suspensions

24.1 This is a power brought as part of the amendments brought about by the Police Reform and Social Responsibility Act 2011. The Licensing

Authority must suspend premises licences and club premises certificates on the non-payment of annual fees. The Licensing Authority will follow the relevant guidance in issuing suspensions for non-payment.

25. Administration, Exercise and Delegation of Functions

- 25.1 The Powers of the Licensing Authority under the Act may be carried out by the Licensing Committee, by a Sub-Committee or by one or more Officers acting under delegated authority.
- 25.2 Many of the licensing procedures will be largely administrative with no perceived areas of contention. In the interests of efficiency and effectiveness officers will generally carry out these duties.
- 25.3 On applications where there are relevant representations these will be dealt with by a Committee or sub-committee of the Licensing Authority, as will any application for review of a licence.
- 25.4 The Licensing Authority will expect applicants to address the licensing objectives in their Operating Schedule having regard to the type of premises, the licensable activities to be provided, the operational procedures, the nature of the location and the needs of the local community.
- 25.5 Applicants will be encouraged to make themselves aware of any relevant planning and transportation policies, tourism and cultural strategies or local crime prevention strategies and to have taken these into account, where appropriate, when formulating their Operating Schedule.
- 25.6 The 2003 Act provides that decisions and functions may be taken or carried out by licensing committees or delegated to sub-committees or in appropriate cases, to officials supporting the Licensing Authority. In the interests of speed, efficiency and cost-effectiveness, as many of the decisions and functions will be purely administrative in nature, functions will be delegated to the appropriate level within the organisation where possible. See Annex 1.
- 25.7 Where applications are non-contentious, for example, no representations to the grant of a premises licence are received, applications will be delegated to officers in order to speed matters through the system. Any such matters passed in this way will then be listed for comment at the next Committee meeting. The Committee will not have the opportunity to reverse officers' decisions

26. Advice and Guidance

- 26.1 Advice can be obtained by contacting the Licensing Team at Cherwell District Council. We will advise on the types of licence needed and can be contacted in the following ways: -

Website <http://www.cherwell.gov.uk/licensing.htm>

Email: licensing@cherwell-dc.gov.uk

Telephone: 01295 753744

In person or writing to:

Licensing Team
Cherwell District Council
Bodicote House
Bodicote
Banbury
Oxfordshire OX15 4AA

27. Equal Opportunities

- 27.1 Over the last four decades, discrimination legislation has played an important role in helping to make Britain a more equal society. However, the legislation was complex and, despite the progress that has been made, inequality and discrimination persist and progress on some issues has been stubbornly slow.
- 27.2 The Equality Act 2010 provides a new cross-cutting legislative framework to protect the rights of individuals and advance equality of opportunity for all; to update, simplify and strengthen the previous legislation; and to deliver a simple, modern and accessible framework of discrimination law which protects individuals from unfair treatment and promotes a fair and more equal society.
- 27.3 In implementing the Licensing Act 2003, associated legislation and guidance, The Licensing Authority is committed to ensuring that the obligations and duties within this legislation are met.

28. Review of the Policy

- 28.1 This licensing policy will be formally reviewed and published every five years (section 5 Licensing Act 2003). This review of the policy will be subject to the consultation process. Section 5(4) of the Act provides that the licensing authority must keep its policy under review during each five year period and make appropriate revisions. Again, any revisions must be subject to consultation.
- 28.2 Where a special policy relating to cumulative impact or early morning restriction orders is being adopted this will be reviewed regularly at least every five years, to assess whether it is needed any longer, or indeed needs expanding. Any cumulative impact policy will also be reviewed to ensure that it has had the intended effect. There will be on-going dialogue and consultation with local residents to consider whether any area is nearing the point where the concentration of premises has a cumulative impact.
- 28.3 The Licensing Authority will consider the most appropriate time to

refresh policies, with a view to balancing businesses' need to be kept advised of changes with the additional burden that responding to frequent consultations can bring.

29. Late night levy

29.1 The legislative provisions relating to the late-night levy are not part of the Licensing Act 2003 but are contained in Sections 125 to 139 of the Police Reform and Social Responsibility Act 2011. The provisions came into force on 31st October 2012.

29.2 Regulations have been brought into force setting out the way in which the levy must be applied and administered, and arrangements for expenses, exemptions and reductions. Guidance has also been introduced in relation to:

- implementing the levy and the consultation process
- the design of the levy
- exemptions from the levy
- reductions in levy charges
- how revenue raised from the levy may be spent the levy charges
- the levy collection process

29.3 Regarding exemptions, The Licensing Authority retains discretion whether to exempt certain premises or not but only for those types of premises set out in paragraphs 1.24 to 1.31 of the guidance on the Late-Night Levy.

29.4 The Licensing Authority also has the discretion whether to reduce the amount of the levy by 30% for premises which participate in business-led best practice schemes.

29.5 Any revenue from a levy will be split between The Licensing Authority and Thames Valley Police, with at least 70% of the 'net' levy (after expenses) paid to the Police. A formal service level agreement will be established to ensure that The Licensing Authority and Northamptonshire Police are aware of responsibilities and undertakings, and to ensure that the use of levy funds can be clearly communicated to those businesses contributing to it.

29.6 These powers enable licensing authorities to charge a levy in relation to persons who are licensed to sell or supply alcohol late at night as a means of raising a contribution towards the costs of policing the night-time economy. Any decision to introduce, vary or cease the requirement for a levy will be made by the Full Council. Other decisions in relation to how the levy is administered may be subject to delegation.

30. Smokefree

30.1 Oxfordshire is committed to creating a smoke free County by 2025, this is defined as when adult smoking rates reach $\leq 5\%$. Steps should be

taken towards supporting the proposed Oxfordshire Tobacco Control Strategy (provide link) through its four Pillars:

- Prevention
- Local Regulation and Enforcement
- Creating Smoke Free Environments
- Supporting Smokers to Quit

30.2 When designating a smoking area outside it is important to consider who will be affected by the smoke, the possible number of persons using the area and ensuring a facility to safely dispose of lit cigarettes. Wherever possible designated smoking areas should be out of site and not on the pavement at the front of the premises.

30.3 Where external seating is provided at least 70% of the seating must be no smoking with clear 'no smoking' signage displayed in the designated area. Applicants should aim for a minimum 2 metre distance between non-smoking and smoking areas, wherever possible.

Appendix 1 - Delegation of functions

Matter to be dealt with	Full Committee	Sub Committee or Panel	Officers
Application for personal Licence	-	If a police objection made	If no objection made
Application for personal licence with unspent convictions	-	All cases	-
Application for premises licence/club premises certificate	-	If a relevant representation made	If no relevant representation made
Application for provisional statement	-	If a relevant representation made	If no relevant representation made
Application to vary premises licence/club premises certificate	-	If a relevant representation made	If no relevant representation made
Application to vary designated premises supervisor	-	If a police objection	All other cases
Request to be removed as designated premises supervisor	-	-	All cases
Application for transfer of premises licence	-	If a police objection	All other cases
Applications for interim Authorities	-	If a police objection	All other cases
Application to review premises licence/club premises certificate	-	All cases	-
Decision on whether a complaint is irrelevant frivolous vexatious etc	-	-	All cases
Decision to object when local authority is a consultee and not the relevant authority considering the application	-	All cases	-
Determination of a police objection to a temporary event notice	-	All cases	-

Appendix 2 – Responsible Authority Contacts

<p>Thames Valley Police Licensing Department Thames Valley Police E Block HQ South 165 Oxford Road KIDLINGTON Oxfordshire OX5 2NX</p> <p>TEL: 0845 8505505</p> <p>Licensing@thamesvally.pnn.police.uk</p>	<p>Oxfordshire Fire and Rescue Service Oxfordshire Fire and Rescue Service Headquarters Sterling Road Kidlington Oxfordshire OX2 2DU</p> <p>TEL: 01865 897789</p> <p>Fire.service@oxfordshire.gov.uk</p>
<p>Trading Standards Oxfordshire County Council Trading Standards Service Electric Avenue Ferry Hinksey Road Off Botley Road Oxford OX2 0BY</p> <p>TEL: 0845 0510845</p> <p>Trading.standards@oxfordshire.gov.uk</p>	<p>Regulatory Services and Community Safety Cherwell District Council Bodicote House Bodicote Banbury OX15 4AA</p> <p>TEL: 01295 227990</p> <p>HPandCompliance@cherwell-dc.gov.uk</p>
<p>The Planning Authority Planning and Development Services Cherwell District Council Bodicote House Bodicote Banbury OX15 4AA</p> <p>TEL: 01295221883</p> <p>planning@cherwell-dc.gov.uk</p>	<p>Public Health Oxfordshire County Council County Hall New Road Oxford OX1 1ND</p> <p>publichealthlicensing@oxfordshire.gov.uk</p>

Appendix 3 Other policies, legislation, and guidance sources

There are a number of other local and national policies, strategies, responsibilities, and guidance documents which should be taken into account in order to complement this authority's licensing policy. In particular the policy should provide a clear indication of how the licensing authority will secure the proper integration of the licensing policy and other local policies such as the local crime prevention, planning, transport, tourism, cultural strategies and the local alcohol policy.

(i) Legislation

- Policing and Crime Act 2009
- Crime and Disorder Act 1998
- Crime and Security Act 2010
- Human Rights Act 1998
- Criminal Justice and Police Act 2001
- Private Security Industry Act 2001
- Equality Act 2010
- Anti-Social Behaviour Crime and Policing Act 2014
- Violent Crime Reduction Act 2006
- The Health Act 2006
- The Clean Neighbourhoods and Environment Act 2005
- Live Music Act 2012
- Gambling Act 2005
- Business and Planning Act 2020

Note: These and other relevant pieces of legislation can be found at www.opsi.gov.uk

(ii) Strategies and Policies

- Alcohol Strategy
- Best Bar None
- British Beer and Pub Association Partnerships Initiative
- Community Alcohol Strategy
- Community Safety Strategy
- Compliance Code
- Crime & Disorder Reduction Strategy
- Council's Enforcement Policy
- Cultural and Tourism Strategies including promotion of live music and community events
- Home Office: Selling Alcohol Responsibly: Good Practice Examples from the Alcohol Retail and Hospitality Industries
- Local Development Framework
- Local Transport Plan
- National and local PubWatch schemes
- Portman Group Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks.
- Purple Flag (ATCM)
- Safer Socialising
- The Final Push – A Tobacco Control Strategy for a smokefree society in Oxfordshire 2020-2025

(iii) Guidance Documents

- Home Office 'Practical Guide for Preventing and Dealing with Alcohol Related Problems
- Home Office Safer Clubbing Guide
- Home Office Designated Public Place Order (DPPO) Guidance
- Home Office s182 Guidance
- LACORS/TSI Code of Practice on Test Purchasing
- The Event Safety Guide
- Licensing large scale events (music festivals etc)
- Managing Crowds Safely
- 5 Steps to Risk Assessment
- The Guide to Safety at Sports Grounds
- Safety Guidance for Street Arts, Carnivals, Processions and Large-scale Performances
- UK BIDS: Business Improvement Districts(national BIDS advisory service)
- BIS Code of Practice on Consultation

(iv) Relevant case law regarding policy statements

- Limits of licensing policy:
BBPA & Others v Canterbury City Council [2005] EWHC 1318 (Admin)
- "Strict" licensing policies and exceptions to policy:
R (Westminster City Council) v Middlesex Crown Court and Chorion plc [2002] LLR 538
- Cumulative impact policies and hours
R (JD Wetherspoon plc) v Guildford Borough Council [2006] EWHC 815 (Admin)
- Duplication and conditions:
R (on the application of Bristol Council) v Bristol Magistrates' Court [2009] EWHC 625 (Admin)
- Extra-statutory notification by the licensing authority:
R (on the application of Albert Court Residents Association and others) v Westminster City Council [2010] EWHC 393 (Admin)
- The prevention of crime and disorder: ambit of the objective
Blackpool Council, R (on the application of) v Howitt [2008]
- Crime and disorder: sanctions on review: deterrence
Bassetlaw District Council, R (on the application of) v Workshop Magistrates Court [2008]

Note: This list is not exhaustive

Appendix 4 Useful References (organisations)

Local Government Association:

<http://www.local.gov.uk/regulatory-services-and-licensing>

Association of Convenience Stores (ACS)

<http://www.acs.org.uk/>

Association of Licensed Multiple Retailers (ALMR)

Now incorporating Bar, Entertainment and Dance Association (BEDA)

<http://www.almr.org.uk/>

Association of Town Centre Managers (ACTM and Purple Flag)

<http://www.atcm.org/>

Banbury BID

<https://www.banburybid.com/>

Better Regulation Delivery Office (BRDO)

<http://www.bis.gov.uk/brdo>

British Beer and Pub Association (BBPA)

<http://www.beerandpub.com/>

British Board of Film Classification (BBFC)

<http://www.bbfc.co.uk/>

British Institute of Innkeeping (BII)

<http://www.bii.org/home>

British Retail Consortium (BRC)

http://www.brc.org.uk/brc_home.asp

Cinema Exhibitors' Association (CEA)

<http://www.cinemauk.org.uk/>

Department for Culture, Media and Sport

www.culture.gov.uk

Home Office

www.homeoffice.gov.uk

Institute of Licensing (IoL)

<http://www.instituteoflicensing.org/>

Licensed Victuallers Associations (LVAs)

<http://www.flva.co.uk/>

National Association of Licensing and Enforcement Officers (NALEO)

<http://www.naleo.org.uk/>

The Portman Group

<http://www.portmangroup.org.uk/>