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Cherwell District Council

Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 27 February 2012 at 6.30 pm

Present: Councillor Timothy Hallchurch MBE (Chairman)
Councillor Colin Clarke (Vice-Chairman)

Councillor Rick Atkinson
Councillor Ken Atack
Councillor Andrew Beere
Councillor Maurice Billington
Councillor Fred Blackwell
Councillor Norman Bolster
Councillor Ann Bonner
Councillor Margaret Cullip
Councillor John Donaldson
Councillor Tim Emptage
Councillor Alastair Milne Home
Councillor Chris Heath
Councillor David Hughes
Councillor Russell Hurle
Councillor Tony Ilott
Councillor Mike Kerford-Byrnes
Councillor James Macnamara
Councillor Melanie Magee
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Nigel Morris
Councillor P A O'Sullivan
Councillor George Parish
Councillor D M Pickford
Councillor Lynn Pratt
Councillor Neil Prestidge
Councillor G A Reynolds
Councillor Alaric Rose
Councillor Daniel Sames
Councillor Leslie F Sibley
Councillor Trevor Stevens
Councillor Lawrie Stratford
Councillor Rose Stratford
Councillor Lynda Thirzie Smart
Councillor Patricia Tompson
Councillor Nicholas Turner
Councillor Douglas Webb
Councillor Martin Weir
Councillor Douglas Williamson
Councillor Barry Wood

Apologies
for
absence: Councillor Alyas Ahmed
Councillor Patrick Cartledge
Councillor Mrs Diana Edwards
Councillor Andrew Fulljames
Councillor Mrs Catherine Fulljames
Councillor Michael Gibbard
Councillor Simon Holland
Councillor Victoria Irvine

Officers: Sue Smith, Chief Executive
Calvin Bell, Director of Development
Ian Davies, Director of Community and Environment
Martin Henry, Director of Resources / Section 151 Officer
Kevin Lane, Head of Law and Governance / Monitoring Officer
Karen Curtin, Head of Finance and Procurement
James Doble, Democratic and Elections Manager

76 **Declarations of Interest**

There were no declarations of interest.

77 **Communications**

The Chairman announced that he had been informed of that former Councillor Tony Talents had sadly passed away. Tony was Chairman from 1987 to 1989 and again from 1989 to 1990. Council observed a period of silence in his memory.

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

There were no petitions or requests to address the meeting.

79 **Urgent Business**

There were no items of urgent business.

80 **Minutes of Council**

The minutes of the meeting held on 30 January 2012 were agreed as a correct record and signed by the Chairman.

81 **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, one Executive decision had been taken that was subject to the special urgency provisions of the Constitution. The item related to the contract for dry recyclables and whilst included in the Forward Plan it needed to be taken a month earlier than published as the proposed start date of the contract was before the next meeting of the Executive.

b) **Minutes of Committees**

Resolved

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

82 **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:

National Planning Framework housing numbers: Councillor Lawrie Stratford
Bicester Hospital: Councillor Sibley
Free weekend car parking: Councillor Sibley
Dial a Ride: Councillor Sibley

c) **Questions to Committee Chairmen on the minutes**

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

83 **Motions**

There were no motions.

84 **Members' Allowances 2012/13**

The Head of Law and Governance submitted a report to consider and determine the levels of the allowances to be paid to Members for the forthcoming 2012/2013 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP) on the review of the 2011/2012 Members' Allowances Scheme.

Resolved

- (1) That the level of allowances to be included in the 2012/13 Members' Allowances Scheme, be agreed as set out in the annex to the minutes (as set out in the minute book).
- (2) That the Head of 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 2012.
- (3) That the Head of Law and Governance be authorised to take all necessary action to revoke the current (2011/12) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- (4) That the Independent Remuneration Panel be thanked for its thorough and detailed report and set a fee of £300 be paid to IRP Panel Members for the work carried out in 2011/12 and the same level of fee for 2012/13 be agreed.

85

2012/13 Service and Financial Planning Process, Corporate Plan, Revenue Budget and Capital Programme and Treasury Strategy

The Chairman outlined that it was customary during the budget debate to suspend standing orders with regard to the duration of speeches by proposers of motions and amendments, also the order of dealing with and speaking on amendments. It was also agreed that the Estimates would be taken as one integrated set of financial figures and that the revenue and capital estimates, the Collection Fund Estimates 2011/2012 and the Corporate Plan and the Service Plans would not be debated separately.

Members signified agreement that speeches made by Group Leaders or any Member proposing the Budget, an alternative Budget, any amendments or commenting on the Budget would not be time limited.

The Chief Financial Officer (Director of Resources) and Head of Finance and Procurement submitted a report to review the Council's General Fund Budget, Capital Programme, Earmarked Reserves and General Fund Balances to ensure the robustness of the estimates included and to seek formal adoption of all parts of the Council's financial plans, treasury strategy and Corporate Plan for the 2012/13 budget year. Councillor Attack introduced the report and set out the proposed budget for the year.

The Leader of the Council, Leader of the Opposition and the Leader of the Liberal Democrat Group responded to the budget. The budget was debated at length by Members, during which no amendments were moved.

Resolved

- (1) That the contents of the report in approving the General Fund Budget and Capital Programme for 2012/13 be noted.

- (2) That the 2012/13 General Fund Budget and Capital Programme considered by the Executive on 6 February 2012, with a final Collection Fund adjustment of £2k be approved.
- (3) That the Collection Fund Estimates contained in the Budget Book be approved.
- (4) That the Corporate Plan as detailed in the Budget Book be approved.
- (5) That the 2012/13 Treasury Strategy as outlined in Appendix 3 (set out in the annex to the minutes, as set out in the minute book) be approved
- (6) That the prudential indicators as outlined in Appendix 3 – Annex 1 (set out in the annex to the minutes, as set out in the minute book) be approved.
- (7) That the Council's adoption of the revised CIPFA Treasury Management and Prudential Codes published in November 2011 be approved.

86 **Calculating the amounts of Council Tax for 2012/2013 and setting the Council Tax for 2012/2013**

The Chief Finance Officer (Director of Resources) and Head of Finance and Procurement submitted a report to detail the Calculations for the amounts of Council Tax for 2012/13 and the setting of Council Tax for 2012/13.

Resolved

- (1) That it be noted that at its meeting held on 9 January 2012 the Executive calculated the Council Tax Base 2012/13:
 - a) for the whole Council area as 50,615 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - b) For dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix 1(annex to the minutes as et out in the minute book).
- (2) That the Council Tax requirement for the Council's own purposes for 2012/13 (excluding Parish Precepts and Special Expenses) is £123.50.
- (3) That the following amounts be calculated for the year 2012/13 in accordance with Sections 31 to 36 of the Act:-
 - a) £76,018,304 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses.
 - b) £65,678,445 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

- c) £10,339,859 being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).
- d) £204.28 being the amount at 8(c) above (Item R), all divided by Item T (6(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses);
- e) £4,088,906 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the Act as per the attached Schedule 2.
- f) £123.50 being the amount at 8(d) above less the result given by dividing the amount at 8(e) above by Item T(6(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates;

(4) That it be noted that for the year 2012/13 the Oxfordshire County Council and the Thames Valley Policy Authority have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated below :-

<u>Valuation Band</u>	Oxfordshire County Council £	Thames Valley Police Authority £
A	774.47	102.87
B	903.55	120.01
C	1,032.63	137.16
D	1,161.71	154.30
E	1,419.87	188.59
F	1,678.03	222.88
G	1,936.18	257.17
H	2,323.42	308.60

(5) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 2 (annex to the minutes as set out in the minute book) as the amounts of Council Tax for the year 2012/13 for each part of its area and for each of the categories of dwellings.

(6) That the Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

87 **Oxfordshire County Boundary Review**

The Chief Executive submitted a report to update Members on the final recommendations report on Oxfordshire County Boundary Review.

Resolved

- (1) That the update on the County Boundary Review be noted.

88 **Localism Act 2011 - Update**

The Head of Law and Governance submitted a report to enable Council to receive an update on the provisions of the Localism Act 2011 that were now in force, note the areas of the Act in respect of which the Executive has requested further reports from officers and approve the statement of pay policy for 2012/13.

Resolved

- (1) That the implications of the Localism Act 2011 as previously circulated to Members and reported to Executive be noted.
- (2) That the provisions of the Act which were already in force be noted.
- (3) That the provisions of the Act in respect of which Executive has requested further reports from officers at the appropriate time be noted.
- (4) That the appended statement of pay policy for 2012/13 as required by the Act be approved (set out in the annex to the minutes as set out in the minute book).

89 **Business Case for a Shared Finance and Procurement Service**

The Head of Finance and Procurement submitted a report to propose that the principle of sharing finance and procurement functions with South Northamptonshire be adopted as part of the Cherwell District Council policy framework.

Resolved

- (1) That the principle of establishing a shared finance and procurement function with South Northamptonshire Council be included as part of the Council's policy framework.

Consideration of Council Response to Ombudsman Report

The Head of Law and Governance submitted a report to enable Council to consider its response to an Ombudsman report finding maladministration with injustice following an investigation into complaints relating to the imposition of car parking Excess Charge Notices (ECN's) in April and May 2011. A copy of the report is set out in the annex to these minutes, as set out in the minute book.

Resolved

- (1) That the contents, findings and recommendations contained in the appended Ombudsman report be noted.
- (2) That officers be instructed to take steps to reimburse all persons who incurred and paid excess charges in the Council's car parks between 4 and 13 April 2011 in respect of failing to pay parking charges applicable for "blue badge" holders and/or evening parking.
- (3) That officers be instructed to cancel all outstanding unpaid ECN's relating to excess charges incurred in the Council's car parks between 4 and 13 April 2011 in respect of failing to pay parking charges applicable for "blue badge" holders and/or evening parking.
- (4) That the Ombudsman be notified of the action that the council proposes to take as set out in (2) and (3) above.

The meeting ended at 8.00 pm

Chairman:

Date:

Report of the Independent Remuneration
Panel on the Review of Members' Allowances
for the
2012/2013 Financial Year

For

Cherwell District Council

November 2011

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2012/2013 FINANCIAL YEAR

1 Summary

- 1.1 Levels of remuneration remain at the current rate based on a 0% 'cost of living' adjustment, which take into account the current economic climate; and
- 1.2 Recommendations were included to reduce the level of the co-optees allowance, reduce the level of SRA for the Personnel, Licensing and Standards Committee Chairman, and introduce an SRA for the Deputy Leader and Appeals Panel Chairman. No changes to the travelling allowances were made (subject to notification of any revised rates by HM Revenue and Customs).

2 Recommendations

- 2.1 The recommendations are as follows:

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

(i) Executive Members	£6,291
(ii) Leader of the Council (to which should be added the SRA as a Member of the Executive)	£7,209
(iii) Chairman of the Licensing Committee	1,104
(iv) Chairman of the Overview and Scrutiny Committee	£3,702
(v) Chairman of the Resources & Performance Scrutiny Board	£3,702
(vi) Chairman of Planning Committee	£4,200
(vii) Chairman of Standards Committee (Independent Member)	£1,104
(viii) Chairman of Personnel	£1,104
(ix) Chairman of the Accounts, Audit and Risk Committee	£2,250
(x) Leader of the Opposition	£2,898
(xi) Co-optees Allowance	£708
(xii) Deputy Leader of the Council (to which should be added the SRA as a Member of the Executive)	£1,104

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

- (i) the allowance can only be claimed when an 'approved duty' is performed subject to the submission of receipts and, in the case of the childcare allowance, to that allowance not being paid to a member of the claimant's household; and

- (ii) the basis of the Carers' Allowance be the actual cost incurred up to the maximum hourly rates set out below and to a maximum cap of 20 hours per month:-
- Childcare - £8 per hour
 - Dependent Relative Care - £15 per hour
- (d) subject to the notification of any adjustments later in the year, HM Revenue and Customs specified mileage rates of 24p per mile for motorcycles regardless of the cc and 45p per mile (with no tax implications) regardless of the cc of the motor vehicle be paid up until such time any revisions are notified by HM Revenue and Customs and the revised rates then be implemented
- (e) the supplements relating to the payment of tolls and other parking charges continue to be paid
- (f) subject to the proviso detailed in (d) above, the HM Revenue and Customs specified rate of 20p per mile be paid for travel by bicycles and other 'non-motorised' forms of transport
- (g) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications)
- (h) the specified occasions when Members travel otherwise than by their own vehicle continue to be included in the Allowances Scheme
- (i) the subsistence allowances be paid at the levels index linked in accordance with the agreed formula
- (j) Members be reminded of the importance the Panel attaches to the completion of the activity questionnaire, the outcome of which will continue to be an important part of the information collated to inform the 2012/2013 review
- (k) Five members of Cherwell District Council be invited to address the Panel to feed into the 2013/2014 review.

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2012/2013 FINANCIAL YEAR

1 Introduction

- 1.1 Cherwell District Council, after considering the recommendations of this Panel introduced a reviewed Scheme of Members' Allowances from April 2011 which has operated over the 2011/2012 municipal year.
- 1.2 This report has been prepared by the Panel in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). The report sets out the Panel's findings following the review of the Council's current (2011/2012) Scheme and sets out recommendations for inclusion in the 2012/2013 Scheme in respect of:
 - the levels of basic and special responsibility allowances;
 - the travelling and subsistence and dependent carers' allowances; and
 - co-optees allowance

2 The Independent Remuneration Panel

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

Mr C White (Chairman of Panel) – Director, White Commercial, Chartered Surveyors
Mr A Flux, MBE – Retired Manufacturing Manager and Chairman of Cherwell Community and Voluntary Service
Mr Ray Everitt – Retired Production Manager and former long standing Chairman of Bloxham Parish Council.
Ms Jeanette Baker – Former Managing Director and Former Non Executive Director
Mr David Shelmerdine – Managing Director CEAC
- 2.2 Background information has been gathered and research undertaken and this helped to inform and determine the basis for the review of the current Allowances Scheme.
- 2.3 James Doble (Democratic, Scrutiny and Elections Manager) and Theresa Goss (Democratic and Scrutiny Officer) of Cherwell District Council, provided the Panel with administrative support, obtained relevant background information and carried out additional research, as requested by the Panel, to provide the basis for the recommendations on the levels of the allowances for members of Cherwell District Council.
- 2.4 Mr C White was appointed as Chairman of the Panel. The Panel's findings are set out in the remainder of this report together with recommendations for consideration by the Council.

3 Terms of Reference

- 3.1 The terms of reference as originally agreed by the Council when the Panel was first constituted, as amended by the 2003 Consolidating Regulations which relate to the determination of local schemes for travelling and subsistence allowances, are set out in our

reports dated 3 July 2001 and 4 July 2003.

3.2 The principal matters on which we must make recommendations are:

- the amount of basic allowance to be paid to all Members of the Council
- the Council member posts which should qualify, as they involve significant additional responsibilities, for Special Responsibility Allowance (SRA) payments and the levels of those allowances
- the appropriateness, and the amounts to be paid in respect of the childcare and dependent carers' allowances;
- the levels, and appropriateness, of the travelling and subsistence allowances; and
- the amount of the co-optees allowance to be paid to the independent members and parish council representatives serving on the Council's Standards Committee and the amount of the SRA payable to the independent member who will chair that Committee in future.

4 The Panel's Work

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

- a copy of the Council's 2011/2012 Members' Allowances Scheme;
- details of the Members' Allowances survey undertaken by the South East Employers Organisation which sets out the basic, special responsibility and other allowance payments made by local authorities in the South East Region;
- a summary of the Member questionnaire responses relating to (i) the amount of time Members estimate they spend on Council business during an average week; (ii) a breakdown of the activity areas involved and (iii) Members' views on the adequacy, or otherwise, of the current levels of allowance payments; and
- a verbal update on new working arrangements between Cherwell District Council and South Northamptonshire Council and noted that they remained two sovereign councils and had two separate members' allowance schemes.

4.2 We continue to place much importance on the information provided in the activity questionnaires. We were extremely disappointed that only 10 questionnaires were returned, representing just 20% of the Council's membership. However, we propose to repeat the questionnaire exercise again next year as we firmly believe that the information requested by means of the questionnaire is vital to our efforts in undertaking proper and meaningful reviews. We can once again only conclude that the majority of Members are, and continue to be, satisfied with the levels of the various allowances payments.

4.3 Ever since the Council moved to its Local Pay Formula, we have used the annual pay settlement for staff as one of the main criteria for adjusting the levels of the basic and Special Responsibility Allowances. We were advised that this years pay settlement had not yet been agreed, however the provision in the Council's budget was 2%, but there was also the possibility that there would again be a pay freeze with an increase of 0%.

4.4 We have considered the potential impact the Localism Bill may have on the Council but feel that it is too early this year to make any recommendations and therefore we will review all allowances next year in light of legislative developments.

4.5 For our information, we requested that following this meeting, information on members' allowances paid at South Northamptonshire Council be forwarded to all members of the panel.

5 The Adopted Approach and Underlying Principles

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

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

- the allowances should take account, as far as possible, of the amount of time taken by Members to fulfil their roles.
- the scheme should ensure, as far as practical, that as wide a range of people as possible should be able to stand for election and that they should not be financially penalised in so doing. This, in turn, should increase the likelihood of an inclusive approach to Council services:
- the levels of the allowances should not be treated as salary but rather as a level of 'compensation'
- the reviewed scheme should take account of the payments included in the current scheme and any increases which might be recommended should be balanced against the interests of the Council Tax Payers in the District, although we accept that the Council must consider the political implications of the levels of the allowances open to it to pay
- an element of Members' time in terms of their work as a Councillor should continue to be treated as voluntary which should not be remunerated – the principle of voluntary service is fully set out in paragraphs 9.4 and 9.5 of our July 2001 report;
- the Special Responsibility Allowance payments should be banded to reflect both the time commitment and workload of the identified special responsibilities
- the assumption that all Members will participate as fully as possible in Council business and play an active role in their Wards and that the importance of these mutually inclusive roles should be reflected in the level of the basic allowance and
- the reviewed scheme should continue to be subject to well informed periodic reviews.

5.3 The background to the pay negotiations are detailed in paragraph 4.3 above. We feel that a 'cost of living' increase would only be justified if the same were applied to staff, however, due to the current economic climate and although a 'cost of living' increase is yet to be agreed this year, we have agreed not to propose an increase in this years allowances.

6 Basic Allowance

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

6.2 We noted that those Members who responded to the questionnaire continued to show a very wide variation in the estimates of the time they spend on their roles as Councillors (the figures ranged from 7 to 26 hours per week). We do see it as inevitable that time commitments will vary for a number of reasons as this reflects, amongst other things, the constituency work Members undertake in their wards, the discharge of portfolio holder responsibilities, and often the time consuming work of some of the Chairmen of Committees'.

- 6.3 We noted that the analysis of the questionnaire responses included suggested increases in the current level of basic allowance although the majority offered no comments or felt that the current level of basic allowance was adequate. Those Members who put forward proposals for an increase were in the minority. With only 20% of Members returning the questionnaire, we can only assume the remainder who did not, are satisfied with the current level.
- 6.4 We did receive comparative information from a significant number of authorities as part of the background papers. We felt that the basic allowance payable to Cherwell Members could be favourably compared to the allowances paid by the Council's neighbouring, comparator and other authorities.
- 6.5 We discussed the importance of member input in this process and agreed to invite five members of Cherwell District Council to attend the meeting our meeting next year, when the review for 2013/2014 is held.

We RECOMMEND that the basic allowance remain at £4,155, for the 2012/2013 financial year, which is the same as 2011/2012.

7 Speciality Responsibility Allowances

(a) Introduction

- 7.1 We have considered and formulated recommendations in our previous reports on the levels of the SRA payments to the Leader of the Council, Members of the Executive, the Chairmen of the two Scrutiny Committees, the Chairmen of the Planning Committee and the Chairmen of the Standards Committee, the Personnel and the Licensing Committees as well as the Leader of the main Opposition Group.
- 7.2 We have also considered information with regard to the frequency of Licensing and Standards Committee meetings and felt that the reduction in the number of meetings should be reflected in the SRA.
- 7.3 It was also noted that some responsibilities of the Personnel Committee had been transferred to the Joint Personnel Committee and more emphasis would be put on this Committee because of the joint working with South Northamptonshire Council. Therefore this should also be reflected in the SRA.
- 7.4 We had regard to the increased responsibilities of the Deputy Leader and also the Chairman of the Appeals Panel and agreed that these needed to be recognised with the introduction of an SRA. The workloads relating to both of these SRA's will be carefully monitored and feedback will be given to the panel during the review of members' allowances for 2013/2014.
- 7.5 We discussed the suggestion of an allowance for the Chairman of the Council, however it was felt that it was not appropriate for an SRA to be introduced as there had been no changes to this role for many years, because of the current economic climate and also because the role can receive an allowance under Local Government Act 1972. However this would be kept under review.

We RECOMMEND that the Special Responsibility Allowances for 2012/2013 be as follows:

- (1) the SRA payment to the Leader of the Council remain at £7,209 for the financial**

year 2012/2013

- (2) the SRA payment to each Executive Member remain at £6,291 for the financial year 2012/2013
- (3) the SRA payment to the Chairman of the Licensing Committee be £1,104 for the financial year 2012/2013
- (4) the SRA payment to the Chairman of the Overview and Scrutiny Committee remain at 3,702 for the financial year 2011/2012
- (5) the SRA payment to the Chairman of the Resources & Performance Scrutiny Board remain at £3,702 for the financial year 2012/2013
- (6) the SRA payment to the Chairman of Planning Committee remain at £4,200 for the financial year 2012/2013
- (7) the SRA payment to the Chairman of Personnel Committee be £1,104 for the financial year 2012/2013
- (8) the SRA payment to the Chairman of the Account, Audit and Risk Committee remain at £2,250 for the financial year 2012/2013
- (9) the Leader of the Opposition Group remain at £2,898 for the financial year 2012/2013
- (10) the SRA payment for the Appeals Panel Chairman be £1,104 for the financial year 2012/2013
- (11) the SRA for the Deputy Leader of the Council be £1,104 for the financial year 2012/2013

8 Co-optees Allowance

We RECOMMEND that

- (1) the SRA payment to the Chairman of the Standards Committee be £1,104 for the financial year 2012/2013
- (2) the co-optees allowance payable to the independent members and parish council representatives serving on the Standards Committee remain at £708 for the financial year 2012/2013 which equates to 17% of the proposed members basic allowance, and is the same percentage reduction applied to the SRA for the Standards Chairman.

9 Dependent Carers' Allowance

We RECOMMEND that

- (1) the dependent relative carers allowance remain at its current level of £15 per hour for the financial year 2012/2013 subject to the previously agreed conditions; and
- (2) the child care allowance remains at its current level of £8 per hour for the financial year 2012/2013 subject to the previously agreed conditions.

10 Travelling and Subsistence Allowances

We RECOMMEND that

- (1) subject to the notification of any adjustments later in the year, the HM Revenue and Customs specified mileage rates of 24p per mile for motor cycles regardless of the cc, and 45p per mile regardless of the cc of the motor vehicle (with no tax implications) continue to be paid up until the time any revisions are notified and the revised rate then be implemented
- (2) the supplements relating to the payment of tolls and other parking charges continue to be paid
- (3) subject to the proviso set out in (1) above, the HM Revenue and Customs specified rate of 20p per mile continue to be paid for travel by bicycle and other 'non-motorised' forms of transport
- (4) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications)

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

Subsistence Allowances

We agreed that the subsistence allowances should continue to be paid on the basis of the agreed formula. The adjusted recommended rates are as follows, and are the maximum which can be paid, on production of receipts:-

Breakfast Allowance	£6.02
Lunch Allowances	£8.31
Tea Allowance	£3.24
Evening Meal Allowance	£10.29

Overnight Subsistence

Absence overnight	£91.14
Absence overnight in London or at the Annual Conference of the LGA	£103.96

We RECOMMEND that the subsistence allowances for 2012/2013 be paid up to the maximum rates previously notified by the NJC for Officers index linked to the RPI (excluding mortgages) as set out above.

Future Reviews

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

We RECOMMEND that five members of Cherwell District Council be invited to address the Panel to feed into the 2013/2014 review.

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Mr Chris White
Chairman
Independent Remuneration Panel

November 2011

Council

2012/13 Service and Financial Planning Process, Corporate Plan, Revenue Budget and Capital Programme and Treasury Strategy

27 February 2012

Report of the Chief Financial Officer (Director of Resources) and Head of Finance and Procurement

PURPOSE OF REPORT

To review the Council's General Fund Budget, Capital Programme, Earmarked Reserves and General Fund Balances to ensure the robustness of the estimates included and to seek formal adoption of all parts of the Council's financial plans, treasury strategy and Corporate Plan for the 2012/13 budget year.

This report is public

Recommendations

Council is recommended to:

- (1) Consider the contents of this report in approving the General Fund Budget and Capital Programme for 2012/13 and to formally record that consideration.
- (2) Approve the 2012/13 General Fund Budget and Capital Programme proposed by the Executive on 6 February 2012, with a final Collection Fund adjustment of £2k.
- (3) Approve the Collection Fund Estimates contained the Budget Book.
- (4) Approve the Corporate Plan as detailed in the Budget Book.
- (5) Approve the 2012/13 Treasury Strategy as outlined in Appendix 3
- (6) Approve the prudential indicators as outlined in Appendix 3 – Annex 1.
- (7) Approve the Council's adoption of the revised CIPFA Treasury Management and Prudential Codes published in November 2011.

Executive Summary

Introduction

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

Proposals

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

Conclusion

- 1.4 The conclusion is that the processes followed have been generally sound and similar to those that have produced robust estimates in the past. In the light of information made available during the budget process, there is sufficient capacity in the proposed budget and available reserves and balances to cope with the financial risks the Authority faces in 2012/13.

Background Information

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

- The Prudential Code which applied to capital financing from 2004/5.

Budget Process 2012/13

- 2.4 The budget for 2012/13 includes the second year of the major cut in government Revenue Support Grant which represents a further £1m of financing that has been cut. Preparation for both this impact and the future uncertainty of funding began in July 2011 through the search for efficiencies and the opportunities for continued joint working with South Northamptonshire Council.
- 2.5 The budget process formally began with the Executive issuing Budget Guidelines at their meeting on 5 September 2011. These guidelines included the decision that any service growth should be self-funding via efficiencies and that the council tax should not be increased.
- 2.6 For a number of years the Council's budget process has included consultation with the stakeholders of Cherwell to find out which services were most important to residents and others and what they thought spending and savings priorities should be in the coming budget year. The current budget process has continued this trend by seeking the views of the general public, the business community, the voluntary sector and other key partners on issues such as the most important services to spend on, where to decrease spending and the level the council tax should be set at. The output of this consultation is detailed in the budget book in section Service & Financial Planning.
- 2.7 The Budget Guidelines were used to prepare the base budget and to steer the Service Planning process.
- 2.8 The Corporate Management Team received regular updates on the overall budget position from July 2011 through to January 2012 and managed the overall process.
- 2.9 The Executive received regular reports detailing the service and financial planning process. The first draft of the revenue and capital budget proposals were reported on December 6 2011, and the second and final proposals on February 6 2012. All reports outlining the latest position regarding efficiencies identified and remaining sums required to balance the budget.
- 2.10 The Resources and Performance Scrutiny Board reviewed a number of components of the 2012/13 budget. These focussed primarily on areas of discretionary spend within the Council and the proposed capital project schemes. This work was carried out from October 2011 until January 2012. The recommendations of this board were taken to the Executive for consideration on 6 February 2012 and these were included in the final budget proposal.

2.11 The Executive concluded its budget deliberations on 6th February 2012 and has now recommended a budget to the Full Council.

Revenue Budget 2012/13

Service Area	Approved Budget 2011/12	Proposed Budget 2012/13	Movement
Community & Environment		£8,616,627	
Resources		£3,337,970	
Development		£4,686,728	
Service Total	*£17,485,234	£16,641,325	
Executive Matters			
Centrally controlled items	£1,522,823	£1,642,245	
SNDC Joint Working Savings	-£333,000	-£230,000	
Credit for Capital Charges	-£3,218,477	-£3,323,392	
	£15,456,580	£14,730,178	
Contribution to (+) / from (-) Earmarked Reserves	£334,526	-£74,245	
Contribution to (+) / from (-) General Balances	£68,834	£3,299	
Net Budget Requirement	£15,859,940	£14,659,232	-£1,200,708
RSG Settlement	-£8,634,458	-£7,621,722	£1,012,736
Council tax Compensation Grant 2011/12	-£155,037	-£155,415	-£378
Council Tax -Single person discount review	£0	-£52,000	-£52,000
Collection Fund Surplus	-£130,417	-£139,332	-£8,915
Investment Income	-£723,407	-£439,810	£283,597
Amount to be funded from Council Tax	£6,216,621	£6,250,953	£34,332
Number of band D equivalents	50,337	50,615	278
2012-13 Cost of Band D equivalent	£123.50	£123.50	
2011-12 Cost of Band D equivalent	£123.50	£123.50	
	£6,216,620	£6,250,953	

* NB Due to the restructure of services that has taken place within 2011/12 it has not been possible to provide comparators at a service level.

This revenue budget is detailed in full in section "Cherwell District Council Budgets" of the budget book.

Capital Programme 2012/13

	Total Scheme Cost	2012/13 Profile
Proposed programme	£9,628,500	£4,711,832
Schemes slipped from 2011/12	£9,049,000	£9,049,000
Total Capital Programme to be Financed	£18,677,500	£13,760,832
<u>Financed by:</u>		
Capital Receipts	£9,634,500	£9,384,500
Government Grants		
<i>£375k per annum Governmental Grant Funding towards Mandatory Disabled Facilities Grants</i>	£375,000	£375,000
Use of Reserves		
<i>Wheeled Bins Reserve</i>	£25,000	£25,000
<i>Vehicle Replacement Programme</i>	£425,000	£425,000
<i>SW Bicester Sports Village Fund</i>	£829,000	£829,000
<i>Housing Reserves</i>	£7,389,000	£2,722,332
	£18,677,500	£13,760,832

This capital programme budget is detailed in full in section Capital Investments of the budget book.

2.12 During the budget process the Chief Financial Officer has:

- liaised closely with the Head of Finance and Procurement throughout the budget process
- attended Executive meetings where the budget has been considered
- attended an joint management team budget workshop on the formulation of the budget
- reviewed budget working papers.

Guidance on Evaluation of the Estimates

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

(The Chartered Institute of Public Finance and Accountancy) guidance on reserves and balances.

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

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

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

Reserves

4.1 The estimated level of reserves as at 31 March 2012 and 31st March 2013 are shown in the Council's Budget Book contained with this report. The rationale for each of these reserves and the level required in each has been reviewed by the Lead Member for Financial Management, the Director of Resources and the Head of Finance & Procurement. The reserves are considered to be both necessary and at adequate levels. In addition to the various earmarked reserves, the Council will have an estimated General Fund Balance of approximately £2m at 31st March 2012. The General Fund balance comfortably exceeds the recommended minimum of 5% of the budgeted net operating expenditure for the financial year 2012/13.

4.2 Reserves can be held for three main purposes:

- general reserves to meet the potential costs of emergencies or unexpected events, including a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- earmarked reserves to meet known or predicted liabilities over a period of time usually of more than one year. These earmarked reserves protect the Council against specific financial risks and this is a factor to be taken into account when assessing the adequacy of

the totality of balances and reserves and the level of the General Fund Balance.

- a contingency to meet the costs of events that are possible but whose occurrence is not certain – this also forms part of general reserves. For the financial year 2012/13 the Council will have general and specific Contingency Risk Reserves to deal with any increased demand on Council services, additional costs such as fuel cost rises or falls in income from fees and charges.

4.3 These reserves were reported in the February 6th Executive as being in the region of £5.3m but will be subject to change as a result of year end adjustments and formulating the statutory accounts.

Strategic Budget Issues to Evaluate for Robustness

Inflationary Pressures

- 5.1 The approved budget guidelines recommended the inclusion of 2% inflation to be incorporated within expenditure budgets (non employee – see below), however managers were advised to only build in contractually unavoidable inflation increases as far as possible, in spite of relatively high levels of inflation being experienced currently. This helped force through the achievement of efficiency savings at a very detailed level to balance the budget overall. This approach is underpinned by a Contingency Risk Reserve to cope with any return of unbudgeted inflationary pressures.
- 5.2 A local agreement with staff was agreed for a 1.5% pay award payable from 1 April 2012. This has been built into the base budget for 2012/13. An assumption on staff turnover savings is made and monitored centrally, the turnover level has been revised downwards to reflect the fact that the establishment has reduced significantly in recent years and also because there are fewer jobs in the economy which limits the amount of staff turnover.

Capital Programme Revenue Effects and Financing

- 5.3 The revenue budget includes all revenue effects of capital schemes. Assumptions of new capital receipts in 2012/13 are based on realistic estimates received from the relevant officers in the Council.

Treatment of demand-led pressures and efficiencies

- 5.4 Particular care has been taken in compiling the key Council budgets which are often described as ‘demand led’ because their achievement is to some degree outside the Council’s control. These types of budgets, including spending on housing benefits and receipt of income from planning applications, land charges, car parking charges and interest on the Council’s cash and financial reserve management are likely to contribute significantly to any overall variation of actual

achievement against budgets. Some of these budgets could be affected by the prevailing economic climate and in all cases a prudent approach has been adopted in the estimates prepared.

Efficiencies

- 5.5 The 2012/13 net revenue budget has incorporated budget reductions of £2m, as detailed in Appendix 2.
- 5.6 Each of these efficiency proposals was evaluated for feasibility of achievement and found to be realistic. Each expenditure efficiency has been removed from the relevant budget and each agreed increase in income added to the relevant budget.
- 5.7 Both expenditure and income efficiencies will be profiled on the Council's Financial Management System to make it clear that efficiencies are expected to be realised from the agreed date. Prior to the commencement of the financial year 2012/13 officers responsible for these services and the associated budget reductions or additional income will be reminded of the need to achieve the figures put forward within the agreed timescales. Monthly financial information will then be provided to help monitor progress, and any significant variations will be reported to both the Joint Management Team and the Executive. These reports will contain proposals for corrective action where necessary.
- 5.8 Any one-off costs of achieving ongoing efficiencies have been built into the rationale of earmarked reserves held and projections of use of those reserves.

Investment Income/Icelandic Banks

- 5.9 At the closure of the 2010/11 accounts the Council had assumed a prudent position with regard its Icelandic investments, accounting for a loss in value of its investment portfolio (known as impairment) until the challenge to priority creditor status at the court of appeal was resolved.
- 5.10 Following appeal, the Council was awarded priority creditor status for its Icelandic investments with Glitnir - total £6.5m and this decision is now final.
- 5.11 Consequently, it is anticipated there will be a complete repayment of the £6.5m due from Glitnir Bank before the 31 March 2012. In accounting terms the loss shown last year will be reversed and the average cash position available for investment that has been budgeted will improve.
- 5.12 The Council's investment income budget for 2012/13 has been compiled on the basis of close tracking of actual and likely interest rates and with the help of external advice. The emphasis has been on the least risky places to invest the Council's money and this, along with

the continued low interest rates on offer and the agreed use of capital receipts has led to a significant reduction in the investment income built into the budget. In budgetary terms this is prudent and places the Council at less risk of exposure in-year. A revised Treasury Management Strategy for 2012/13 is included elsewhere in this report.

Capacity to Manage in-year Budget Pressures

- 6.1 The Council has a record of maintaining good financial and budgetary discipline in the face of mid-year pressures, including virement procedures that allow funds to be moved to areas where shortages exist. Although underspends and overspends are not automatically carried forward, the Council does have an approved carry forward scheme.
- 6.2 For many years, year-end out-turn has been within approved budget levels, although the trend to significant underspends has now been eliminated. This is a welcome change, although it does mean, quite rightly, that there can be no reliance on underspends being available to deal with any unwanted overspends. This has put more reliance on accurate budgeting and forecasting and the level of reserves held.
- 6.3 The Audit Commission have frequently commended the Council's record in financial management.
- 6.4 Managers with budgetary responsibility receive ongoing financial training and support and attend regular briefings regarding issues such as the Budget Guidelines.
- 6.5 Budget holders receive regular information from their relevant service accountant and regular Financial Management System (FMS) reports through on-line access. Both budget profiling and commitment accounting are used to assist the budgetary control process. The Council utilises a 'Dashboard' reporting system which gives budget managers prompt information about financial and service performance. This has proved extremely popular and well used, leading to a very detailed and timely position statement being available on the Council's finances.
- 6.6 The Executive receives quarterly budgetary control reports, including proposed actions to deal with any variances from budget.

Risk Management and Insurance Arrangements

- 7.1 The Council has a well developed risk management approach which regularly updates the key strategic and operational risks and identifies actions which can reduce the likelihood and impact of those risks. The risk registers identified are fed into the budgetary process as appropriate. In the last three budget cycles the economic scenario has

featured as a key risk for several of the Council's budgets and appropriate budgetary provision has been made in respect of these.

- 7.2 The Authority has a low record of claims against its insurance policies. A recent Value for Money Review of insurance identified the scope for the Council to delete some of the policies held and levels of cover on some retained policies reduced with a significant saving in premiums paid and an acceptable increase in exposure to risk.
- 7.3 The authority budgets for specific risks, as detailed later in the report and in the budget book, as well as carrying a general risk management provision in its budgetary estimates.

Longer-Term Considerations

- 8.1 Although this report has the 2012/13 budget as its focus it is worthwhile considering briefly some of the key longer term financial issues facing the Council so that it can be established that no hidden issues could affect the forthcoming budget year.
- 8.2 The Council has a robust Medium Term Financial Strategy which is regularly updated and gives multi-year projections of the Council's revenue and capital position. The latest forecast is included in the budget book.
- 8.3 The next Medium Term Financial Strategy, covering the years 2013/14 to 2016/17 will be considered by the Executive in June 2012. Although managerial action will be required during the 2012/13 budget year to deal with the likely budget deficit from 2013/14 onwards there are currently no plans which will affect the 2012/13 budget itself.
- 8.4 The Secretary of State introduced the Local Government Finance Bill on 19 December 2011. The Bill seeks to take forward proposals designed to encourage local economic growth, reduce the financial deficit and drive decentralisation of control over local government finance.
- 8.5 This legislation represents a radical change to the local government finance system, which complements a wide package of financial measures that the Government is pursuing. Further details can be found in Appendix 3 of the Draft Budget Report to the Executive, 6 February 2012.
- 8.6 Any change in the overall funding mechanism can reasonably be expected to have some redistributive effect between councils and it is, therefore, difficult to predict whether the impact on Cherwell District Council will be better, or worse than these national control totals.
- 8.7 The Council is debt free, with no realistic need to borrow money long term likely to materialise in the next few years. Short term borrowing for

cash flow purposes continues to be very rare and a small sum has been budgeted in the years ahead as interest payable should there be a mis-match in cash available for a few days or weeks.

Specific Service Budget Risk Considerations

- 9.1 Estimates in respect of Council Tax Benefit and Housing Benefit payments, Government reimbursement of these payments and payment of administrative subsidy have been calculated based on the latest information available about take-up of benefits, the latest levels of correctly paid benefits and government notifications of reimbursements and subsidy levels. There has been a significant increase in the level of such payments during the economic difficulties of the last two years and this is set to continue for some time yet. Bearing in mind that most of the sums paid out are reimbursed by the Government, these estimates are therefore as robust as possible for an area of expenditure that is demand led.
- 9.2 The income from car parking will be closely monitored, as it is demand led and we need to see if the impact of a fee changes.
- 9.3 Planning fees and land charges fees are also significant factors in the Council's budget. The budgeted sums for 2012/13 continue to be at a lower level than before the problems in the economy started and prudent assumptions have again been made of sums likely to be received. The sums included will be closely monitored during the year.
- 9.6 Rental income from the Council's property portfolio is again subject to market forces and best estimates from officers concerned have been used and will be monitored closely.
- 9.7 The homelessness budget is demand-led and therefore difficult to accurately estimate. It will be closely monitored.
- 9.8 A number of procurement decisions will be made during January to March. Any favourable / unfavourable effects arising from these compared to the base budget will be managed through budget virement during 2012/13 and reported in our quarterly Executive reports.
- 9.9 A Contingency Risk Reserve of £262k has been set up to cover any major variations on the budgets covered in the previous paragraphs. As in previous years there is a general risk reserve equal to 1% of net expenditure also held to assist in managing the budgets.

2012/13 Treasury Strategy

- 10.1 The Council has £11.5m and £11.6m respectively invested with fund managers Tradition UK and Investec. In addition it has around £56.7m managed in-house (including Eco Town funds of £11.5m) which fluctuates during the year.

- 10.2 The Treasury Management Strategy is the cornerstone of proper treasury management, and is central to the operation, management reporting and performance assessment.
- 10.3 The proposed strategy for 2012/13 is attached in Appendix 3 and is based upon the views of the Chief Financial Officer, Head of Finance and Procurement and the Council's Treasury Management Team. This is informed by market forecasts provided by the Council's treasury advisor, Sector.
- 10.4 In consultation with Sector and with full reference to the CIPFA Code of Practice, the Council has reviewed its risk appetite and associated priorities in relation to security, liquidity and yield in respect of returns from various financial instruments.
- 10.5 The strategy detailed in Appendix 3 covers:
- The Current Treasury Position
 - Prospects for interest rates
 - The borrowing strategy
 - Prudential Indicators
 - The investment strategy
 - Creditworthiness policy
 - Policy on use of external service providers.
- 10.6 There are 3 main changes to the 2011/12 strategy:
- a) revised CIPFA Treasury Management Code of Practice 2011
 - b) revised CIPFA Prudential Code 2011
 - c) a number of downgrades to counterparty ratings

The Revised CIPFA Treasury Management Code of Practice 2011

- 10.7 The revised Code has emphasised a number of key areas including the following:-
- 10.8 CIPFA revised the Treasury Management Code of Practice (TM Code) and associated Guidance Notes in November 2011. This revision is an update to the Treasury Management Code and Guidance Notes last published in November 2009.
- 10.9 The TM Code has been reviewed and updated following recent developments and anticipated regulatory changes relating to the Localism Bill 2011, including housing finance reform and the introduction of the General Power of Competence.
- 10.10 The new TM Code contains an expansion of the risk management chapter. (There is also now a new chapter covering the treasury

management implications of the housing reform which is not applicable to this Council as it no longer has housing stock.)

10.11 This document sets out the principal changes to the TM Code and associated Guidance Notes, and outlines the impact this could have on Councils' Treasury Management Strategy Statements. Key changes are as follows:

- Authorities are to explicitly state in their TMSS whether they plan to use derivative instruments to manage risks, and ensure they have the legal power to do so
- Authorities are to make reference to their high level approach to borrowing and investment in their Treasury Management Policy Statement
- Less focus is placed on the 'minimum credit limits' for investment counterparties, with more focus on the 'minimum acceptable credit quality'
- There is a New treasury indicator: Upper limits on the proportion of net debt to gross debt; to highlight where an authority may be borrowing in advance of its cash requirement
- Authorities may wish to create a new treasury indicator which considers credit risk
- Expansion of the risk management chapter
- New Section in the TM Code Guidance Notes on the 'Treasury Management Implications of the Housing Self-Financing Reform' – this is not applicable to this Council.

10.12 This strategy statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy will be considered for approval annually by the full Council and there will also be a mid year report.

10.13 In addition there will be monitoring reports and regular review by members in both executive and scrutiny functions.

10.14 The aim of these reporting arrangements is to ensure that those with responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities relating to delegation and reporting.

10.15 This Council adopts the reporting arrangements outlined in Annex 1 of Appendix 3 which is in accordance with the requirements of the revised Code.

The Revised CIPFA Prudential Code

10.16 CIPFA has issued a revised Prudential Code which primarily covers borrowing and the Prudential Indicators. (Three of these indicators are classified as Treasury Indicators rather than Prudential Indicators):

- Actual External Debt
- Gross and net debt
- Interest rate exposures
- Maturity structure of borrowing
- Principal sums invested for periods longer than 364 days
- Credit risk.

(All indicators are presented together as a suite of indicators in Annex 1 of Appendix 3)

Counterparty Ratings

10.17 Following on from advice received by our Treasury Advisors, the Council will select financial institutions with a minimum long-term rating of A and short-term rating of F1/P-1/A-1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

10.18 The long-term rating of A is lower than the minimum of A+ adopted in 2011/12 and is in response to downgrades in the autumn of 2011 to the ratings of many institutions considered to be systemically important. The downgrades did not reflect deterioration in the financial strength of the UK government or the financial system; rather they were a result of the agencies' assessment that the various policy recommendations of the Independent Commission on Banking will most likely result in extraordinary government support for financial institutions being relatively lower and less certain than before.

10.19 The Council will also assess other indicators, such as credit default swaps, share prices, the sovereign's economic fundamentals, corporate developments highlighted through news articles and market sentiment. If any of these indicators give rise to concern, the counterparty may be suspended from further use irrespective of the existing credit rating.

10.20 The highest standard of stewardship of public funds remains of the utmost importance to the Council. This strategy sets out the Council's priorities and policies for making, and managing investments made by the Council in the course of undertaking treasury management activities during the forthcoming 2012/13 financial year.

Key Issues for Consideration and Options

- 11.1 The key issues in relation to the budget are whether:
- the base budget is realistic, both in terms of expenditure and income
 - the expenditure efficiencies are achievable
 - any new or increased income will be received
 - the reserves are adequate to deal with any budget problems.
- 11.2 It is considered that these requirements are in fact met and that the budget is sufficiently robust to be recommended for approval.
- 11.3 The Full Council can of course make changes to the budget even at this late stage, although it is advised that any such changes, if significant, could adversely affect the robustness of the budget if a full appraisal of their likely consequences is not undertaken.
- 11.4 The production of the Treasury Management and Investment Strategy is a requirement of the CIPFA Code of Practice for Treasury Management.
- 11.5 It is a requirement of the Code of Practice that the Council should formally adopt the revised Code.
- 11.6 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”.
- 11.7 The following options have been identified. The approach recommended is believed to be essential so that the Council complies with the legislation directing it to consider the Chief Financial Officer’s report.

Option One To consider and agree this report.

Option Two To fail to consider and agree this report and fail to meet the legal requirements in relation to setting the Council’s budget and setting an annual Treasury Strategy.

Consultations

S25 Report

None

The s25 report is a statutory report giving the view of the Council’s Chief Financial Officer on the robustness of the budget, although in practice discussions have been held with relevant staff as part

of forming the judgement required.

Treasury Management Strategy

Various

The treasury management strategy has been reviewed by Chief Financial Officer, Lead Member for Resources and the Accounts, Audit and Risk Committee.

Implications

Financial:

The report looks at the robustness of the Council's draft 2012/13 budget, corporate plan and treasury management strategy.

The treasury strategy proposed in this report, together with the interest rates forecast, is in line with the assumptions made in the 2012/13 budget. The costs of treasury operations, debt management, expenses and investment income are included in the 2012/13 budget.

All financial implications are contained within the comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Legal:

The draft budget complies with the Council's legal obligations.

Comments checked by Nigel Bell, Team leader – Planning & Litigation, 01295 221687

Risk Management:

The draft budget has been built with consideration of relevant risks. The following risks are considered in relation to the treasury management strategy:

a) Risk of capital loss – the prime objective of treasury management activities is to ensure the security of the amounts invested. This is managed by using a counterparty list which only includes organisations having a suitable credit rating and which has a maximum amount that can be invested with each organisation at any one time.

b) Liquidity – investments are linked to known future cash flows to ensure sufficient funds are available as and when they are required.

c) Interest Receivable – this is regularly monitored against budget and reported through the Performance management Framework.

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

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Lead Member

Councillor Atack
Lead Member for Financial Management

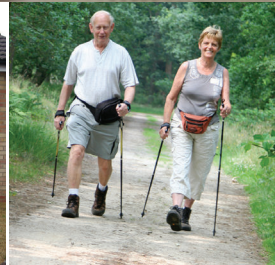
Document Information

Appendix No	Title
1	Budget Book 2012/13 – to be circulated on 22 February under separate cover
2	Cost Reductions
3	2012/13 Treasury Management Strategy
Background Papers	
Budget Working Papers 2012/13. Budgetary Control Reports 2011/12. Reports to the Executive, September 2011 to February 2012 Sector TMSS template Local Government Act 2003 CIPFA's revised Prudential Code for Capital Finance in Local Authorities (2011) CIPFA's revised Treasury Management Code of Practice (2011) Prudential Indicator working files Capital Programme 2012-2016 Medium Term Financial Strategy	
Report Author	Martin Henry, Director of Resources Karen Curtin, Head of Finance and Procurement
Contact Information	0300 0030102 martin.henry@cherwell-dc.gov.uk 0300 0030106 karen.curtin@cherwell-dc.gov.uk 01295 221559 karen.muir@cherwell-dc.gov.uk



Budget Book

2012/2013



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Foreword

This Budget Book sets out, in financial terms, the plans and aspirations of Cherwell District Council for the coming financial year. These have been developed by Councillors over the past nine months. There has been input from all the political parties and our decisions have been based on extensive consultation with residents across the District, with businesses, with the voluntary sector and other key partners. Overlaying this, the national economic position and the priorities and expectations of the Government have been taken into account.

The difficult economic context in which these proposals have been developed is well known. In December 2010, we learned from the Comprehensive Spending Review that there was to be **cash reductions in Government formula grant** in 2011/12 and 2012/13 **totalling £2.3m**. We are also anticipating further reductions in 2013/14 and 2014/15 although not yet quantified as the final outcomes from the Local Government Resource Review are still awaited.

The choices that we have made have not been easy. We must ensure that taxpayers' money is spent wisely and that we deliver services that provide residents with what they need. Cherwell District Council is committed to protecting front line services as a priority during this period of financial challenge.

Cherwell District Council has **avoided** asking residents for an increase in its proportion of their council tax for 2012/13 – **the third year running**. We have achieved this by continuing to proactively embrace the challenges of reduced government funding by using innovative thinking, technology, joint working and ensuring services offer value for money. We have continued to cut overheads while improving and protecting the services you tell us matter most. In 2012/13 we will **spend £8.9m less than we did five years ago – a 38% reduction**.

The Council has developed proposals that will reduce the 2012/13 net revenue budget by **£1.2m – an 8% decrease** on the 2011/12 budget. These reductions include our value for money review programme, joint working with South Northamptonshire, procurement action plan, reductions in all support services and a number of discretionary areas of expenditure.

The **capital programme** for 2012/13 equates to **£13.7m** which represents new schemes of £4.7m and slippage from the 2011/12 programme of £9.0m. A number of these capital bids can be categorised as spend to save initiatives and generate positive revenue implications or recycle capital receipts which will contribute to the financial challenges ahead. These projects are detailed in page 17.

We know that Government grant will **reduce** still further in **future years**. Because of this, the Council will review and refresh its medium term financial plan in the forthcoming months. The necessary savings will include **reducing the unit cost of our most expensive services**, identifying **income** opportunities and **building on the benefits** of our shared senior management and current **joint working** arrangements with our neighbours South Northamptonshire Council.

Robust financial planning and control processes are essential tools for a local authority to demonstrate good governance over public funds and to achieve **value for money**. Cherwell is continually seeking to improve in this area. The Council has set out an **ambitious vision** within its budget report to deliver quality **public services** to the people of Cherwell against a backdrop of an increasing demand, rising public expectation and economic uncertainty.

I am most grateful for the detailed work of Cherwell's officers in putting this 2012/13 revenue and capital budget together.

Councillor Ken Atack
Lead Member Financial Management
27 February 2012

Context

Our District

Cherwell District covers an area of 590 square kilometres (228 square miles) in north Oxfordshire. Named after the River Cherwell which flows through it, the District is located between London and Birmingham, at the most northern point of the South East region, where it meets the West Midlands and East Midlands.

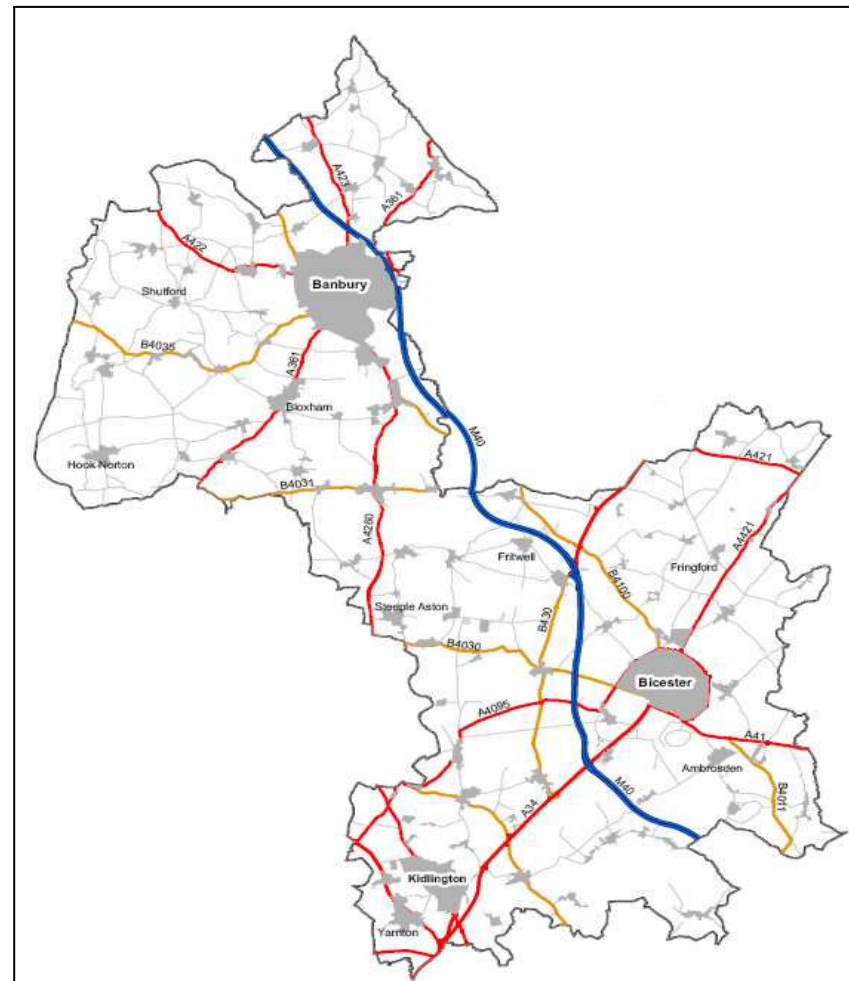
Cherwell borders Oxford City, South Oxfordshire, Vale of White Horse, West Oxfordshire, Aylesbury Vale, South Northants and Stratford on Avon Districts. The M40 passes through Cherwell and there are good rail connections to both London and Birmingham.

Approximately 137,600 people live in Cherwell with more than 62 per cent of the population living in the principal centres of Banbury, Bicester and Kidlington; the remainder in more than 70 smaller settlements of between 50 and 3500 people. The majority of the District (85 per cent) is made up of attractive farmland with 14 per cent lying within the Oxford Green Belt, contributing to making Cherwell the twelfth least densely populated district in the South East. The District also has a rich built heritage, with approximately 3,000 listed buildings (8.6 per cent of the South East's total) and 54 conservation areas.

The population of Cherwell increased by almost 12 per cent between 1991 and 2001 and has increased by a further 4.5 per cent since then. Growth predictions of a further 8 per cent by 2016 and a cumulative 15.6 per cent by 2026 are significantly higher than regional and national rates. Most of the recent growth has been in the towns of Banbury and Bicester and this will continue. Bicester's population is projected to grow by 13.8 per cent between 2001 and 2016. The Council is working with its partners to ensure that the levels of housing growth required across the District can be accommodated, while protecting and enhancing the character of our urban centres, villages and landscapes.

Cherwell's population's profile is changing. The 2001 Census showed that 3.9 per cent of the district's population was of non-white ethnic origin. These low numbers were generally highly dispersed, apart from high concentrations in some Banbury wards (such as Grimsbury where 10.9 per cent was of black or minority ethnic origin). 2006 estimates indicate that the non-white population has grown to 5.9 per cent overall. In 2001 7.5 per cent of the population considered themselves to belong to a group other than white British. By 2006 this had grown to 10.7 per cent. Research and experience demonstrates that this growth has come and continues to come from migrant workers from Polish and other Eastern European communities. The Council is focused on ensuring that our services are accessible to all people living in the District.

The 2011 census data will be published during 2012 and will give us valuable new information about the district which we will continue to use to help plan our services.



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Context

Budget Book

This document provides an overview of the 2012/13 service and financial planning process and details the 2012/13 revenue and capital expenditure requirements.

The draft budget has been prepared with the following objectives:

- To invest in the Council's priority areas
- To reduce the cost of support services
- To mitigate the impact of significantly reduced revenue contributions.
- To continue to improve levels of customer satisfaction with all services delivered

The **budget** has been subject to review and challenge as follows :

- June 2011 – September 2012 – Service / Budget planning.
- September 2011 to January 2012 Resource & Performance Scrutiny Board
- 6th December 2012 Executive
- 6th February 2012 Executive where the draft budgets and council tax rates were recommended to Council for approval on 27th February 2012.

The **budget book** is designed to provide an integrated view of the whole of the Council's finances and outlook. It covers both revenue and capital spending, highlighting the inter-relationships between the two, and the resultant implications. It also considers all of the financial accounts, or Funds, operated by the Council, in addition to detailing Parish precept information.

All background papers available on our website: <http://www.cherwell.gov.uk>



Background—The Process

The budget process formally began with the Executive issuing Budget Guidelines at their meeting on 9th September 2011, following discussion of the projected scenario for 2012/13 and beyond based on information held at that time. These guidelines included the decision that any service growth should be self-funding via efficiencies and that the council tax should not be increased.

For a number of years the Council's budget process has included consultation with the stakeholders of Cherwell to find out which services were most important to residents and others and what they thought spending and savings priorities should be in the coming budget year. The current budget process has continued this trend by seeking the views of the general public, the business community, the voluntary sector and other key partners on issues such as the most important services to spend on, where to decrease spending and the level the council tax should be set at.

The Budget Guidelines were used to prepare the base budget and to steer the Service Planning process.

The Corporate Management Team received regular updates on the overall budget position from August 2011 through to January 2012 and managed the overall process.

The Executive received reports detailing the service and financial planning process — on September 9th 2011, December 6th 2011 and February 6th 2012, all reports outlining the latest position regarding efficiencies identified and remaining sums required to balance the budget.

The Resources and Performance Scrutiny Board reviewed a number of components of the 2012/13 budget. This work focussed on areas of discretionary spend. The work was undertaken from September 2011 until January 2012. The recommendations of this board were taken to the Executive for consideration on 6th February 2012 and these were included in the final budget proposal.

The Executive concluded its budget deliberations on 6th February 2012 and recommended a draft budget to the Full Council.

The Full Council met on 27th February 2012 to consider and approve the budget and set council tax for the 2012/13 year.

Corporate, Service and Financial Planning Process

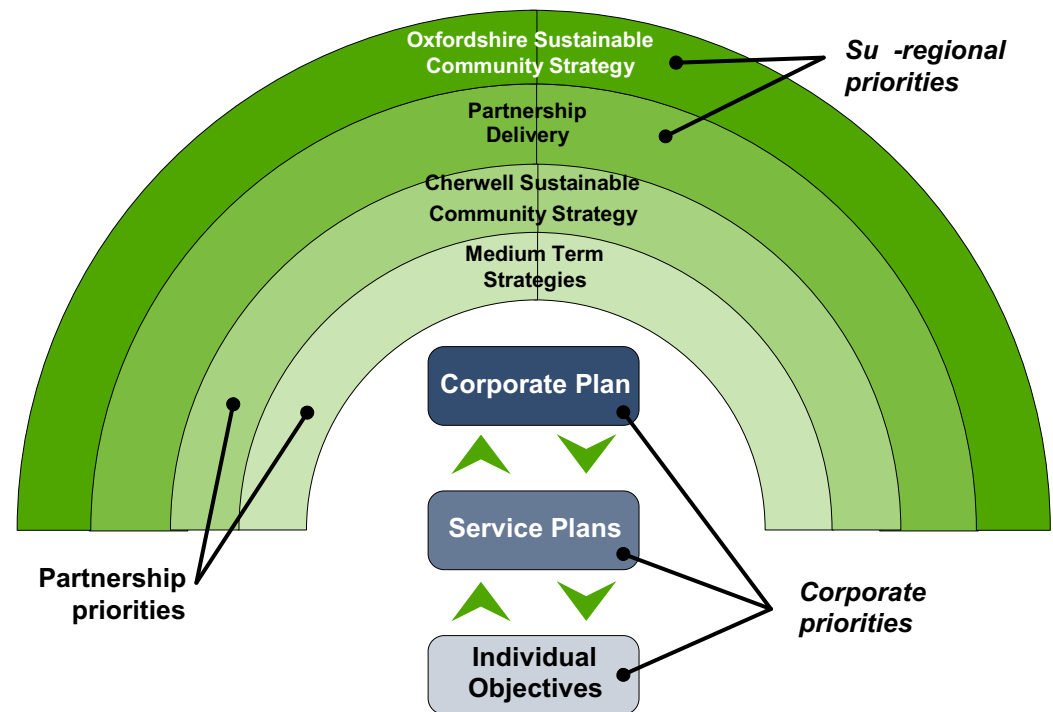
Service and Financial Planning Process

The Council has developed an integrated approach to corporate, service and budget planning. The process and timetable for developing the corporate plan and the service plans and budget that underpin it is presented in the table below.

Every year we make changes to the Service and Financial Planning process in the light of lessons learnt from the previous year and changes in the external environment. In overall terms we wanted to retain the most successful features of the process for 2011/12 in that it was a member led process that was challenging and clearly focussed on improving service delivery and organisational performance. Building on those strengths and taking into account the national financial and policy context we made a number of improvements:

There is a clear alignment with the sustainable community strategy for Cherwell (Our District, Our Future). There continues to be alignment with county wide strategies and we ensure that staff are included in the development of service plans through away days and team sessions. The council produces a demographic profile of the district (Living in Cherwell) which provides an overview of the social and demographic challenges facing the district. A series of workshops are held for managers and team leaders outlining the results of public consultation to inform the service plan. This public consultation also informs the high level priorities in the Corporate Plan. The Executive portfolio holder for performance reviews the service plans and provides Member input into the process.

We continue to use the corporate and service planning process to set challenging efficiency targets, services are expected to identify what additional efficiency savings could be identified through improved working, shared services and outsourcing.



Corporate, Service and Financial Planning Process

Consultation and Prioritisation

Central to the Corporate, Service and Financial Planning process is the engagement with the local community about their priorities for the coming year. In recognition of the diversity of the district our consultation targeted a number of different groups and used geographic and demographic sampling to ensure a representative consultation.

We have consulted with stakeholder groups such as parish councils and local businesses at various events. This year the corporate plan was published in draft alongside the budget and was available on the consultation portal for comment. We also undertake a representative sample survey to gain an understanding of people's priorities in terms of service investment, areas for improvement and levels of satisfaction. We boost the sample sizes from hard to reach groups (e.g. younger people, people from black and ethnic minority backgrounds) to ensure the information we use to make decisions is robust and representative.

The results from our programme of consultation show the diversity of needs and priorities across different groups in Cherwell. However, within this overall picture there are clearly some priorities that are the same for many groups. Most notable are dealing with anti-social behaviour, affordable housing, dealing with refuse, and protecting the environment. These findings reflect a relatively consistent set of priorities over the last three years. However, in our work this year we have seen issues around the recession and economic development be reflected more strongly in our results. We have also seen issues around young people (largely the provision of activities) rise in importance. This complex picture has meant that when we agreed the service plans and the resources to deliver them we had to balance the delivery of our corporate priorities with allowing services the leeway to respond to this complexity of needs. Given the current economic climate and the expectation that councils will need to make significant savings to balance budgets it is not surprising that rates of satisfaction have fallen slightly in 2011. Given these results council continues to remain committed to improving customer service and works towards protecting frontline services by increasing efficiencies in back office functions and helping customer access available services more easily through activities such as improving the website and telephone call handling.

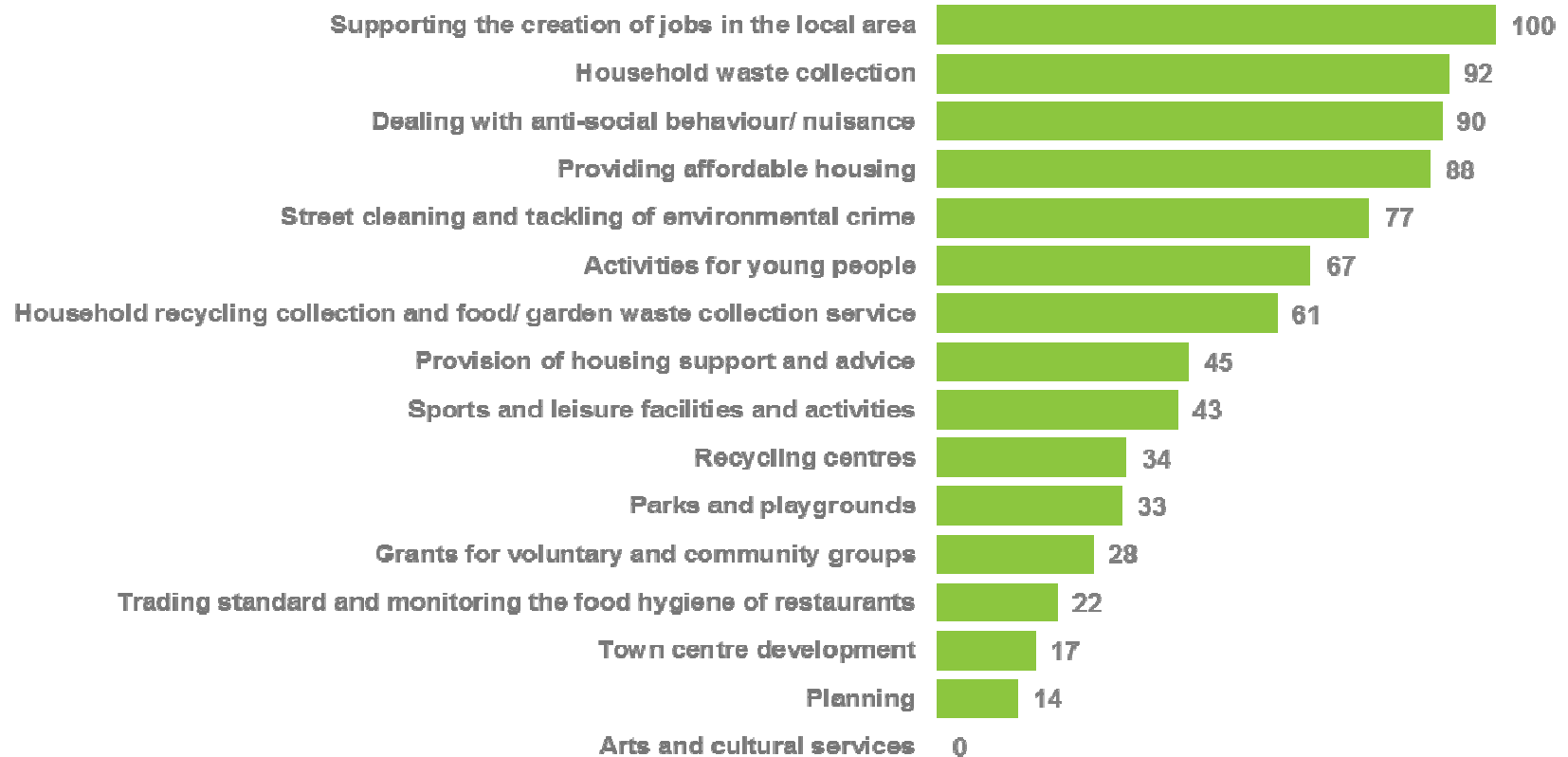
Satisfaction with Council Services (Customer Survey 2011)

	2006	2007	2008	2009	2010	2011
Overall Satisfaction	60	65	67	67	73	68
Household recycling collection service	79	76	75	78	83	82
Dealing with anti-social behaviour/ nuisance	34	30	36	36	44	43
Refuse collection service	67	67	68	70	78	76
Street cleansing service	59	63	66	67	72	64
Local parks and open spaces	72	71	70	73	74	72
Recycling centres	77	77	83	86	87	88
Sports facilities	62	58	63	68	71	74
Dealing with environmental crime (e.g. litter /graffiti) *	N/A	N/A	N/A	N/A	N/A	42
Leisure activities *	N/A	N/A	N/A	N/A	N/A	56
Local car parking facilities	59	58	63	64	63	49

* New questions for 2011

Corporate, Service and Financial Planning Process

Priority services to maintain – ranked index (Budget Survey of local residents 2011)



Service Plans 2012/13

Copies of the Service Plans for 2012/13 are available on the Council's website from the 30th April 2012.

Cherwell District Council's Budget

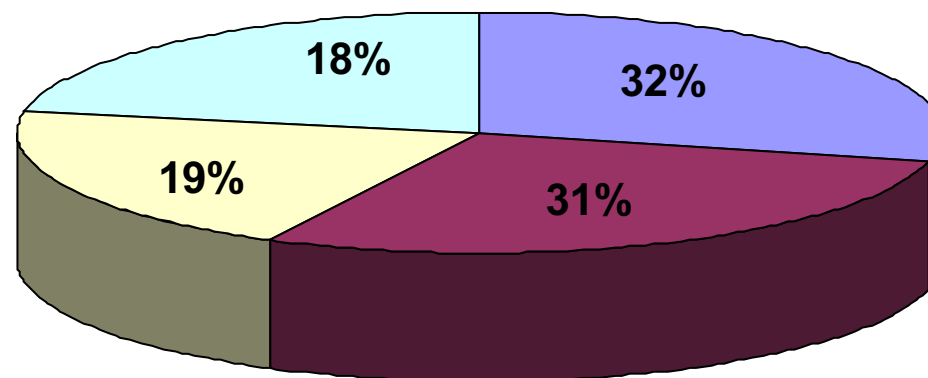
Money is spent in two ways – General Fund and Capital Investment Programme

General Fund

This is spent on day to day running costs and pays for most District Council services, including waste collections and disposals, car parking, arts ,museums, and landscaping. These services are paid for through Government Grants, Business Rates and Council Tax.

The General Fund budget is spent in line with the Council's priorities of :-

- A District of Opportunity.
- A Cleaner Greener Cherwell.
- A safe, healthy and thriving Cherwell.
- An accessible , value for money council.



- A District of Opportunity.
- A Cleaner Greener Cherwell.
- A safe, healthy and thriving Cherwell.
- An accessible , value for money council

Strategic Priority	2012/13 Budget	Spend per Head of Population
	£'s	£
	Net	
A District of Opportunity.	4,225,073	30.51
A Cleaner Greener Cherwell.	4,130,962	29.83
A safe, healthy and thriving Cherwell.	2,546,326	18.39
An accessible , value for money council	2,340,247	16.90
Total Net Service Expenditure	13,242,608	95.61
Centrally Controlled Items	1,416,624	10.24
Total Net Expenditure	14,659,232	105.86

Council Tax

The Council Tax bill for the 2012/13 financial year (1 April 2012 to 31 March 2013) is made up of charges from Cherwell District Council, Thames Valley Police Authority and Oxfordshire County Council.

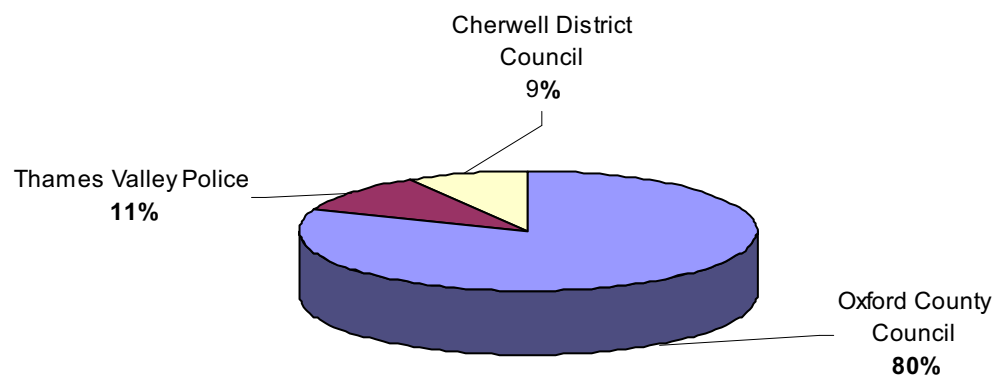
The District Council collects Council Tax on behalf of the other two bodies. The monies collected are then paid over to them in line with the amount they have included in their budget to be charged to households in the Cherwell District.

In 2012/13 the amounts are **£7,809,894.50** for the Police Authority and **£58,799,951.65** for the County Council. These amounts reflect a freeze in Council Tax.

The total to be raised from Council Tax is then converted into the charge for a Band D property, as shown in the table across and the graph below.

	2011/12	2012/13	£ Increase 2011/12 - 2012/13	% Increase 2011/12 - 2012/13
Council Tax Requirement - Cherwell	£6.216m	£6.251m		
Tax Base	50,337	50,615		
Cherwell District Council - Council Tax Band D	£123.50	£123.50	£0	0%
Police Authority precept	£154.30	£154.30	£0	0%
Oxford County Council precept	£1,161.71	£1,161.71	£0	0%
Combined Band D Council Tax	£1,439.51	£1,439.51	£0	0%

Council Tax Band D 2012/13



Council Tax

Band	Value at 1.4.91	Ratio	Number of Dwellings	Cherwell District Council	Thames Valley Police	Oxfordshire County Council	Combined Council Tax 2012/13
				£	£	£	£
A	Up to £40,000	6/9	5214	82.33	102.87	774.47	959.67
B	£40,001-£52,000	7/9	14791	96.06	120.01	903.55	1,119.62
C	£52,001-£68,000	8/9	16153	109.78	137.17	1,032.63	1,279.58
D	£68,001-£88,000	9/9	10173	123.50	154.30	1,161.71	1,439.51
E	£88,001-£120,000	11/9	7092	150.94	188.59	1,419.87	1,759.40
F	£120,001-£160,000	13/9	3211	178.39	222.88	1,678.03	2,079.30
G	£160,001-£320,000	15/9	2291	205.83	257.17	1,936.18	2,399.18
H	Over £320,000	18/9	225	247.00	308.60	2,323.42	2,879.02

The charges per Band D property are then converted into a charge based on historic property values at 1st April 1991. Properties are allocated to bands by the Valuation Office Agency, which is part of HM Revenues and Customs. The Bands can be seen in the table above. If the property was not built or converted until after 1991, the band is based on the value the property would have had if it had been built in 1991.



Parish Precepts

Parish and Town Councils need money to provide additional services within the parish / town. The district council collects this money on their behalf through Council Tax, but the parish / town council decides how much it needs.

	Precept	Tax	Band D
	2012/13	Base	2012/13
	£	2012/13	£
Parish / Town			
Adderbury	£35,180	1180	£29.81
Ambrosden	£11,015	586	£18.80
Ardley	£11,320	259	£43.71
Arncott	£12,500	296	£42.23
Banbury	£1,792,477	14678	£122.12
Barford	£7,000	256	£27.34
Begbroke	£24,759	354	£69.94
Bicester	£1,021,533	10291	£99.26
Blackthorn	£10,369	146	£71.02
Bletchington	£15,000	345	£43.48
Bloxham	£56,628	1347	£42.04
Bodicote	£23,576	842	£28.00
Bourton	£8,000	298	£26.85
Broughton	£3,500	131	£26.72
Bucknell	£4,500	109	£41.28
Caversfield	£4,000	411	£9.73
Charlton on Otmoor	£5,500	195	£28.21
Chesterton	£11,500	396	£29.04
Claydon	£4,000	139	£28.78
Cottisford	£0	72	£0.00
Cropredy	£9,000	309	£29.13
Deddington	£35,431	925	£38.30
Drayton	£4,000	91	£43.96
Duns Tew	£10,597	221	£47.95
Epwell	£3,375	140	£24.11
Fencott and Murcott	£2,000	128	£15.63
Finmere	£5,500	213	£25.82
Fringford	£9,500	266	£35.71
Fritwell	£6,500	286	£22.73

	Precept	Tax	Band D
	2012/13	Base	2012/13
	£	2012/13	£
Parish / Town			
Godington	£0	20	£0.00
Gosford and Water Eaton	£17,630	544	£32.41
Hampton Gay and Poyle	£750	74	£10.14
Hanwell	£5,000	132	£37.88
Hardwick with Tusmore	£0	34	£0.00
Hethe	£4,000	117	£34.19
Hook Norton	£52,000	919	£56.58
Horley	£4,055	158	£25.66
Hornton	£5,500	165	£33.33
Horton cum Studley	£6,000	244	£24.59
Islip	£16,359	318	£51.44
Kidlington	£570,423	4963	£114.94
Kirtlington	£17,500	445	£39.33
Launton	£15,500	498	£31.12
Lower Heyford	£10,000	221	£45.25
Merton	£7,000	139	£50.36
Middle Aston	£0	65	£0.00
Middleton Stoney	£3,200	151	£21.19
Milcombe	£9,000	220	£40.91
Milton	£400	123	£3.25
Mixbury	£100	116	£0.86
Mollington	£8,250	218	£37.84
Newton Purcell	£0	43	£0.00
Noke	£2,000	78	£25.64
North Aston	£1,200	89	£13.48
North Newington	£4,500	152	£29.61
Oddington	£0	65	£0.00

	Precept	Tax	Band D
	2012/13	Base	2012/13
	£	2012/13	£
Parish / Town			
Piddington	£6,300	175	£36.00
Prescote	£0	6	£0.00
Shenington	£4,000	219	£18.26
Shipton on Cherwell	£5,000	144	£34.72
Shutford	£6,000	207	£28.99
Sibford Ferris	£5,500	191	£28.80
Sibford Gower	£6,250	250	£25.00
Somerton	£4,000	139	£28.78
Souldern	£5,700	200	£28.50
South Newington	£4,700	157	£29.94
Steeple Aston	£20,989	425	£49.39
Stoke Lyne	£2,750	104	£26.44
Stratton Audley	£5,750	209	£27.51
Swalcliffe	£5,500	109	£50.46
Tadmarton	£5,000	261	£19.16
Upper Heyford	£15,000	388	£38.66
Wardington	£10,000	243	£41.15
Wendlebury	£4,240	194	£21.86
Weston on the Green	£8,200	242	£33.88
Wiggington	£2,500	111	£22.52
Wroxton	£6,000	289	£20.76
Yarnton	£46,900	1131	£41.47

General Fund

The General Fund is the fund in which the day to day operations of the council take place. There are two directorates and a corporate core that provide the services to the public and other costs that are not allocated to services such as financing costs. In setting the budget for 2012/13, £2.0m of budget reductions have been included, this includes an over achievement of the £1m Public Savings promise made when setting our Council Tax in 2011/12. Some of these reductions have been offset by other budget pressures and the net reduction is £1.2m. The council has been able to maintain Council Tax at the same level as 2011/12 through both incorporating the budget reductions detailed above and taking advantage of the second year of Council Tax Compensation Grant available from Central Government.

Summary Expenditure & Funding

	Gross Expenditure	Gross Income	Net Expenditure
Expenditure by Directorate 2012/13	£'s	£'s	£'s
Community & Environment	£14,151,033	£6,308,350	£7,842,683
Resources	£48,942,420	£44,047,904	£4,894,516
Development	£7,846,272	£3,942,143	£3,904,130
Total	£70,939,725	£54,298,396	£16,641,329
Less			
Reversal of Capital Charges			-£3,323,392
Centrally Controlled items			£1,341,295
			£14,659,232

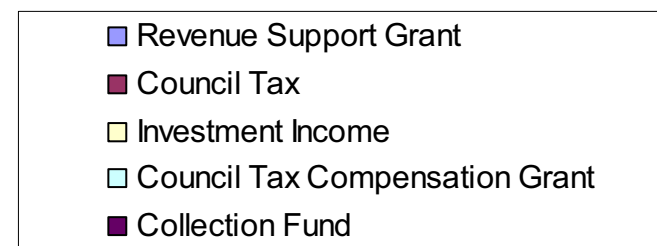
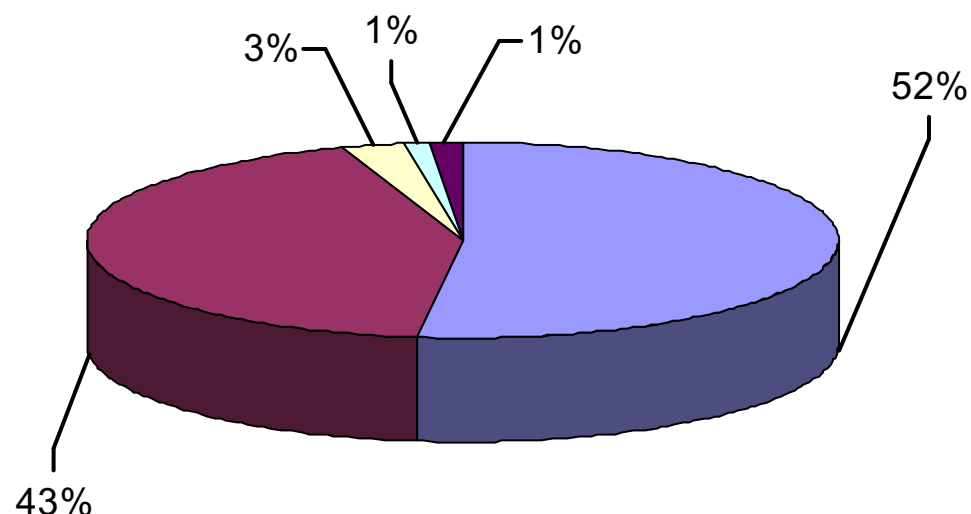
The General Fund budget is broken down further into categories relating to revenue expenditure and revenue income as can be seen in the table below.

Subjective Analysis	£'s
Employees	£15,477,155
Premises	£2,306,411
Transport	£1,403,189
Supplies & Services	£3,691,994
Third Party & Transfer Payments	£49,816,164
Capital Financing	£3,323,392
Revenue Expenditure	£76,018,304
Grants	£46,041,522
Fees, Charges and Sales Income	£5,713,385
Rental Income	£1,926,121
Recharges	£4,354,653
Capital Financing	£3,323,392
Revenue Income	£61,359,072
Net Expenditure (Revenue Expenditure - Revenue Income)	£14,659,232

General Fund

The General Fund net expenditure in 2012/13 is £14.6m. The money to fund the budget comes from the Revenue Support Grant, Collection of Council Tax, Investment income and additionally this year, the Council Tax Compensation Grant. These amounts are detailed in the table and pie chart below:

FUNDING	2011/12	2012/13
Revenue Support Grant	£8,634,458	7,621,722
Council Tax	£6,216,621	6,250,953
Investment Income	£723,407	439,810
Council Tax Compensation Grant	£155,037	155,415
Collection Fund & Council Tax SPD Review	£130,417	191,332
Total	£15,859,940	£14,659,232



Collection Fund Estimates are prepared as at the statutory date of 15 January 2012. For 2011/12 a collection rate of 98% has been included in the calculations of actual yield.

Any sums which are received above this level will effectively be paid back to Council Tax payers in the following year, through the Collection Fund. If this level of collection is not achieved, the shortfall would have to be recovered from Council Tax payers in the following year, through the Collection Fund.

The Collection Fund can be found in **Annex 1**.

General Fund

Movement from 2011/12 Budget

The 2011/12 net revenue budget has reduced by £1.2m – a reduction of 8%.



	£
2011/12 Base Budget	15,859,940
£1m Savings promise – Joint Working	-583,000
£1m Savings promise – VFM	-158,246
£1m Savings promise – Income	-132,000
£1m Savings promise – Procurement	-243,884
£1m Savings promise – Discretionary Services review	-115,694
Efficiencies	-641,739
Scrutiny Reviews	-136,441
New Effects	420,808
Inflation	353,551
Other – various	35,937
2012/13 Proposed Budget	14,659,232

Both expenditure and income efficiencies will be profiled on the Council's Financial Management System to make it clear that efficiencies are expected to be realised from the agreed date.

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

Further detail is included in the Jan and February Budget reports to the Executive.

Capital Investment

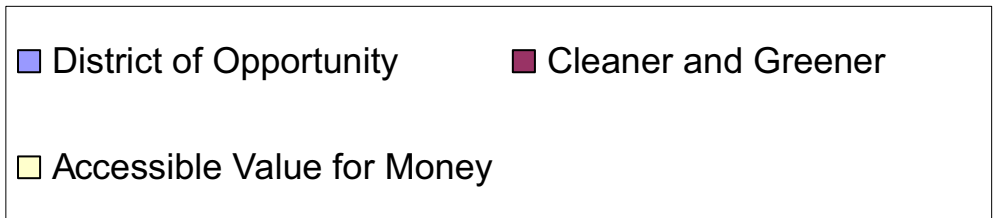
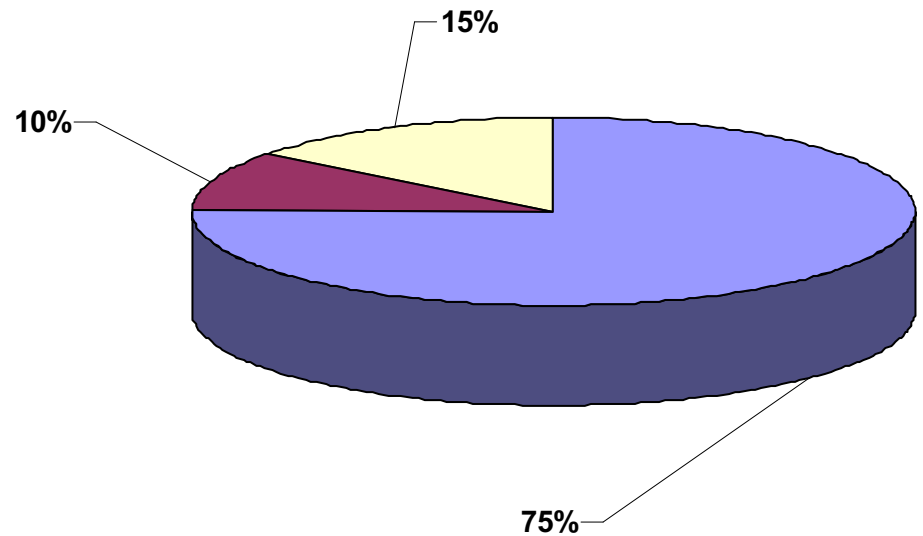
There is an aspiration to regenerate the 2 main towns of Banbury and Bicester which lie within the Cherwell District, whilst not forgetting to invest adequate financial capital resources in the remainder of the district for the people who live and work here. We aim to do this by delivering high quality programmes which will significantly boost the economic prosperity of the area and create much needed jobs and investment.

Cherwell District Council has a main Capital Investment Programme for 2012/13 with some schemes going up to 2014/15. The total cost of the strategy including capital budget slippage from 2011/12 is £18.7m of which £13.7m is planned to be spent in 2012/13. The programme is funded through a mixture of grants, capital receipts and other Council resources.

Like all public sector organisations, the Council currently faces challenging economic conditions. The main schemes into which the capital investment is being focused, will help to achieve better housing conditions, improved vehicles for refuse collection and recycling, and more environmentally friendly facilities for the tax payers of the district to use.

The table below show the **new** schemes approved on the Capital Programme for 2012/13 by Strategic Priority.

	2012/13
Strategic Priority	£'s
District of Opportunity	£3,546,832
Cleaner and Greener	£480,000
Accessible Value for Money	£685,000
Total	£4,711,832

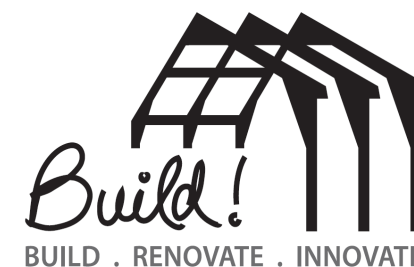


Capital Investment

The table below details the Capital Programme split down to projects in each of the Strategic Priorities:

Capital Bid Scheme Title	2012/13 £000s
Ferriston Roof Repairs	£18,500
Thorpe Way Roof Repairs	£10,000
Discretionary Housing Grants	£325,000
Mandatory Disabled Facilities Grant	£860,000
Cherwell Community Led Housing Programme	£2,333,332
District of Opportunity	£3,546,832
Recycling Bank Replacement Programme	£25,000
Environmental Services Vehicle Replacement Programme	£425,000
Environmental Improvements Grimsbury	£30,000
Cleaner and Greener	£480,000
Biomass Heating for Bicester Leisure Centre	£385,000
Energy Efficiency Projects	£80,000
ICT Infrastructure (Business Case)	£220,000
Accessible Value for Money	£685,000
TOTAL	£4,711,832

PROJECTS GRAND TOTAL	£4,711,832
FUNDING SOURCE	2012/13 £s
Capital Receipts	£1,164,500
Housing Reserves	£2,722,332
Disabled Facilities Grants	£375,000
Wheeled Bins Reserve	£25,000
Vehicle Replacement Programme	£425,000
TOTAL	£4,711,832



Medium Term Financial Strategy

Medium Term Financial Strategy

We continually update our medium financial strategy and model scenarios with the Executive members and Corporate Management Team to test our planning rigorously. The latest forecast has been updated to consider the 2012/13 balanced budget and is summarised in the table along with assumptions.

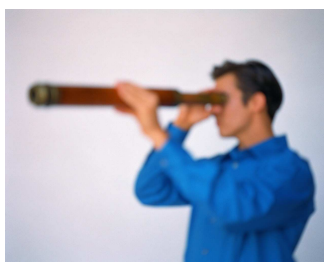
The forecast at present shows a savings requirement of £0.8m in 2013/14 and a cumulative target for the 4 years of £5.2m. This assumes that the Council does not rely on all of its investment income to balance the revenue budget and a range of economic assumptions.

All known cost pressures are built into the model and assumptions are made for unknown pressures. This modelling leads directly to a target for cost reduction 15 months or so before the savings are required. The target to be achieved during 2012/13 is £800k and can be seen as one of our public promises.

With regard to the medium term, there are a number of pressures facing the Council in the context of the national framework being applied to local government, which, amongst other things, requires increasing efficiencies and restrictions on council tax increases. Against this backdrop the expectation is that, future year's budgets will come under increasing pressure with a growing emphasis on prioritisation, efficiency, innovation and collaboration in service delivery.

There remains considerable uncertainty about the level of local government funding from 2013/14 onwards as we await the full outcome of the local government resource review.

The next Medium Term Strategy document is due to be published by the Council in Summer 2012 and will contain a number of forecast scenarios based on modelling on the implications of the resource review and welfare reform.



Cummulative Summary	2013-14	2014-15	2015-16	2016-17
	£M	£M	£M	£M
Net Expenditure	15.1	15.2	15.2	15.4
Gov't Grant	-7.4	-7.2	-7.1	-6.9
Council Tax	-6.4	-6.5	-6.3	-6.3
Investment Income	-0.3	-0.3	-0.3	-0.3
Collection fund	-0.1	-0.1	-0.1	-0.1
Use of Reserves	0.0	0.0	0.0	0.0
Savings requirement	0.8	1.1	1.5	1.8
Cummulative				5.2
RPI	3.00%	3.00%	3.00%	3.00%
Payroll Inflation	2.00%	2.00%	2.00%	2.00%
Interest Rate FC	1.00%	1.60%	3.30%	4.10%
Council Tax Increase	0.00%	0.00%	0.00%	0.00%
Gov't Funding Reduction	-2.50%	-2.50%	-2.50%	-2.50%

Reserves

GENERAL FUND RESERVE

The General Fund reserve shows the difference between income received and expenditure in the General Fund over the years.

All local authorities hold a general reserve to be called upon for any unforeseen expenditure.



General Reserve Balance	£'000
Projected Balance 31 March 2012	2,000

EARMARKED RESERVES

In considering the sustainability of the Council's expenditure plans a key factor is the level of reserves which are likely to be available to the Council and their ability to support the underlying level of expenditure in the long term.

One of the key aspects of the Council's financial planning is to ensure that an appropriate level of reserves is maintained to facilitate temporary use of reserves. These are employed to create the time in which to effect the necessary changes in spending plans in a managed way in instances where unforeseen eventualities occur.

The Council holds adequate reserves to meet all its known liabilities. These reserves have been subject to a full review in January 2012 with a further review planned in conjunction with the closing of the 2011/12 accounts in March 2012.

Each reserve has been created to cover a specific purpose and has been set at a prudent level to meet any liability that might arise.

	Forecast
Earmarked Reserves	31/03/2012
	£000's
Self Insurance / Legal Claims Reserve	-268
Hs2 Reserve	-14
Joint Working Implementation	-338
Brighter Futures Reserve Account	-20
Building Control Reserve	-47
Plant and Transport Renewals Reserve	-314
Wheeled Bins Replacement Reserve	-257
Corporate IT Contingency Reserve	-200
Planning Policy Reserve	-647
Planning Control Reserve	-710
Environmental Warranties Reserve	-1856
Hanwell Fields Reserve	-100
Licensing Reserve	-46
Corporate Change Reserve	-218
Iceland Legal Cost reserve	-22
Local Government Resource Review	-157
Total	-5214

Risk

Although best estimates have been taken into account when compiling the budget, the nature of the services provided by the Council means that there will always be a level of financial risk which needs to be monitored and managed.

In meeting the adopted principles of prudence and sustainability, a key consideration is the level of risk and uncertainty faced by the Council. This is particularly an issue in light of the current economic environment.

Risk analysis and a determination of the adequacy of the level of reserves are key elements within the statement which the Chief Financial Officer is required to provide, under section 25 of the Act, in conjunction with the final budget and Council Tax recommendations. This report can be seen in Agenda Item 11 of the Council Meeting held on 27 February 2012.

As with any major Council project, a risk assessment is prepared and reviewed during the course of the development of the budget. This provides a basis to consider the impact and potential mitigation for key factors, and identifies potential areas for sensitivity analysis to determine the degree of exposure to risk.

This also draws on a review of the wider risks, which are highlighted in the Council's Risk and Assurance framework. The highest rated risks have been reviewed to assess whether there is a direct financial implication, and whether proposals within the budget would serve to increase or decrease the currently assessed risk rating.

Significant Risks

The key risks which were identified as part of the review of risks in the preparation of this budget relate to :The Economic Downturn – and its impact on Council services, activities and finances, and delivery of savings associated with the shared senior management team.

A number of steps have been taken to identify specific risks and, where possible, to take actions to minimise their effects. A review of these risks is provided in **Annex 3**.

All risks are reviewed monthly and presented quarterly to the Executive and Accounts, Audit and Risk Committee.



Treasury Management and Prudential Indicators

Treasury management is an important aspect of the overall financial management of the Council. The Local Government Act 2003 requires the preparation and monitoring a range of Prudential Indicators for capital expenditure, external debt and treasury management. These are intended to provide a measurable demonstration that the authority is managing its finances in accordance with the requirements of the Prudential Code. The objective of the Prudential Code is to provide a framework to ensure that the capital investment plans of the authority are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with professional good practice; and that the authority is accountable in making its capital finance and investment decisions.

The detailed Prudential Indicators are included within the Treasury Management Strategy taken to Council on 27th February 2012 - Agenda Item 11.

The Council is debt free and as at 31 January 2012 has **£79.8m** invested. The Council's treasury activities are strictly regulated by the CIPFA Treasury Management Code and statutory requirements.

The Treasury Management Code requires the Council to have in place:

- **A Policy Statement** which states the Council's treasury management policies, objectives and approach to risk management.
- **Treasury Management Practices** (TMPs) which set out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how these activities will be managed and controlled.
- An annual **Treasury Management Strategy** that outlines the expected treasury activity for the forthcoming year. This is presented to Council on 27th February 2012 - Agenda Item 11.



Compliance with the strategy, monitoring against budget and updating on the recovery of our claim against Glitnir.is performed monthly. These reports are then subject to review by the Accounts, Audit and Risk Committee, as well as the Finance Scrutiny Working Group. Quarterly performance is reported to the Executive as part of the Council's Performance Framework

The Council uses Sector as its treasury management advisor. Sector provide a range of services to the Council, including:

- Technical support on treasury matters and capital finance issues;
- Economic and interest rate analysis;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information comprising the three main credit rating agencies.

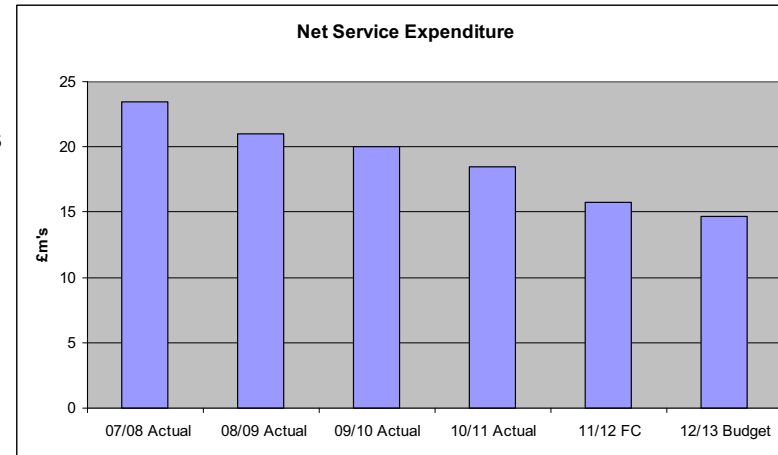
Whilst Sector provide support to the Council in these areas, the final decision on all treasury matters rests with the Council. The services received from Sector are kept under regular review.

Conclusion

The development of the budget for 2012/13 has been subject to rigorous challenge and scrutiny. The Service and Financial planning process examined aspects of service provision on the basis of operational and financial performance, delivery, risks, value for money and partnership arrangements.

In the period between 2007 and 2011 the Council has worked hard to cut its expenditure by £7.7 million. We have continued to cut overheads while improving and protecting services. In 2012 /13 we have again reduced our budget requirement by a further £1.2m.

This represents a 38% reduction (£8.9m) over the 6 year period.



In the same 6 year period the Council has invested £80m in its capital programme which has included significant investment in our urban centres, leisure facilities, housing solutions and spend to save initiatives that have provided revenue reductions.

The Council has set out an ambitious vision within its budget report to deliver public services to the residents of Cherwell against a backdrop of an increasing demand, rising public expectation and economic recession.

We know that Government funding will reduce still further in future years. Because of this, the Council is developing a range of responses that will deliver the necessary savings in the medium term. These include reducing the unit cost of our most expensive services, identifying income opportunities and building on the benefits of our shared senior management arrangements with our neighbours South Northamptonshire Council.

CHERWELL DISTRICT COUNCIL
COLLECTION FUND : REVISED ESTIMATES 2011/12

	COUNCIL TAX:	BUSINESS RATES:	TOTAL:
	£.00p	£.00p	£.00p
(SURPLUS)/ DEFICIT AS AT 1 APRIL 2011			
Oxfordshire County Council	(686,981.84)	0.00	(686,981.84)
Thames Valley Police Authority	(91,243.11)	0.00	(91,243.11)
Cherwell District Council/ODPM	(120,157.22)	0.00	(120,157.22)
	(898,382.17)	0.00	(898,382.17)
SURPLUS/ (DEFICIT) FOR PREVIOUS YEARS(S):			
Re: Revised Estimates			
Oxfordshire County Council	745,666.92	0.00	745,666.92
Thames Valley Police Authority	99,040.16	0.00	99,040.16
Cherwell District Council	130,417.70	0.00	130,417.70
	975,124.78	0.00	975,124.78
INCOME FOR THE YEAR:			
Income From Council Tax	(70,249,389.09)	0.00	(70,249,389.09)
Council Tax Benefits Contribution	(7,342,392.22)	0.00	(7,342,392.22)
	(77,591,781.31)	0.00	(77,591,781.31)
Income From Non-Domestic Rates	0.00	(63,865,986.02)	(63,865,986.02)
	(77,591,781.31)	(63,865,986.02)	(141,457,767.33)
TOTAL INCOME FOR THE YEAR			
EXPENDITURE FOR THE YEAR:			
Precepts and Demands:			
Oxfordshire County Council	58,476,996.27	0.00	58,476,996.27
Thames Valley Police Authority	7,766,999.00	0.00	7,766,999.00
Cherwell District Council: General Purposes	6,216,621.00	0.00	6,216,621.00
Cherwell District Council: Town & Parish Council Precepts	4,012,799.00	0.00	4,012,799.00
	76,473,415.27	0.00	76,473,415.27
Non-Domestic Rates:			
Payment To National Pool	0.00	63,645,999.52	63,645,999.52
Cost of Collection Grant	0.00	219,986.50	219,986.50
	0.00	63,865,986.02	63,865,986.02
Provision For Appeals and Non-collection	67,815.00	(421,208.00)	(353,393.00)
Write off of Bad Debts	128,159.47	941,453.47	1,069,612.94
	76,669,389.74	64,386,231.49	141,055,621.23
TOTAL EXPENDITURE FOR THE YEAR			
(SURPLUS)/ DEFICIT FOR THE YEAR			
	(1,118,366.04)	0.00	(1,118,366.04)
DIVISION OF (SURPLUS)/ DEFICIT FOR THE YEAR			
Oxfordshire County Council	(855,181.98)	0.00	(855,181.98)
Thames Valley Police Authority	(113,586.50)	0.00	(113,586.50)
Cherwell District Council/ODPM	(149,597.55)	0.00	(149,597.55)
	(1,118,366.03)	0.00	(1,118,366.03)
(SURPLUS)/ DEFICIT AS AT 31 MARCH 2012			
	(1,041,623.43)	0.00	(1,041,623.43)
DIVISION OF (SURPLUS)/ DEFICIT AS AT 31 MARCH			
Oxfordshire County Council	(796,499.14)	0.00	(796,499.14)
Thames Valley Police Authority	(105,792.16)	0.00	(105,792.16)
Cherwell District Council/DTLR	(139,332.13)	0.00	(139,332.13)

BACKGROUND

Corporate, Service and Financial Planning Process

Setting the budget is one of the key outcomes from the Council's corporate, service and financial planning programme. This involves the preparation of service plans, which are developed not only to deliver the Council's strategic priorities as detailed in the Corporate Plan, but also to demonstrate how the published service targets, representing the Council's commitment for operational delivery in priority areas, are to be achieved. The budget is the financial expression of these plans, within the context of the Council's Medium Term Financial Strategy.

The programme involves elected Members, the Council's senior managers and, in many service teams, operational staff. The views of the public, our community partners, the voluntary sector and the local business community are all actively sought through structured consultation channels during the programme.

Public Consultation

The Council is under a statutory obligation to consult with local businesses on its proposed revenue and capital budgets each year. The council's consultation strategy also aims to ensure we undertake effective consultation and public involvement to help set local priorities for Council services and strategy.

Cherwell District Council makes significant efforts to consult with stakeholders on its corporate plan and budget proposals each year. The recognised benefits of this approach include the following:

- Provide members with information to support decision making
- Promote public involvement in decision making
- Identify priorities for spending
- Identify areas in which spending reductions are seen as most acceptable
- Raise awareness about how finances are spent
- Raise awareness of the Council's sources, levels of funding and council tax levels.

This year residents have been consulted through a wide range of qualitative and quantitative consultation methods including: meetings with local community groups and local businesses; use of the Council's online budget consultation portal and a satisfaction survey. Council staff were also kept informed through the chief executive briefings and asked to feedback any views.

The consultation process was designed to be as inclusive as possible, seeking the views and opinions of residents, stakeholders, the business and voluntary sectors.

Understanding the views and opinions of local people has assisted the Executive as it develops and finalises the budget for the financial year ahead. The feedback obtained has also been used by council services alongside other sources of customer intelligence and feedback when developing service plans and in continued implementation of the council's vision.

Service Planning Priorities

This year corporate and service planning and the process of budget preparation has been more closely integrated than ever before, to ensure that the allocation of resources closely matches the delivery of the Council's objectives. This is of fundamental significance this year given the magnitude of savings required as a result of the comprehensive spending review.

The process has been driven by our improved understanding of customer needs, by customer feedback, comparative financial and service performance, and the need to demonstrate value for money; and it has been informed by extensive consultation involving the general public, the business community, the voluntary sector and key partners.

Elected Members were then able to draw upon this information and use it in determining the Council's service priorities for the forthcoming year, with services ranked from 1 (high priority) to 7 (low priority). This ranking provided an essential framework for the consideration of service resources and capital schemes. The full prioritisation matrix can be seen in Annex 1 and is summarised in the table below:

Rank	Service Area
1	Refuse Collection and Recycling, Strategic Housing, Economic Development and Regeneration.
2	Antisocial Behaviour.
3	Sports Facilities, Local Development, Community Development, Housing Needs, Private Sector Housing.
4	Revenues and Benefits, Cleansing, Housing Needs, Local Transport and Concessionary Fares, Private Sector Housing, Environmental Protection, Rural Areas, Car Parking, Estates, Leisure Development.
5	Safer Communities, Health Promotion, Conservation and Urban Centres, Building Control and Engineering, Public Protection, Planning and Enforcement.
6	Planning Control, Arts, Diversity & Equality.
7	Landscape, Banbury Museum, Tourism, Licensing.

Corporate Plan 2012/13

Cherwell District Council's corporate plan is in its final year and will be fully reviewed during 2012/13. The updated plan for 2012/13 outlines the Council's priorities taking into account the reductions in the Council's net budget. This plan outlines the Council's four strategic priorities and the objectives that underpin each one. The performance of each objective will be monitored through either progress against projects, key milestones or numerical performance measures. Detailed targets and performance milestones will be set out in the Council's Performance Management Framework, some targets are currently outstanding and will be set by 31st march 2012..

<p>A A District of Opportunity</p>	<p>B A Cleaner Greener Cherwell</p>	<p>C A Safe, Healthy and Thriving Community</p>	<p>D An Accessible Value for Money Council</p>
<p>Work with partners to tackle disadvantage in the District.</p> <p>Support vulnerable residents through focusing on homelessness prevention and housing advice at current levels of performance</p> <p>Work with our partners to reduce the number of young people not in education employment or training across the district</p> <p>Support local people into work (job clubs and apprenticeships) and prepare for the impact of the Government reform to welfare and the benefits system</p> <p>Deliver the Brighter Futures in Banbury programme</p>	<p>Provide excellent waste collection and recycling services, working to reduce the amount of waste produced and to increase recycling across the district.</p> <p>Increase the household recycling rate to above 60%</p> <p>Reduce the amount of waste sent to landfill</p> <p>Maintain the current high levels of customer satisfaction with our recycling and waste collection services</p>	<p>Work with partners to support the development of safe and thriving local communities and neighbourhoods.</p> <p>Continue to provide a wide range of recreational activities and opportunities of young people across the district</p> <p>Work with partners to maintain already low levels of crime in the district</p> <p>Work with partners and businesses to support public health, safety and environmental protection</p>	<p>Provide value for money and a financially sound organisation, minimising the impact of smaller council budgets on frontline and priority services.</p> <p>Develop and implement an effective approach to address the financial impact of Government welfare reform</p> <p>Understand and plan for the implications of the Local Government Resources Review specifically the changes to localisation of business rates and council tax benefit</p> <p>Secure savings of £800 - £1m taking account of the national changes to Local Government Funding</p> <p>Ensure the Council's budget is matched to strategic priorities demonstrating and promoting the Council's commitment to value for money and effective service delivery.</p>
<p>Balance economic development and housing growth.</p> <p>Deliver x - TBC new homes including through planned major housing projects</p> <p>Deliver 100 affordable homes in the district</p> <p>Promote local economic development through business advice and support, inward investment and the Local Enterprise Partnerships</p> <p>Progress the Community Housing Project with HCA investment partner (31 dwellings in 12/13)</p>	<p>Work to ensure our streets, town centres, open spaces and residential areas are clean, well maintained and safe.</p> <p>Maintain high levels of residents' satisfaction with street and environmental cleanliness</p> <p>Work with local communities to continue the programme of neighbourhood litter blitzes</p>	<p>Support the local community, voluntary and not for profit sectors to play an active role in the district.</p> <p>Work with the local voluntary sector to provide advisory services for the local community</p> <p>Support volunteering across the district</p> <p>Adopt an integrated community development approach to ensure the Council's provides value for money and addresses local need</p>	<p>Work with partners to reduce Council costs.</p> <p>Implement/embed shared back office systems and services to secure efficiencies</p> <p>Implement a shared ICT service</p> <p>Explore further opportunities with partners to share or provide services, reducing costs and maximising income</p>

A A District of Opportunity	B A Cleaner Greener Cherwell	C A Safe, Healthy and Thriving Community	D An Accessible Value for Money Council
<p>Develop a robust and locally determined planning framework.</p> <p>Complete a draft of local development framework for the district and submit for adoption</p> <p>Prepare an Infrastructure Plan for Cherwell District and prepare for introduction of Community Infrastructure Levy</p> <p>Secure implementation of new policy for Developer contributions</p> <p>Protect and enhance the quality of the built environment by completion of Conservation Area Reviews and strong design guidance for all new developments</p>	<p>Work to reduce our impact on the natural environment, limit our use of natural resources and support others in the district to do the same.</p> <p>Reduce the Council's Carbon footprint by 4% (includes buildings, fleet mileage etc.)</p> <p>Work with partners to improve the energy efficiency of homes and enable more residents to achieve affordable energy bills</p>	<p>Provide good quality recreation and leisure opportunities in the district.</p> <p>Progress the South west Bicester sports pitches</p> <p>Maintain current levels of visits/usage to district leisure centres</p> <p>Establish the Trust arrangements to secure the long term future of Banbury Museum and maintaining access for the community</p>	<p>Demonstrate that we can be trusted to act properly for you by being transparent about our costs and performance.</p> <p>Improve the information available to the public about our costs and performance, and promote understanding, accountability and opportunity</p> <p>Consult with local residents in a cost effective manner to ensure the Council has a good understanding of local priorities</p>
<p>Work to improve the quality and vibrancy of our town centres and urban areas.</p> <p>Progress the commercial development of Bicester Town Centre and consider the plans for development of the community building</p> <p>Complete a Masterplan for Bicester</p> <p>Progress the Canal side Regeneration programme in Banbury and redevelopment of the Bolton Road area in Banbury.</p>	<p>Work with partners to support the development of Eco-Bicester as an national exemplar, creating a vibrant place where people choose to live, to work and spend their leisure time in sustainable ways.</p> <p>Work with partners progress the delivery of the vision for Eco-Bicester</p> <p>Start work on site for the initial housing development at NW Bicester</p> <p>Ensure continued opportunities for local people to participate in the Eco-Bicester programme</p>	<p>Support improvement of local health facilities, services and standards across the district.</p> <p>Work to promote active and independent lifestyles amongst older people</p> <p>Support the local NHS to retain and develop health services at the Horton General Hospital</p> <p>Continue to support new and improved health services in Bicester and the surrounding area</p>	<p>Work to ensure we provide good customer service through the delivery of high quality and accessible services.</p> <p>Maintain high rates of customer satisfaction with our Services</p> <p>Improve levels of satisfaction with and access to information provided by the Council</p> <p>Improve access to our services and advice by increasing online payment and service options</p>

Pledges 2012/13

A District of Opportunity

- Continue to support skills development, apprenticeships and job clubs in order to reduce the number of young people not in education, employment or training.
- Deliver 100 affordable homes in the district and support opportunities for self build and developing self build skills
- Continue to strengthen the leisure and retail facilities in Banbury and Bicester town centres.
- Complete the local plan as the foundation for economic growth in the district.

A Cleaner, Greener District

- Increase the household recycling rate to 60%
- Improve local residents' satisfaction with street and environmental cleanliness continuing our successful programme of neighbourhood litter blitzes.
- Reduce the Council's carbon footprint by 4% by further improving the energy efficiency of our buildings and vehicles.
- Continue to give Cherwell residents the opportunity to take advantage of low cost, discounted insulation until the new Green Deal replaces discount funding.
- Begin construction of eco-Bicester houses.

A Safe, Healthy and Thriving District

- Continue working with our partners to provide support to the most vulnerable individuals and families in the district.
- Support the local health sector in building a new community hospital in Bicester
- Complete the lay out of the sports pitches at the South West Bicester sports village and finalise plans for the pavilion.
- Inspire young people to take up new sporting opportunities offered throughout the district during the Olympic year.
- Work with the local police and licence holders to roll out the 'best bar none' scheme which will help make our town centres safer in the evenings.

A Value for Money Council

- Secure savings of at least £800,000 to help meet the medium term financial deficit
- Improve levels of customer satisfaction with our services.
- Continue to improve our website and the ease of accessing our services and giving feedback online.

As with any budget there is a risk that the actual spending patterns do not match the estimates. All budgets over £250,000 have been risk assessed and details are shown below. A specific risk reserve of £267k is held and a 1% general contingency budget of £145,000. These together with specific economic and general fund reserves have been included in 2012/13 to meet any adverse financial effects which may arise from these, or any other,

Issue	£ Scale	Likelihood 1 (low) 4 (high)	Impact 1 (low) - 4 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Pay Costs and Incremental Increases	£14.0m total costs	2	3	6	1% pay increase = £140k. Budget assumption = 1.5%	Largest single item of cost. Complex drivers across the organisation.	Strict monitoring of both financials and staff numbers. Formal sickness/overtime monitoring. Separate control on agency staff. 2012/13 pay increase agreed prior to Budget setting. Increments due to be paid from Oct 2012 once scheme is in place.
Vacancy Drag	£14.0m total costs	2	4	8	There are a number of vacancies at the final draft of the budget but these are budgeted.	Underspending in salary budgets	An assumption that some vacant posts will not be filled immediately and therefore £135k of salary costs not expected to be utilised and therefore used to offset risk.
Interest Rates	£0.4m 12/13 budget	2	4	8	Reinvestment assumed at 1% - 0.25% decline would present a shortfall of ~ £100k however not all investment income to be received is built into the base budget.	Large cash variance from small rate changes. Large fluctuations in bank base rate.	Use of professional advisers Elimination of dependency on investment income in MTFS model using general fund reserves to offset impact specific interest rate reserve.
Investments	£70m FC 31/03/12	1	4	4		Financial institutions going into administration. Iceland recovery action	Investment strategy has been tightened up and regular monitoring continues.

Issue	£ Scale	Likelihood 1 (low) – 4 (high)	Impact 1 (low) – 4 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Fuel cost increases for Direct Services		3	2	4	£39k	Changes in global oil prices.	Financial provision made
Capita Revenues and Benefits Contract	Current contract includes 10% volume tolerances	2	2	4	Additional costs to administer revenues and benefits process from contractor due to volumes exceeding contract tolerances.	The payment of administration funding has been combined with funding for anti-fraud measures and is based upon the caseload of live claimants and the annual volumes of new claimants at a given date. Our caseload has increased marginally during 2011/12.	Regular monitoring and specific risk reserve.
Council Tax & Housing Benefit Subsidy		2	2	4	Timing impact of payments and reimbursements from DWP	Housing and Council tax benefit is awarded each year by the Council and then claimed back from the Department for Work and Pensions. Any inaccuracies in the calculation of the amounts paid out or non-compliance with the legislation could result in the claim being incorrect.	Service Assurance team will monitor accuracy. As this is a new way of working for the council a financial provision has been made.
Mileage	£25k	4	1	4	An assessment of unclaimed mileage made and an assumption of miles per employee at mileage rate has been used to calculate provision.	The car cash allowance changed in 2011/12 and a additional claims were made. This provided a reliable base but risk around amount of joint working mileage.	Financial provision made

Issue	£ Scale	Likelihood 1 (low) – 4 (high)	Impact 1 (low) – 4 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Income Streams	£5.7m	2	3	6	An assessment of the best base case based on current demand and activity levels	Car Park, Planning, Building Control, Rents and Land Charges	Cover in general provision and increase monitoring cycles so that mitigating cost reductions can be made to offset income reductions.
Partnership working, partner Contributions and efficiency savings		2	2	4	Impact on individual projects is high.	Partner actions delayed. Agreed funding not received by CDC. Savings not achieved	Separate accounting arrangements. Written partnership agreements. Formal review of savings required and progress.
Government Grant	£7.7m	2	3	6	£77k per 1% decrease	Government reduces grant levels further as part of fundamental finance review and assumes a higher level of efficiencies in order to reduce grant.	Settlements set until 2012/13. Adequate level of General Reserve held. MTFS will be modelled on a number of scenarios relating to cuts during 2012/13.
Pensions	The increasing deficit	4	4	16	Revaluation took effect in 2011/12	Deficit on County Fund. Future Actuarial results.	Up to date staff profile Review as part of MTFS refresh
General Budget Provision	1% of net expenditure £145k	2	2	4	A % of the net expenditure has been calculated as a general budget risk provision.	Some budgets are more sensitive and responsive to changes in demand, often caused by factors outside of the Council's control. In the event of any unanticipated changes it may be necessary to take corrective action and the effectiveness of this relies on good systems of budgetary control, monitoring and risk management.	Financial provision made

Directorate Detail

The table below details a summary of net expenditure and funding for 2012/13.

2012/13			
	Gross Expenditure	Gross Income	Net Expenditure
Expenditure by Directorate	£'s	£'s	£'s
Community & Environment	£14,151,033	£6,308,350	£7,842,683
Resources	£48,942,420	£44,047,904	£4,894,516
Development	£7,846,272	£3,942,143	£3,904,130
Total	£70,939,725	£54,298,396	£16,641,329
Less			
Reversal of Capital Charges			-£3,323,392
Centrally Controlled Items			£1,341,295
			£14,659,232

The following pages show each of the directorates in more detail - at Service Level. They also include the Key Objectives and Issues facing those directorates for 2012/13.

COMMUNITY & ENVIRONMENT DIRECTORATE

COMMUNITY & ENVIRONMENT DIRECTORATE

Budget
2012/13

TOTAL BUDGET

£7,842,863

Overview of the Directorate

The Directorate is responsible for the delivery lead for the Council's strategic priorities for Clean & Green and Safe & Healthy. Through its Customer Services team, it also makes the lead contribution to the priorities for Accessibility & VFM. Its service base is wide, has in excess of 250 staff, is fully customer and resident facing and structured into two service groups of Community and Environment. Its wide service base means that it plays the most significant Council role in leading and contributing to most of the Cherwell Sustainable Community Strategy – Our District, Our Future's themes. Because of the nature of the services, it is also heavily reliant on partnership working.

Key Objectives 2012/13

- Key priority areas of service development and change include the new initiatives arising from the ongoing multi-agency Brighter Futures Programme to address inequalities in targeted areas in Banbury. Whilst this Brighter Futures Programme is a long term exercise, it will evolve every year as outcomes become clearer
- In terms of the environment, the continued focus will be maintained on further reducing the Council's carbon footprint and in particular, supporting other businesses and local organisations to do the same. Also, maintaining the previous year's improvement in environmental quality and cleanliness through ongoing targeting reduced dog mess and fly tipping and further reducing the amount of waste sent to landfill
- There will be a continued push to reduce further the already low level of crime and anti social behaviour across the District and in doing so, to improve local residents feeling of being safe in their home and community
- We recognise the ageing population profile of the District and the need to plan for the future impacts of this. There will therefore be on going support to older peoples' groups and interagency work to ensure maximum benefit to local people
- There will be a need to continue the Council's support to retain and develop services at the Horton General Hospital and the re provision of improved Bicester Hospital services but in the context of the health sector reforms
- Due to the reduced future public sector funding available to the Council, 2012/13 will see many activities aimed at delivering economies and services at lower cost in order to attempt to protect front line services levels. Two key areas will be managing customer contact demand with a move to more online activity and improving our communications to and systems for customer services.

Key Issues 2012/13

- There will be further potential for change in the structure of the Council and therefore the Directorate as part of the shared senior management structure with South Northants Council as a means of delivering financial savings
- 2012/13 will offer many challenges particularly in light of the economic position. The level of income from fees for car parking and recreation activities needs to be improved through a combination of ensuring services are provided to the right quality, at an affordable price and meet the needs of local

residents

- The Council's significant medium term budget reductions will mean an ongoing focus on finding ways to deliver similar or even lower service levels at reduced cost. The emphasis will be on efficiency savings for all services through the way goods and services are procured and delivered as a means of avoiding or minimising any front line service reductions
- Customer intelligence has long been at the heart of what the Council does and how it does it. As resources get reduced, it will be imperative that customer intelligence must remain at the main driver for improvement so that despite our resource difficulties, it can be used to improve customer satisfaction even further.

COMMUNITY & ENVIRONMENT (Administration)

Key Objectives 2012/13

- This is the overall management and support budget for the Directorate.

Key Issues 2012/13

- The key objective is to provide effective management direction and administrative support with less resource. The year will see continued reorganisation and adjustment to achieve greater efficiency.

COMMUNITY SERVICES

Key Objectives 2012/13

Leisure

- Olympics: Celebration and legacy targets
- Increase income/participation in holiday activity programmes
- Secure funding for fixed term R&H posts
- Improve profitability at TIC/ Museum shop
- Public art for major developments – SW NW Bicester and Town Centre
- Improve working with Early Intervention Hubs
- Progress a Trust body for Banbury Museum.

Customer Services

- Telephone answering within 1 minute target
- Reduction in abandoned call levels
- Reduce avoidable contact through right first time reviews.

Community Safety

- Work in partnership to deliver TVP/CDC crime and disorder priorities
- Support youth provision
- Implement policy/ procedures of PCC
- Deliver actions from CSCP plan
- Continue to reduce CCTV revenue costs
- Develop street wardens portfolio through accreditation.

Parking

- Management and operation of the District's off street parking
- Enforcement of Parking Orders
- Administration of Excess Charge Notices
- Bicester Residents Parking

- Supervision of Banbury Bus Station
- Monitor compliance with street trading licenses
- Co-ordinate the monitoring and maintenance of Banbury and Bicester hydraulic bollard systems
- Collect monies from public conveniences
- Manage Exemption Certificates for Banbury and Bicester pedestrian areas and highways bollards
- Manage Season Ticket Scheme.

Rural and Countryside & Community

- Walks & rides portfolio – maintain, promote & improve accessibility
- Planning Applications – respond to consultations on ecology & PROW within timescales
- Community development – continued support to community assoc. in Banbury & Bicester
- Biodiversity – Update & deliver BAP targets through partnership working
- Parish Liaison - deliver successful meetings in June & November
- Voluntary Orgs Forum - deliver successful meetings in May & December
- Countryside Forum – Deliver successful forum in September
- Rural Community Development – renew & monitor ORCC SLA.

Key Issues 2012/13

Leisure

- Maintain quality of Joint Use facilities without capital investment
- Continue to increase participation levels at Joint use sites to meet income targets as they reach booking capacity
- Support SBMC management of Stratfield Brake
- Meet carbon emissions reduction target within leisure facilities
- Maintain performance of leisure facilities as we come out of the SCM 'honeymoon' period to ensure a positive year 5 benchmarking level is achieved
- Secure funding for Phase 3 of the Bicester Sports Village
- Establish Management arrangements for SW Bicester Sports Village, including revenue support through the Town Council.

Customer Services

- Moving contact to cheaper channels
- Reduce costs through the VFM review
- Maintaining performance with less resources
- Move from Market Square Bicester into Bicester town centre development
- Transfer of new services
- The implementation of new website and maintenance of accurate content management with service managers
- Further development of telephony system to increase performance.
- Review of Link Points.

Community Safety

- Implementation of PCC policy /procedures
- Influence local policing through PCC and CSP
- Influence PCC through CSP and OSCP
- Develop CSP partnership with SNC
- Reduce CCTV costs
- Continue CCTV updates and expansion through new development
- Review outer Bicester CCTV ring with spend to save through capital budget
- Review CCTV Kidlington provision
- Conduct feasibility tests with CCTV in SNC
- Develop street wardens within CDC and explore possibilities with SNC.

Parking Services

- Banbury Residents Parking

- Implementation of Civil Parking Enforcement
- Ticket Machine Replacement
- Fees and Charges Review and implementation of any changes.

Rural and Countryside & Community

- Continuance of Ecology Officer post
- Development of LSP & relationship of partners to Sustainable Community Strategy (SCS).
- CDC lead on developing localism / big society agenda (e.g. new community rights to buy, bid, build)
- Bicester Shopmobility post Town centre redevelopment.

ENVIRONMENTAL SERVICES

Key Objectives 2012/13

- To decrease the amount of waste going to landfill by 1000 tonnes through increasing the recycling rate to 60%
- To deliver financial efficiencies reducing the cost of collection including bringing in house the collection of glass
- To expand the network of bring bank sites increasing both the number of sites and the range of materials which can be recycled at such sites
- To further improve customer satisfaction levels on waste and street cleansing services
- To reduce the environmental impact of delivering environmental services.

Key Issues 2012/13

- Encourage residents to increased participation in using the recycling services to reduce the amount of waste sent to landfill
- Deliver the range of financial efficiencies without reducing the overall service quality. This should include the potential of closer working with South Northamptonshire Council
- Co-ordinate the delivery of actions to reduce energy costs and emissions from across the Council's operations
- Engage residents and businesses to reduce emissions across the district.

RESOURCES DIRECTORATE

RESOURCES DIRECTORATE

Budget 2012/13

TOTAL BUDGET

£4,894,516

Overview of the Directorate

The directorate exists to provide comprehensive resource management services, delivery of an effective corporate governance framework, legal, finance, procurement, democratic, revenues, benefits and elections services.

The directorate also provides all HR and ICT services, internal and external communications, staff training and development, business planning and the provision of management information, as well as all performance and programme management.

The directorate has responsibility for driving forward the transformation agenda and all of the professional support services associated with that key objective.

Key Objectives 2012/13

- Deliver the medium term financial strategy
- Manage the benefits contract to ensure the delivery of a high quality service
- Support the transformation agenda
- Deliver elections including for the new police and crime commissioner
- Implement a shared ICT service
- Ensure that we continue to apply the highest standards of governance and the correct stewardship of public funds across the Council
- Provide leadership across the organisation as the council continues to tackle the impact of the economic recession and deal with the implications of cuts to our government grant, both to our services and to our staff.

Key Issues 2012/13

- Addressing the implications of emerging policy and legislation including localism, the local government finance review, the impact of benefits changes on residents etc
- Maintaining performance in the light of significant organisational change and reducing resources
- Driving forward the transformation agenda.

FINANCE & PROCUREMENT

Key Objectives 2012/13

- Providing value for money for customers and taxpayers by focusing our services around customers needs
- Production of high quality management and statutory accounts and liaison with professional bodies
- Ensure the Council's employees and members are remunerated according to timetable and according to new pay structure.
- Ensuring the correct stewardship of public funds
- Management of the Council's investment portfolio

- Contractual performance monitoring to ensure compliance
- Ensure that financial data is accurate, reliable, complete, relevant, timely and meets the requirements of the transparency agenda
- Ensure quality decision making which will lead to improved service delivery
- Analysis of complex data and statistics to enable accurate forecasting & reporting
- Implementation/amendment of policy and procedures as a result of changes in all relevant legislation
- Development & delivery of service improvements
- To improve collection of Sundry debt, Council Tax, Business Rates and Housing Benefits Overpayments, maximising income to the Council and minimising the customer's level of debt as appropriate
- Delivering the Council's procurement strategy and savings plan ensuring that the key objectives are understood and embedded across the Council.
- Develop additional savings strategies such as prompt payment discounts and retrospective discounts for wider use of frameworks and contracts.
- Working with our partners to obtain top quartile performance in our benefits performance particularly new claims and subsidy.
- Effective management of the Capita Revenues and Benefits contract
- Regular contractual negotiations resulting in performance rewards or penalties
- Working with Capita to develop and deliver a service delivery improvement plan
- To have well-trained and knowledgeable staff, able to provide an efficient and professional service to the Council, partners and its customers.

Key Issues 2012/13

- Implementation of joint corporate finance, procurement, debt recovery and income management function embracing technology in any service redesign.
- Analysis and modelling of the impact on Council finances and service design as a result of the LGRR, Welfare Reform and Localism Act
- Upgrading of the Council's financial information systems to enhance joint working, remove duplication and embrace innovation.
- Delivery of a joint procurement strategy and associated action plan.
- Continue to make it easier for local businesses to trade with us.
- Improve contract management knowledge via user manual & workshops
- Contributing to improved collection rates which part fund the authorities service delivery
- Reducing fraud and error in the system by increasing the number of customers who understand what is expected from them, and what they can expect from us
- Understanding the impacts of the benefit reform on the Council and its residents
- Preparation of business case for further shared functions, smooth implementation and achievement of objectives if approved.
- MTFs forward looking and addressing funding reductions.
- Financial support for all corporate projects and governance of funding streams.
- Delivery of the 2012/13 budget through effective monitoring, improved dashboard and proactive approach to budget reductions.
- Support the implementation of further joint working opportunities.
- Manage the transition to a new internal audit provider at South Northamptonshire
- Manage the implications of the demise of the Audit Commission in external audit provision.

LAW & GOVERNANCE

Key Objectives 2012/13

- To provide a high quality legal service at low cost
- To ensure the Council acts lawfully at all times
- To deliver a cost effective, accessible, and accurate land charges service

- To deliver legally robust elections without petition
- To deliver accurate and up to date electoral registers to statutory timetable
- To ensure the procedural and legal propriety of Elected Member decision making.

Key Issues 2012/13

- Volume of emerging new legislation and ensuring corporate compliance with a stretched team
- Preparation of business case for shared team and smooth implementation and achievement of objectives if approved
- Budgetary challenge of providing continued, mandatory, land charges service given potential abolition of fees
- Support of two democratic processes across two sites with a reduced combined team
- Administering elections across two regions/constituencies/districts.

TRANSFORMATION

Key Objectives 2012/13

- A full review of CDC's corporate priorities and a new council business plan
- Implement and embed a shared ICT service
- Implement other shared teams where appropriate
- Implement and embed the new shared risk and business continuity strategies
- Implement and embed the shared approach to programme and project management
- Delivery of a single approach to business and financial planning that ensures effective planning and enables each council to set its own priorities and retain clear sovereignty
- Implement and embed at all levels a standard approach to project governance, resource planning and project delivery management
- Deliver effective human resources and training services.

Key Issues 2012/13

- Capitalise on the Community Intelligence Hub software as a potential revenue source
- Provision of programme support to the ambitious place programme
- Harmonising and improving business processes to improve efficiency (e.g. finance, human resources, communications, performance and risk)
- Embedding shared business processes and driving out efficiencies through shared teams
- Identifying new opportunities for sharing e.g. confederacy approaches
- Delivering against the on-going savings requirements
- Impact of new government policy on community engagement activities (e.g. localism/community based budgets and neighbourhood planning)
- On-going challenge to reduce budgets in the light of nation funding decisions.

DEVELOPMENT DIRECTORATE

DEVELOPMENT DIRECTORATE

Budget
2012/13

TOTAL

£3,904,130

Overview of the Directorate

The Directorate contributes to the full range of Council priorities, but in particular aims to ensure that Cherwell is a "District of Opportunity". The main services provided are planning, building control, economic development, strategic housing, statutory housing authority duties (e.g. homelessness and regulation of private housing), estates asset management and facilities management for the Council's operational land and property. In addition all aspects of development management building control, regulatory services, environmental health, pest control and emergency planning are provided by the directorate.

Key Objectives 2012/13

To secure the aims and objectives set by the Council the Development Directorate will work to help to shape the future of the district its towns and villages, by securing growth and sensitive development. Whilst not only responding to the needs of local businesses and the current economic pressures but also preserving what is special about the natural environment and helping to ensure that our communities are sustainable and attractive places to live.

Key Issues 2012/13

- Localism and neighbourhood planning, changes to the national planning regime, planning fees etc
- The delivery of major regeneration / development projects such as Eco-Bicester, Bicester Town Centre Redevelopment and housing initiatives
- Delivery of services within constrained resources impacting both council services and the economic well being of the district.

DEVELOPMENT DIRECTORATE (Administration)

Key Objectives 2012/13

- This is the overall management and support budget for the Directorate

Key Issues 2012/13

- The key objective is to provide effective management direction and administrative support with less resource. The year will see continued reorganisation and adjustment to achieve greater efficiency.

PUBLIC PROTECTION & DEVELOPMENT MANAGEMENT

Key Objectives 2012/13

Development Management (CDC)

- Progressing active major developments
- Continued response to HS2 Consultation/impacts
- Implementing changes to the national planning fee regime to allow local fee setting (requires revisiting VFM review 2010)
- Review Pre-application process
- Prepare and introduce Development Management/Environmental Health/Planning Policy protocols.

Environmental Protection (CDC)

- Promote responsible dog ownership, including managing the delivery of dog waste bags to members of the public and liaison with local kennels for receiving of and re-homing of stray dogs
- Develop an action plan for the Air Quality Management Area in Hennef Way
- Carry out close monitoring and possible declaration of further Air Quality Management Areas in a small number of locations in Banbury and Bicester where air quality results are a concern.
- Proactively investigate potentially contaminated land sites and improve the information relating to contaminated land and air quality available through website
- Develop action plan from completion of report on risk assessment of naturally occurring arsenic
- Assess direction of Pest control contract and services, which may include tendering process.

Licensing (CDC)

- Maintaining licensing services to meet customer needs and expectations
- Finalise and Implement the updated Sex Establishment Policy
- Review, consult on and implement CDC's Gambling Act 2005 (GA05) Statement of Licensing Principles
- Implementation of amendments to Licensing Act 2003 (LA03) as a result of the Police Reform & Social Responsibility Act 2010 (PRSRA10)
- Further to a request from the Taxi Trade carry out Taxi Tariff Review.

Anti-Social Behaviour (CDC)

- Continue to reduce the number of people who fear crime and feel unsafe in their area, tackling incidences of ASB and building confidence in the police and local authority
- Introduce the Best Bar None scheme in partnership with Thames Valley Police.

Public and Environmental Health (CDC)

- Maintenance of the Food Hygiene, Health & safety, Private Water Supply and Caravan Sites inspection programmes and supporting businesses through the recession
- Maintaining a high profile Primary Authority Partnership with Sainsbury's.

Development Services (SNC)

- Make appropriate responses to pre-application enquiries and planning applications. Continue to implement national and local planning guidance in respect of renewable energy and sustainable construction
- Review existing work practices in relation to trees and hedges
- implement the outstanding elements of the Development Management Improvement Action Plan
- Progressing active major developments
- Implementing changes to the national planning fee regime to allow local fee setting.

Environmental Health (SNC)

- Carry out detailed modelling of air quality in areas identified as high risk based on development pressures, existing data and significant levels of exposure
- Continue to work with partners to improve air quality in Towcester
- Carry out work to raise income and look for efficiencies which will reduce the cost of the Pest Control Service

- Maximise customer service by increasing web self service; mobile working; e payments etc ;utilising IT; increase electronic access and storage
- Maintenance of the Food Hygiene, Health & safety, Private Water Supply and Caravan Sites inspection/intervention programmes and supporting businesses through the recession.
- Liaise with Local Better Regulation Office to seek potential Primary Authority partner
- Licensing Team will work with licensed trade and other partners to target enforcement and to introduce awareness raising scheme through responsible landlords scheme.

Business Support (SNC)

- Expand competencies in crystal reporting Latest version of Crystal reporting software to be purchased and training undertaken as soon as possible after upgrade of Environmental Health software to M3PP V8.14
- Ensure detailed procedures and standard reports available for critical reactive work.

Building Control (Shared)

- Maintain service within budget and respond flexibly to fluctuations in service demand
- Review fee schedule to ensure continuing market share and profitability
- Prepare and implement updated marketing strategy
- Investigate IT investment to increase mobile working.

Corporate Health and Safety (Shared)

- To ensure that both Councils meet the requirements of the Health and Safety at Work etc Act 1974 and the associated legislation
- To continue to reduce the number of work related accidents and time lost that both Councils currently experience
- To integrate the health and safety policies and working procedures as far as is reasonably practicable.

ALL

- To proactively seek further efficiencies and opportunities for further shared service arrangements that help to maintain or enhance current provision at no additional cost or which achieve cost savings/additional income
- Sustain overall performance and customer service.

Key Issues 2012/13

- To address and adapt to changes in planning legislation affecting the Service (e.g. Localism Act, Community Infrastructure Levy, Renewable Energy, Planning Performance Agreements, Planning Fees)
- Further changes to Licensing Act 2003 are likely, which will result in further requirement for policy review, consultation and implementation
- Full review of Street Trading provision across the district as a result of various town centre redevelopment and pedestrianisation schemes in each of the 3 urban centres
- Potential reduced funding allocation from ASB partners
- In the light of government deregulation initiatives, develop intervention packages that are attractive for businesses
- introduction of mobile working
- Retain market share and market volume for building control in the face of increasing competition and, at present, reducing development activity.

Key Objectives 2012/13

Conservation

- Develop a conservation strategy for the Grand Union Canal and the Oxford Canal (with Cherwell Council)
- Prepare 17 new Conservation Area Assessments
- To prepare and consult on a local list of Buildings at Risk
- Preparation of heritage technical reports (Stonework, pointing, windows and doors, thatching, insects and rot etc)
- Consideration of appropriate planning applications within prescribed timescales (Listed Building)
- Responses to Development Control consultations with 21 days or prescribed timescales.

Economic Development

Complete the revised Economic Development Strategy for 2012-2015 with an action plan focusing on the following -

- Continue and enhance the work of our Jobs Clubs and working with employers to develop the Jobs Match service to meet their employment needs
- Work with investors to secure the best mix of business on major development sites in the District. This will include the development of an inward investment guide featuring key development sites within the District
- Utilising LABGI and developer contributions to improve the appearance and viability of town centres through initiatives such as a public realm, new shop front grant scheme and town centre management
- Work with local business and retailers to provide advice and training in the aftermath of reduction in Business Link services
- Audit rural commercial premises and update and improve property search facility
- Work with developers of employment sites to support local labour initiatives and procurement opportunities to maximise local benefit to development.

Planning Policy

- Work to secure a 'sound', adopted Local Plan
- Begin to review all Village confines and the location of confines in villages where they do not currently exist
- Begin preparation of local Development Management Policies Document
- Ensure the delivery of a robust five year supply of housing land across the District through both planning application and appeal process
- Ensure the District has prepared for the introduction of the planning reforms which the Localism Act and NPPF will introduce
- Work with those communities interested in pursuing Neighbourhood Plans
- Complete the introduction of the SPD for renewable energy
- Preparation of interim guidance on Affordable Housing (with Strategic Housing)
- Responses to Development Control consultations with 21 days or prescribed timescales
- Responses to Pre- Application enquires within prescribed timescales
- Monitoring of S106 agreements
- Contribute to Gypsy and Traveller Assessment update (with West Oxon and CDC)
- Monitor progress of the LDF and contribute to the Annual Monitoring Report.

Transport

- Engage in the consultation on the safeguarding of land for the HS2 project
- Engage in the consultation on the environmental impact of the HS2 project
- Work with 51M, HS2 Action Alliance, SNAG etc to ensure that the districts of South Northamptonshire and Cherwell benefit from the wider knowledge, research and expertise amongst partners on the HS2 project

- Prepare a case for substantial mitigation for affected landholders, businesses and communities
- Engage in the forthcoming DfT Rail Command Paper consultation on high speed rail, fares and franchise arrangements
- Work with Cherwell District Council to improve Junction 10 on M40.

REGENERATION & HOUSING

Key Objectives 2012/13

Regeneration:

A significant amount of resources are currently committed towards the redevelopment of the town centres of Bicester and Banbury. Work commenced in Bicester in late January 2012 on a new supermarket, cinema and retail centre and work will continue throughout the year to complete the work in the Autumn of 2013. Further work is being developed for a new civic facility, including a new library, with ancillary retail units in Bicester to start on site in late 2013. In Banbury work continues to develop plans or regeneration initiatives at the Old Spiceball site and Bolton Road.

The team also maintains the councils main operational buildings.

Key Issues 2012/13

- Ensure that the Sainsbury, cinema and retail development in Bicester progress expeditiously and without delay or significant inconvenience to the Town and its users
- Develop plans for major redevelopment sites at Bicester and Banbury, specifically
 - Eco Town, Bicester
 - Old Spiceball site , Banbury including suitable flood alleviation plans
 - Bolton Road SPD, Banbury
 - Lincoln House area, Banbury
- Let space in Old Bodicote House to the private or public sector
- Maintain existing council buildings for operational needs and maximise their efficiency

Housing:

The Council is the Housing Authority, but is not a housing landlord. Housing stock was transferred to Charter Housing - a Housing Association in 2004 and Housing Services role is to deliver the statutory strategic housing function. This involves facilitating new social and affordable housing provision with housing associations and other partners and work to maximise the use of existing affordable housing. The Service handles social housing allocations and deals with housing options advice and homelessness prevention / provision, including temporary accommodation. Private sector housing regulation and grant assistance work is also an important activity.

Key Issues 2012/13

- Refresh its Housing Strategy to reflect the considerable change in economic conditions, reduced public expenditure (especially capital for new affordable housing) as well as significant policy change from the Government. To take account of changes arising from the Localism Act
- Manage welfare reform and declining funding for supported housing also present challenges Casework demand is expected to rise steadily over the next few years
- Delivery of new affordable housing to high sustainable standards in very difficult economic conditions and ensure that there is a good service response to individuals in housing difficulty because of the recession. There is a particular focus on improving service in areas of greatest need (Banbury

Brighter Futures Project)

- Implement new strategies for elderly people's housing needs and for private sector work will be crucial
- New initiatives are being introduced (e.g. additional specialist extra care housing in planned schemes, a wider role for the Council's Home Improvement Agency, and greater private land lord support work)
- Initiatives such as iBuild and the delivery of eco homes will support the Governments national commitments and assist with gaining more external funding
- Support to vulnerable and disabled people in the private rented sector and to continue to provide Disabled Facilities Grants and Essential Repair Grants
- To continue to reduce fuel poverty and improve energy efficiency in residents homes whilst investigating the Green Deal
- Licensing Houses in Multiple Occupation, taking necessary enforcement action and implementing a new Empty Homes strategy
- To continue to support the relationship with Registered Providers.

Resources will be from special Government grants, more effective partnership work and from redirection of effort.

Continued efforts are required to deliver overall value for money efficiencies and this will be increasingly challenging in light of the expected increasing demands on the service.

Glossary of Terms

Actual The final amount of expenditure or income which is recorded in the Council's accounts.

Budget A statement of the Council's plans for net revenue and capital expenditure over a specified period of time.

Budget Requirement Broadly the authority's estimated net revenue expenditure after allowing for movement in reserves and the addition of parish precepts, to be met from revenue support grant, redistributed non-domestic rates and council tax income.

Capital Expenditure The acquisition, construction, enhancement or replacement of tangible fixed assets (i.e. land buildings, structures etc.), the acquisition of investments and the making of grants, advances or other financial assistance towards expenditure by other persons on tangible fixed assets or investments.

Capital Programme The capital projects the Council proposes to undertake over a set period of time.

Capital Receipts Money obtained on the sale of a capital asset.

Collection Fund The fund into which council tax and non-domestic rates are paid, and from which we meet demands by County and District Councils and payments to the non-domestic rates pool.

Council Tax A local tax set by Councils to help pay for local services. There is one bill per dwelling based on its relative value compared to others in the area. There are discounts, including where only one adult lives in the dwelling. Bills will also be reduced for properties with people on low incomes, some people with disabilities and some other special cases.

Council Tax Base The measure of the taxable capacity of an area. It represents the estimated full year equivalent number of chargeable dwellings in an area, expressed as the equivalent number of band D dwellings, after allowing for disabled reduction (relief) and discounts, adjusted for an allowance for non-collection.

Employee Costs This includes the full costs of employees including salaries, employers contributions to national insurance and superannuation, and costs of leased cars.

Fees and Charges In addition to income from council tax payers and business ratepayers and the government, local authorities charge for some services, e.g. local land charge searches and car parking.

General Fund (GF) The main revenue fund of the Council from which payments are made to provide services and into which receipts are paid, including the District Council's share of council tax.

Government Grants Payments by government towards either the revenue or capital cost of local authority services. These may be either in respect of particular services called specific grants, e.g. housing benefits or in aid of local services generally, e.g. revenue support grant.

Leasing A method of financing the acquisition of equipment, vehicles etc. The items concerned do not belong to the user (or lessee) but are the property of the lessor to whom the lessee pays an annual rental for a specific period of time.

National Non-Domestic Rate (NNDR) Non-domestic rates are levied at a uniform rate in the pound (the NNDR) set by the Government. The proceeds are pooled nationally and then redistributed to each Local Authority in proportion to residential population.

Precept The demand on the collection fund by one authority (e.g. Oxford County Council) which is collected from the council tax payer by another (e.g. Cherwell District Council). Precepts on Sevenoaks are also made by Town Parish Councils in the District. These are charged to the General Fund.

Premises Expenses Includes expenditure on repairs, buildings, grounds and plant maintenance, energy, rents, rates, water services and cleaning of council buildings.

Recharges The transfer of costs from one account to another.

Reserves The general capital and revenue balances of the Council. There are two types of reserves which might be described as either available or not available to finance expenditure. Revenue reserves which result from monies being set aside or surpluses or delayed expenditure can be spent or earmarked at the discretion of the Council. The useable capital receipts reserve is also available to the extent allowed for by statute. However, other capital reserves are not available to meet expenditure, e.g. the reserves brought about by the new capital accounting system namely the fixed asset restatement reserve and the capital financing reserve.

Revenue Expenditure Expenditure to meet the continuing cost of services including wages and salaries, purchase of materials and financing charges on capital expenditure.

Revenue Support Grant (RSG) The general Government grant to local authorities. It is payable to all local authorities in support of expenditure in their area.

Revised Estimates The approved estimates for the current year as amended e.g. by supplementary estimates and virement.

Specific Grant Government grant for specific purposes. The authority does not have the power to apply such grants for other purposes

Support Services The charges made by the corporate core for the services they provide to other departments. These are services which support the provision of services to the public, other support services and the corporate and democratic core. This includes the provision of accommodation, IT, administrative items purchased centrally, (e.g. telephones, stationery and bank charges), central professional services (Personnel, Legal and Property, and Financial Services support) and the cost of providing some centrally provided support service e.g. cashiers, post distribution and contact centre.

Transfer Payments Payments to other bodies where no goods or services are received in return by the Authority, e.g. Housing Benefit grants.

ANALYSIS OF BUDGET REDUCTIONS

Appendix 2

Area	Building Block Detail	Bldg Block Ref	£1m Public Promise	Scrutiny Recommendations	Efficiencies	Total	Corporate	Community & Environment	Resources	Development	Total
Corporate	Change in planning fees regime	10	£ 80,000			£ 80,000				£ 80,000	£ 80,000
Corporate	Commissioning of advisory services	14	£ 111,051			£ 111,051				£ 111,051	£ 111,051
Corporate	Joint Senior Management Team Savings (£686,000 in total)		£ 353,000			£ 353,000	£ 353,000				£ 353,000
Corporate	Joint Working - Building Control		£ 30,000			£ 30,000	£ 30,000				£ 30,000
Corporate	Joint Working - ICT and additional procurement savings.		£ 100,000			£ 100,000	£ 100,000				£ 100,000
Corporate	Joint Working - review of services		£ 100,000			£ 100,000	£ 100,000				£ 100,000
Environmental Services	New Recyclables Contract tender outcome - take advantage of favourable market conditions.	30	£ 193,957			£ 193,957		£ 193,957			£ 193,957
Various	Procurement Action Plan	29	£ 49,927			£ 49,927		£ 49,927	£ 49,927		£ 49,927
Community Safety	Review of Discretionary Services	28	£ 4,643			£ 4,643		£ 4,643			£ 4,643
Finance	Review Single Person Discounts	11	£ 52,000			£ 52,000	£ 52,000				£ 52,000
Economic Development	VFM Economic Development	4	£ 15,000			£ 15,000				£ 15,000	£ 15,000
Customer Services	VFM Review - Customer Services Year 2	15	£ 69,077			£ 69,077		£ 69,077			£ 69,077
Public Protection	VFM Review - Public Protection	5	£ 34,000			£ 34,000				£ 34,000	£ 34,000
Tourism	VFM Review - Tourism	3	£ 25,169			£ 25,169		£ 25,169			£ 25,169
Vehicle Maintenance	VFM Review - Vehicle Maintenance	6	£ 15,000			£ 15,000		£ 15,000			£ 15,000
Scrutiny Recommendations	Reduction in Stationary Budget			£ 5,000		£ 5,000	£ 5,000				£ 5,000
	Revenue Implications Of Capital Programme - Biomass Boilers			£ 56,441		£ 56,441	£ 56,441				£ 56,441
	Administration Review			£ 75,000		£ 75,000	£ 75,000				£ 75,000
Efficiencies											
Community & Environment					£ 244,126	£ 244,126		£ 244,126			£ 244,126
Resources					£ 262,976	£ 262,976			£ 262,976		£ 262,976
Development					£ 114,637	£ 114,637				£ 114,637	£ 114,637
Executive Matters					£ 20,000	£ 20,000	£ 20,000				£ 20,000
Total			£ 1,232,824	£ 136,441	£ 641,739	£ 2,011,004	£ 791,441	£ 551,972	£ 312,903	£ 354,688	£ 2,011,004
							39%	27%	16%	18%	

APPENDIX 3

CHERWELL DISTRICT COUNCIL **Treasury Management Strategy**

Annual Investment Statement

2012/13

1. Introduction

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

CIPFA defines treasury management as:

"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."

1.2 Reporting requirements

The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee. This role is undertaken by the Accounts Audit & Risk Committee.

Report 1 - Treasury Strategy including Prudential and Treasury Indicators (This report) - The first, and most important report covers:

- the capital plans (including prudential indicators)
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time) - Not applicable to CDC
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators
- an investment strategy (the parameters on how investments are to be managed).

Report 2 - A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

Report 3 - An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2012/13

The strategy for 2012/13 covers two main areas:

Treasury management issues

- the current treasury position
- treasury indicators which will limit the treasury risk and activities of the council
- prospects for interest rates
- the borrowing strategy
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

Capital issues

- the capital plans and the prudential indicators

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2. Treasury Management Strategy

The treasury management function ensures that the council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy. The treasury management function works in accordance with the treasury management practices that are reviewed annually by the Accounts, Audit and Risk Committee.

2.1 Current treasury position

The council has £11.5m and £11.6m respectively invested with fund managers Tradition UK and Investec. In addition it has around £56.7m managed in-house (including Eco Town funds of £11.5m) which fluctuates during the year.

The 2011/12 interest projections as at January 31st 2012 show an expected investment income of £1.06m which is over budget and of this up to £216k will be added to Eco Town funding pots with the residual considered in the Quarter three report to the Executive. All investments are compliant with the strategy.

The 2011/12 Annual Report on Treasury Management will be presented to the Accounts, Audit and Risk Committee and the Executive in June 2012 along with the Revenue and Capital Outturn reports. This report will give full information on the performance of the council's fund managers and in-house operation.

2.2 Treasury indicators which will limit the treasury risk & activities of the council

Prudential and Treasury Indicators (annex 1 to this report) are relevant for the purposes of setting an integrated treasury management strategy. These indicators will be approved by the council as part of the 2012/13 Budget process in February 2012.

The council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The Code was adopted on 1st March 2002 by the full council.

2.3 Prospects for Interest Rates

The council has appointed Sector as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. Annex 2 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target. Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

This challenging and uncertain economic outlook has a several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods
- Investment returns are likely to remain relatively low during 2012/13
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Annex 3 provides more on the current economic background.

2.4 Borrowing Strategy

The council is debt free and has no plans to enter into any long term debt arrangements. As such this section is irrelevant for the 2012/13 Treasury Management Strategy. This would be reviewed in subsequent years if there was a decision to go back into debt.

2.5 Annual Investment Strategy

2.5.1 Investment Policy

The council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.

In accordance with the above, and in order to minimise the risk to investments, the council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Sector ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in annex 5 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the council's Treasury Management Practices – Schedules.

2.5.2 Creditworthiness policy

This council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the council to determine the duration for investments. The council will therefore use counterparties within the following durational bands

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be (Fitch or equivalents) Short Term rating F1, Long Term rating A-, Viability ratings of BB+. There may be occasions when the counterparty ratings from one rating agency are marginally lower than

these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service:

- if a downgrade results in the counterparty / investment scheme no longer meeting the council's minimum criteria, its further use as a new investment will be withdrawn immediately
- in addition to the use of credit ratings the council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

2.5.3 Country limits

The council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in annex 6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

2.5.4 Investment Strategy

In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

External fund managers

Currently £23m (28%) of the council's funds are externally managed on a discretionary basis by Investec and Tradition UK. The council has used external fund managers since 1997. These fund managers and amounts held are currently under review as we look to rebalance funds as expenditure in our capital programme continues.

The council's external fund managers will comply with the Annual Investment Strategy. The agreement between the council and Investec additionally stipulate guidelines and duration and other limits in order to contain and control risk.

All investments held with Investec can be liquidated immediately if required and do not have to be held to maturity. Obviously there may be a cost implication which would impact on the total returns.

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2013. Bank Rate forecasts for financial year ends (March) are:

- 2011/ 2012 0.50%
 - 2012/ 2013 0.50%
 - 2013/ 2014 1.25%
 - 2014/ 2015 2.50%
-

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next five years are as follows:

2012/13	0.70%
2013/14	1.00%
2014/15	1.60%
2015/16	3.30%
2016/17	4.10%

For its cash flow generated balances, the council will seek to utilise its business reserve accounts 30 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

2.5.5 Icelandic Bank Investments

The Icelandic courts have supported the view that the council will be treated as a preferred creditor, thereby seeing a high proportion of the investment being returned. The actual repayment is currently expected to be partially in foreign currency assets. It is currently too early to provide a definitive policy on how this exchange rate risk will be managed, but the expectation will be that the risk will be managed proactively and assets converted to sterling at the earliest opportunity.

2.6 End of year investment report

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

2.7 External fund managers

£11.5m of the council's funds are externally managed on a discretionary basis by Investec. The council's external fund manager will comply with the Annual Investment Strategy. The agreement(s) between the council and the fund manager(s) additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The minimum credit criteria to be used by Investec is as follows: -

	Fitch	Moody's	Standard and Poors
Long term	A	A2	A
Short term	F1	P-1	A-1
Viability Rating	B B+	BB+	N/A

All investments held with Investec can be liquidated immediately if required and do not have to be held to maturity. Obviously there may be a cost implication which would impact on the total returns:

2.8 Policy on the use of external service providers

The council uses Sector as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.9 Scheme of delegation and Role of the section 151 officer

Please see annex 7.

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Appendicies

1. Prudential & Treasury Indicators
 2. Interest rate forecasts
 3. Economic background
 4. Credit and Counterparty Risk Management Specified and Non-Specified Investments and Limits
 5. Treasury Management practice - Specified and non specified investments and limits
 6. Approved countries for investments
 7. Treasury management scheme of delegationan and the role of the section 151 officer
 8. Glossary
-

Annex 1 - Prudential and Treasury Indicators

Existing Investment & Debt Portfolio Position

	31/01/12 Actual Portfolio £m
External Borrowing:	
- Total External Borrowing	0
Other Long Term Liabilities:	
- Finance Leases	0
Total Gross External Debt	0
Investments:	
Managed in-house	
- Short-term monies (Deposits/ monies on call / MMFs)	51,755
- Long-term investments	5,000
Managed externally	
- By Fund Managers	23,000
- Pooled Funds (please list)	0
Total Investments	79,755

Background

It is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

Net Borrowing and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium-term net borrowing will only be for a capital purposes, the local authority needs to ensure that the net external borrowing does not (except in the short term) exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Director of Resources reports that the authority had no difficulty meeting this requirement in 2011-12, nor is there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, considers the impact on council tax.

The council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. This total expenditure can be paid for immediately by resources such as capital receipts, capital grants etc. However, where these resources are insufficient any residual expenditure will form a borrowing need.

	2010/11 Actual £000s	2011/12 Estimated £000s	2012/13 Estimated £000s	2013/14 Estimated £000s	2014/15 Estimated £000s
Capital Expenditure	5,817	13,923	13,761	4,712	2,583
Financed by:					
Capital receipts	(4,509)	(11,926)	(12,107)	(4,712)	(2,583)
Capital grants	(383)	(375)	(375)	-	-
Revenue funded reserves	(925)	(1,622)	(1,279)	-	-
Direct Revenue Financing	-	-	-	-	-
Net financing need for the year	-	-	-	-	-

Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs.

The definition of financing costs is set out in the Prudential Code. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2011-12 Approved %	2011-12 Revised %	2012-13 Estimate %	2013-14 Estimate %	2014-15 Estimate %
Total	0	0	0	0	0

Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of council's underlying borrowing need. The council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.

The council is debt free and has no plans to enter into any long term debt arrangements. As such this section is largely irrelevant but is included for completeness if there was a decision to go back into debt. Therefore, the council has a nil Minimum Revenue Provision for 2011/12.

The council is asked to **approve a NIL CFR projection.**

Actual External Debt

This indicator is obtained directly from the council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2011	£m
Borrowing	0
Other Long-term Liabilities	0
Total	0

Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on the council tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2011-12 Estimate £	2012-13 Estimate £	2013-14 Estimate £	2014-15 Estimate £
Increase in Band D Council Tax	0.36	-0.44	0.23	0.13

The council's capital plans, as estimated in forthcoming financial years, have a neutral impact on council tax. This reflects the fact that capital expenditure is predominantly financed from internal resources (grants, contributions, revenue and capital receipts) and that any increase in the underlying need to borrow is supported through the Revenue Support Grant system.

Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The council is to approve the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 27 th February 2012.

The council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

This council is aware that there is now a new indicator on net debt which has been considered; however, this is not detailed further as the council have no plans to go into debt during the 2012-13 financial year.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure has been set to ensure that the council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments:

	Existing level (or Benchmark level) at 31/03/11 %	2011-12 Approved £m or %	2011-12 Revised £m or %	2012-13 Estimate £m or %	2013-14 Estimate £m or %	2014-15 Estimate £m or %
Upper Limit for Fixed Interest Rate Exposure	-£0.030	-£0.030	-£0.030	-£0.030	-£0.030	-£0.030
Upper Limit for Variable Interest Rate Exposure	-£0.012	-£0.012	-£0.012	-£0.012	-£0.012	-£0.012

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the council's treasury management strategy.

As the council's investments are substantially in excess of its borrowing, these calculations have resulted in a negative figure.

Maturity Structure of Fixed Rate borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Existing level (or Benchmark level) at 31/03/11 %	Lower Limit for 2012/13 %	Upper Limit for 2012/13 %
Less than twelve months	0%	0%	100%
12 months – 10 years	0%	0%	100%
10 years plus	0%	0%	100%

Credit Risk

The council considers security, liquidity and yield, in that order, when making investment decisions with Security the most important. With the uncertainty in market, the council is seeking to place investments for a short term and is effectively forgoing return in order to protect capital.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the council's assessment of counterparty credit risk.

The council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

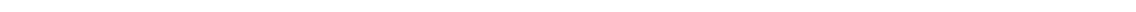
- Published credit ratings of the financial institution
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic fundamentals, such as a country's net debt as a percentage of its GDP)
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Upper Limit for total principal sums invested over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2011-12 Approved £m	2011-12 Revised £m	2012-13 Estimate £m	2013-14 Estimate £m	2014-15 Estimate £m
	15.0	15.0	15.0	15.0	15.0



Annex 2 - Interest Rate Forecast 2011/2015

Sector's Interest Rate View															
	Now	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
3 Month LIBID	0.87%	0.70%	0.70%	0.70%	0.70%	0.70%	0.75%	0.80%	0.90%	1.20%	1.40%	1.60%	2.10%	2.40%	2.60%
6 Month LIBID	1.16%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%	1.60%	1.80%	2.00%	2.50%	2.70%	2.90%
12 Month LIBID	1.65%	1.50%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.20%	2.40%	2.60%	3.10%	3.20%	3.30%
5yr PWLB Rate	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
10yr PWLB Rate	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
25yr PWLB Rate	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
50yr PWLB Rate	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate															
Sector's View	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
UBS	2.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
10yr PWLB Rate															
Sector's View	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
UBS	3.33%	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
Capital Economics	3.33%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
25yr PWLB Rate															
Sector's View	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
UBS	4.24%	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
Capital Economics	4.24%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
50yr PWLB Rate															
Sector's View	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
UBS	4.26%	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
Capital Economics	4.26%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	-	-	-	-	-

Annex 3 - Economic Background

3.1 Global economy

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing **Eurozone sovereign debt crisis** which has intensified, rather than dissipated throughout 2011. The main problem has been **Greece**, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the Euro bloc.

As if that were not enough there is growing concern about the situation in **Italy** and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the **emerging markets** but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

3.2 UK economy

The Government’s austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth - GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment - With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate - For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating - The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

3.3 Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself
- the impact of the Eurozone crisis on financial markets and the banking sector
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot
- a continuation of high levels of inflation
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both
- stimulus packages failing to stimulate growth
- elections due in the US, Germany and France in 2012 or 2013
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Annex 4 - Credit and Counterparty Risk Management Specified and Non-Specified Investments and Limits

SPECIFIED INVESTMENTS

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	Green	In-house
Term deposits – banks and building societies	Short-term F1, Long-term A, Viability BB+	Investec

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max £	Max. maturity period
UK part nationalised banks	Green	In-house	£15m including Investec's limit	364 days
UK part nationalised banks	UK sovereign rating or Short-term F1, Long term A, Viability BB+	Investec	Max 15% of fund	364 days

Collateralised deposit	UK sovereign rating	In-house and Fund Managers
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	Green	In-house
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	Short-term F1, Long-term A, Viability BB+	Investec
UK Government Gilts	UK sovereign rating	Investec
Bonds issued by multilateral development banks	AA-	Investec
Sovereign bond issues (other than the UK govt)	AA-	Investec
Treasury Bills	UK sovereign rating	In house and Fund Managers

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -

1. Government Liquidity Funds	AAA	In-house
2. Money Market Funds	AAA	In-house

Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this council. To ensure that the council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Non-specified investments

A maximum of 30% will be held in aggregate in non-specified investment

Maturities of ANY period:

	* Minimum Credit Criteria	Use	Max % of fund	Max. maturity period
Commercial paper issuance covered by a specific UK Government (explicit) guarantee	Short-term F1, Long-term A, Viability BB+	Investec	15%	2 years
Commercial paper other	Short-term F1, Long-term A, Viability BB+	Investec	15%	2 years
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	Short-term F1, Long-term A, Viability BB+	Investec	15%	2 years

Annex 5 - Treasury Management Practice (TMP1) Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the council's policy below. These guidelines do not apply to either trust funds or pension funds, which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This council adopted the Code on 01/03/2002 and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its Treasury Management Practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments
- The principles to be used to determine the maximum periods for which funds can be committed
- Specified investments that the council will use. These are high security (i.e. high credit rating, although this is defined by the council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity)
 2. Supranational bonds of less than one year's duration
 3. A local authority, parish council or community council
 4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies
-

5. A body that is considered of a high credit quality (such as a bank or building society) For category 5 this covers bodies with a minimum short term rating of F1, P-1, or A-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

SPECIFIED INVESTMENTS

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	Green	In-house
Term deposits – banks and building societies	Short-term F1, Long-term A, Viability BB+	Investec

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max £	Max. maturity period
UK part nationalised banks	Green	In-house	£15m including Investec's limit	364 days
UK part nationalised banks	Short-term F1, Long-term A, Viability BB+	Investec	Max 15% of fund	364 days

Collateralised deposit	UK sovereign rating	In-house and Fund Managers
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	Green	In-house
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating or Short-term F, Long-term A, Viability BB+	Investec
UK Government Gilts	UK sovereign rating	Investec
Bonds issued by multilateral development banks	AA-	Investec
Sovereign bond issues (other than the UK govt)	AA-	Investec
Treasury Bills	UK sovereign rating	In house and Fund Managers

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -

1. Government Liquidity Funds	AAA	In-house
2. Money Market Funds	AAA	In-house

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	Supranational Bonds greater than 1 year to maturity (a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).	AA- long term ratings
b.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	100%

The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources or Head of Finance & Procurement, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers

It is the council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep to the council's investment strategy. The performance of each manager is reviewed at least monthly by the Head of Finance & Procurement and the managers are contractually required to comply with the annual investment strategy.

Annex 6 - Approved countries for investments

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- UK

AA+

- Hong Kong
- USA
- France

AA

- Kuwait
- UAE
- Belgium

AA-

- Japan
 - Qatar
 - Saudi Arabia
-

Annex - 7 Scheme of Delegation

6.0 Scheme of delegation

6.1 Full council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

6.2 Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

6.3 Accounts Audit & Risk Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

6.4 Role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
 - submitting regular treasury management policy reports
 - submitting budgets and budget variations
 - receiving and reviewing management information reports
 - reviewing the performance of the treasury management function
 - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - ensuring the adequacy of internal audit, and liaising with external audit
 - recommending the appointment of external service providers.
-

Annex 8 - Glossary

Asset Class Limits	Limit on the amount of the total portfolio that can be invested an asset class for example credit rated Banks, Money Market Funds unrated Building Societies
Asset Life	The length of the useful life of an asset e.g. a school
Borrowing / Investment Portfolio	A list of loans or investments held by the council.
Borrowing Requirement	The amount that the council needs to borrow to finance capital expenditure and manage debt.
Callable deposit	Funds placed with a financial institution without a fixed maturity date (i.e. the money can be 'called' or withdrawn at any time).
Capitalisation direction	Government approval to use capital resources to fund revenue expenditure.
Cash deposits	Funds placed with a financial institution with a fixed maturity date and interest rate.
Certificates of deposits	(CD). CDs evidence fixed maturity time deposits with issuing banks or other deposit-taking institutions. Maturities range from less than a week to five years. They are normally negotiable and enjoy a liquid secondary market. They state the (1) amount deposited, (2) rate of interest, and (3) minimum period for which the deposit should be maintained without incurring early withdrawal penalties.
CIPFA Code of Practice on Treasury Management	A code of practice issued by CIPFA detailing best practice for managing the treasury management function.
Collateralised Deposit	Term deposits with UK institutions where such deposits are secured against a collateral pool comprised of loans made to UK local authorities.
Counterparty	Banks, Building Societies and other financial institutions that the council transacts with for borrowing and lending.
Credit Arrangements	Methods of financing such as the use of finance leases
Credit Ratings	A scoring system used by credit rating agencies such as Fitch, Moody's and Standard and Poors to indicate the creditworthiness and other factors of a Governments, banks, building societies and other financial institutions.
Creditworthiness	How highly rated an institution is according to its credit rating.
Debt Management Office	An agency of the HM Treasury and its responsibilities include debt and cash management for the UK Government
Debt Rescheduling	Refinancing loans on different terms and rates to the original loan.
Financial instrument	Document (such as a bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Fitch Ratings	A credit rating agency.

Forward commitment	Written agreement by a lender to advance a loan on a future date at a specified interest rate. It automatically expires if not exercised by the potential borrower.
Gilts	Also known as Gilt-edged Securities. UK central Government debt. It may be dated (redeemable) or undated. Undated gilts are perpetual debt, paying a fixed periodic coupon but having no final redemption date. Gilt yields are conventionally quoted in the UK markets on a semi-annual basis.
Interest Rate exposures	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
Lender Option Borrower Option (LOBO)	Loans that have a fixed rate for a specified number of years then can be varied by the lender at agreed intervals for the remaining life of the loan.
Limits for external debt	A Prudential Indicator prescribed by the Prudential Code sets limits on the total amount of debt the council could afford.
Liquidity	Access to cash that is readily available.
Lowest Common Denominator	Whereby rating agencies provide credit ratings of institutions and the lowest rating is applied to determine whether they meet the criteria to be on the council's lending list.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Maturity Structure of Borrowings	A profile of the council's loan portfolio in order of the date in which they expire and require repayment.
Minimum Revenue Provision	The minimum amount, which must be charged to an authority's revenue account each year for the prudent repayment of debt.
Money Market Funds	Open ended collective investment fund that invests in highly-liquid short-term financial instruments (with maturities typically 90 days to less than one year).
Moody's	A credit rating agency.
Non Specified Investments	Investments deemed to have a greater potential of risk, such as investments for longer than one year or with institutions that do not have credit ratings, like some Building Societies. Limits must be set on the amounts that may be held in such investments at any one time during
Portfolio	A number of different assets, liabilities, or assets and liabilities together, considered as a whole. For example, a diversified investment portfolio. An investor in such a portfolio might hold a number of different investment assets within the portfolio, with the objectives of growing the total value of the portfolio and limiting the risk of losses.
Prudential Borrowing	Borrowing undertaken by the council that does not attract government support to help meet financing costs.
Prudential Code for Capital	The capital finance system is based on the Prudential

Finance in Local Authorities	Code developed by CIPFA. The key feature of the system is that local authorities should determine the level of their capital investment and how much they borrow to finance that investment based on their own assessment of what they can afford.
Prudential Indicators	The key objectives of the Prudential Code are to ensure that the capital investment plans are affordable, sustainable and prudent. As part of this framework, the Prudential Code sets out several indicators that must be used to demonstrate this.
Public Works Loan Board (PWLB)	A central government agency which provides loans to local authorities and other prescribed institutions at interest rates slightly higher than those at which the Government itself can borrow.
Credit Rated	Institutions that possess a credit rating from a credit rating agency such as Fitch, Moody's or Standard and Poors.
Risk Control	Putting in place processes to control exposures to events.
Security	Placing cash in highly rated institutions.
Sovereign debt rating	Assessment of the international rating agencies of the likelihood that a particular country will default on its loans.
Specified Investments	Investments that offer high security and liquidity. They must have a maturity of no longer than 364 days.
Standard and Poors	A credit rating agency.
Supranational Institutions	Multi national structures - an amalgamation of different countries offering investment opportunities - for example Euro Investment Bank
UK Government Investments	Debt Management Office (DMO) deposits and bonds (gilts) for which maturity date at time of purchase is less than 365 days away
Yield	The rate of return on the current market value of an asset or liability, usually expressed as a percentage per annum. For example, today's yield to maturity of a bond measures the total return to an investor in the bond, reflecting both the interest income over the life of the bond and any capital gain (or loss) from today's market value to the redemption amount payable at maturity.

Minute Item 86

Council

Calculating the amounts of Council Tax for 2012/2013 and setting the Council Tax for 2012/2013

27 February 2012

Report of the Chief Finance Officer and Head of Finance and Procurement

PURPOSE OF REPORT

To detail the Calculations for the amounts of Council Tax for 2012/13 and the setting of Council Tax for 2012/2013.

This report is public

Recommendations

It is recommended that the Council resolves:-

- (1) That it be noted that at its meeting held on 9 January 2012 the Executive calculated the Council Tax Base 2012/13:
 - a) for the whole Council area as 50,615 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - b) For dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix 1.
- (2) That the Council Tax requirement for the Council's own purposes for 2012/13 (excluding Parish Precepts and Special Expenses) is £123.50.
- (3) That the following amounts be calculated for the year 2012/13 in accordance with Sections 31 to 36 of the Act:-
 - a) £76,018,304 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses.

- b) £65,678,445 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- c) £10,339,859 being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).
- d) £204.28 being the amount at 8(c) above (Item R), all divided by Item T (6(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses);
- e) £4,088,906 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the Act as per the attached Schedule 2.
- f) £123.50 being the amount at 8(d) above less the result given by dividing the amount at 8(e) above by Item T(6(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates;
- (4) It be noted that for the year 2012/13 the Oxfordshire County Council and the Thames Valley Policy Authority have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated below :-

<u>Valuation</u> <u>Band</u>	Oxfordshire County Council	Thames Valley Police Authority
	£	£
A	774.47	102.87
B	903.55	120.01
C	1,032.63	137.16
D	1,161.71	154.30
E	1,419.87	188.59
F	1,678.03	222.88
G	1,936.18	257.17
H	2,323.42	308.60

- (5) The Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 2 as the amounts of Council Tax for the year 2012/13 for each part of its area and for each of the categories of dwellings.
- (6) The Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

Executive Summary

Introduction

- 1.1 Sections 31 to 36 of the Local Government Finance Act 1992 require each billing authority to calculate its own amount of tax for each category of dwellings in its area.
- 1.2 Section 30 of the 1992 Act requires each billing authority to set the amounts of tax for its area, including the amounts levied on it by way of precept from major precepting authorities.

Proposals

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

Conclusion

- 1.4 By approving the Council's budget requirement and calculating the effect in Council Tax terms, this determines the Council's spending plans for 2012/13.
- 1.5 If the formal Council Tax Resolutions are approved the total Band D Council Tax in respect of Cherwell District Council will be £123.50. This is the third year of a freeze to Council Tax.

Background Information

- 2.1 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires:-
 - a) the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.
 - b) the Council to confirm that its basic amount of Council Tax for 2012/13 is not excessive. This covers the requirements of Chapter 4ZA Local Government Finance Act 1992 – Referendums relating to Council Tax increases.

- 2.2 The Executive at its 6 February 2012 meeting recommended a Council Tax of £123.50 at Band D.
- 2.3 The Council is required to make resolutions in respect of the tax base (Appendix 1) and aggregate levels of Council Tax. The aggregate levels of Council Tax comprise the “basic amount” i.e. parish and district levy and inclusion of Oxfordshire County Council and Thames Valley Police (Appendix 1), amounts for each band (Appendix 2) The recommendations to give effect to the legal resolution of these items are necessarily framed.
- 2.4 The average parish council tax levy is £80.78. This compares to £79.72 in 2011/12, an increase of 1.3%.
- 2.5 The precept figures included for Oxfordshire County Council were approved on 10 February 2012 and the precept figures included for Thames Valley Police Authority are subject to approval on 17 February 2012. If the precept figure for Thames Valley Police does alter this will change the total council tax payable in each band and an update will be circulated at the Full Council Meeting.

Key Issues for Consideration and Options

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

3.2 The following options have been identified:-

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

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

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

Consultations

None This is a statutory report calculating and setting the Council Tax for Cherwell District Council for 2012/2013.

Implications

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

Members should be aware that Section 106 of the Local Government Finance Act 1992 applies to decisions made in accordance with this report.

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

Comments checked by Karen Muir, Corporate System Accountant 01295 221559

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

Comments checked by Nigel Bell, Team leader – Planning & Litigation, 01295 221687

Risk Management: Risk assessment – this report assumes that the estimates recommended for approval by the Executive, at its meeting held on 6 February 2012, are adopted by the Council.

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

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Lead Member

Councillor Ken Attack
Lead member for Financial Management

Document Information

Appendix No	Title
1	Calculations Required by Sections 32 of 36 of the Local Government Finance Act 1992.
2	Council Tax Setting required by Section 30 of the 1992 Act.
Background Papers	
Various Estimates 2012/2013 Working Papers Files Provisional Precept Calculations from Oxfordshire County Council and Thames Valley Police Authority	
Report Author	Karen Curtin Head of Finance and Procurement
Contact Information	0300 0030102 martin.henry@cherwell-dc.gov.uk 0300 0030106 karen.curtin@cherwell-dc.gov.uk 01295 221559 karen.muir@cherwell-dc.gov.uk

2012/13 CALCULATIONS REQUIRED BY SECTIONS 32 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992

2012/13	CALCULATIONS AT BAND D				TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL												
	Tax Base 2012/13	PARISH PRECEPT 2012/13	PARISH NEEDS	2012/13 CHERWELL NEEDS CALCULATED	TOTAL TAX	VALUATION BAND AND APPROPRIATE PROPORTION											
	£	£	£	£	£	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H				
						£	£	£	£	£	£	£	£				
Alderbury	1,180	35,180	29.81	123.50	153.31	102.21	119.24	136.28	153.31	187.38	221.45	255.52	306.62				
Ambrosden	586	11,015	18.80	123.50	142.30	94.87	110.68	126.49	142.30	173.92	205.54	237.17	284.60				
Ardley	259	11,320	43.71	123.50	167.21	111.47	130.05	148.63	167.21	204.37	241.53	278.68	334.42				
Arncoff	296	12,500	42.23	123.50	165.73	110.49	128.90	147.32	165.73	202.56	239.39	276.22	331.46				
Banbury	14,678	1,792,477	122.12	123.50	245.62	163.75	191.04	218.33	245.62	300.20	354.78	409.37	491.24				
Barford	256	7,000	27.34	123.50	150.84	100.56	117.32	134.08	150.84	184.36	217.88	251.40	301.68				
Begbroke	354	24,759	69.94	123.50	193.44	128.96	150.45	171.95	193.44	236.43	279.41	322.40	386.88				
Bicester	10,291	1,021,533	99.26	123.50	222.76	148.51	173.26	198.01	222.76	272.26	321.76	371.27	445.52				
Blackthorn	146	10,369	71.02	123.50	194.52	129.68	151.29	172.91	194.52	237.75	280.97	324.20	389.04				
Blethingdon	345	15,000	43.48	123.50	166.98	111.32	129.87	148.43	166.98	204.09	241.19	278.30	333.96				
Bloxham	1,347	56,628	42.04	123.50	165.54	110.36	128.75	147.15	165.54	202.33	239.11	275.90	331.08				
Bodicote	842	23,576	28.00	123.50	151.50	101.00	117.83	134.67	151.50	185.17	218.83	252.50	303.00				
Bourton	298	8,000	26.85	123.50	150.35	100.23	116.94	133.64	150.35	183.76	217.17	250.58	300.70				
Broughton	131	3,500	26.72	123.50	150.22	100.15	116.84	133.53	150.22	183.60	216.98	250.37	300.44				
Bucknell	109	4,500	41.28	123.50	164.78	109.85	128.16	146.47	164.78	201.40	238.02	274.63	329.56				
Caversfield	411	4,000	9.73	123.50	133.23	88.82	103.62	118.43	133.23	162.84	192.44	222.05	266.46				
Charlton on Otmoor	195	5,500	28.21	123.50	151.71	101.14	118.00	134.85	151.71	185.42	219.14	252.85	303.42				
Chesterton	396	11,500	29.04	123.50	152.54	101.69	118.64	135.59	152.54	186.44	220.34	254.23	305.08				
Claydon	139	4,000	28.78	123.50	152.28	101.52	118.44	135.36	152.28	186.12	219.96	253.80	304.56				
Cottisford	72	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Cropredy	309	9,000	29.13	123.50	152.63	101.75	118.71	135.67	152.63	186.55	220.47	254.38	305.26				
Deddington	925	35,431	38.30	123.50	161.80	107.87	125.84	143.82	161.80	197.76	233.71	269.67	323.60				
Drayton	91	4,000	43.96	123.50	167.46	111.64	130.25	148.85	167.46	204.67	241.89	279.10	334.92				
Duns Tew	221	10,597	47.95	123.50	171.45	114.30	133.35	152.40	171.45	209.55	247.65	285.75	342.90				
Epwell	140	3,375	24.11	123.50	147.61	98.41	114.81	131.21	147.61	180.41	213.21	246.02	295.22				
Fencott and Murcott	128	2,000	15.63	123.50	139.13	92.75	108.21	123.67	139.13	170.05	200.97	231.88	278.26				
Finnere	213	5,500	25.82	123.50	149.32	99.55	116.14	132.73	149.32	182.50	215.68	248.87	298.64				
Fringford	266	9,500	35.71	123.50	159.21	106.14	123.83	141.52	159.21	194.59	229.97	265.35	318.42				
Fritwell	286	6,500	22.73	123.50	146.23	97.49	113.73	129.98	146.23	178.73	211.22	243.72	292.46				

2012/13 CALCULATIONS REQUIRED BY SECTIONS 32 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992

2012/13	CALCULATIONS AT BAND D				TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL																	
	Tax Base 2012/13	PARISH PRECEPT 2012/13 £	PARISH NEEDS £	2012/13 CHERWELL NEEDS CALCULATED £	VALUATION BAND AND APPROPRIATE PROPORTION																	
					6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H										
Godington	20	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Gosford and Water Eaton	544	17,630	32.41	123.50	155.91	190.56	225.20	259.85	311.82
Hampton Gay and Poyle	74	750	10.14	123.50	133.64	103.94	118.79	133.64	163.34	193.04	222.73	267.28	Hanwell	132	5,000	37.88	123.50	161.38	197.24	233.10	268.97	322.76
Hardwick with Tusmore	34	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Hethe	117	4,000	34.19	140.17	157.69	192.73	227.77	262.82	315.38
Hook Norton	919	52,000	56.58	123.50	180.08	120.05	160.07	180.08	220.10	260.12	300.13	360.16	Horley	158	4,055	25.66	132.59	149.16	182.31	215.45	248.60	298.32
Horton	165	5,000	33.33	123.50	156.83	104.55	139.40	156.83	191.68	226.53	261.38	313.66	Horton cum Studley	244	6,000	24.59	131.64	148.09	181.00	213.91	246.82	296.18
Islip	318	16,359	51.44	123.50	174.94	116.63	155.50	174.94	213.82	252.69	291.57	349.88	Kidlington	4,963	570,423	114.94	211.95	238.44	291.43	344.41	397.40	476.88
Kirtlington	445	17,500	39.33	123.50	162.83	108.55	144.74	162.83	199.01	235.20	271.38	325.66	Launton	498	15,500	31.12	137.44	154.62	188.98	223.34	257.70	309.24
Lower Heyford	221	10,000	45.25	123.50	168.75	112.50	150.00	168.75	206.25	243.75	281.25	337.50	Merton	139	7,000	50.36	154.54	173.86	212.50	251.13	289.77	347.72
Middle Aston	65	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Middleton Stoney	151	3,200	21.19	128.61	144.69	176.84	209.00	241.15	289.38
Milcombe	220	9,000	40.91	123.50	164.41	109.61	146.14	164.41	200.95	237.48	274.02	328.82	Milton	123	400	3.25	112.67	126.75	154.92	183.08	211.25	253.50
Mixbury	116	100	0.86	123.50	124.36	82.91	110.54	124.36	152.00	179.63	207.27	248.72	Mollington	218	8,250	37.84	143.41	161.34	197.19	233.05	268.90	322.68
Newton Purcell	43	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Noke	78	2,000	25.64	132.57	149.14	182.28	215.42	248.57	298.28
North Aston	89	1,200	13.48	123.50	136.98	91.32	121.76	136.98	167.42	197.86	228.30	273.96	North Newington	152	4,500	29.61	136.10	153.11	187.13	221.16	255.18	306.22
Oddington	65	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Piddington	175	6,300	36.00	141.78	159.50	194.94	230.39	265.83	319.00
Prescote	6	0	0.00	123.50	123.50	96.06	109.78	123.50	150.94	178.39	205.83	247.00	Shenington	219	4,000	18.26	126.01	141.76	173.26	204.76	236.27	283.52
Shipton on Cherwell	144	5,000	34.72	123.50	158.22	105.48	140.64	158.22	193.38	228.54	263.70	316.44	Shufford	207	6,000	28.99	135.55	152.49	186.38	220.26	254.15	304.98
Sibford Ferris	191	5,500	28.80	123.50	152.30	101.53	135.38	152.30	186.14	219.99	253.83	304.60	Sibford Gower	250	6,250	25.00	132.00	148.50	181.50	214.50	247.50	297.00
Somerton	139	4,000	28.78	123.50	152.28	101.52	135.36	152.28	186.12	219.96	253.80	304.56										

2012/13 16-Feb-12	COUNCIL TAX SETTING REQUIRED BY SECTION 30 OF THE 1992 ACT							
	COUNCIL TAX SET FOR EACH VALUATION BAND							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	6 A £	7 B £	8 C £	9 D £	11 E £	13 F £	15 G £	18 H £
Adderbury	979.55	1,142.80	1,306.07	1,469.32	1,795.84	2,122.36	2,448.87	2,938.64
Ambrosden	972.21	1,134.24	1,296.28	1,458.31	1,782.38	2,106.45	2,430.52	2,916.62
Ardley	988.81	1,153.61	1,318.42	1,483.22	1,812.83	2,142.44	2,472.03	2,966.44
Arncott	987.83	1,152.46	1,317.11	1,481.74	1,811.02	2,140.30	2,469.57	2,963.48
Banbury	1,041.09	1,214.60	1,388.12	1,561.63	1,908.66	2,255.69	2,602.72	3,123.26
Barford	977.90	1,140.88	1,303.87	1,466.85	1,792.82	2,118.79	2,444.75	2,933.70
Begbroke	1,006.30	1,174.01	1,341.74	1,509.45	1,844.89	2,180.32	2,515.75	3,018.90
Bicester	1,025.85	1,196.82	1,367.80	1,538.77	1,880.72	2,222.67	2,564.62	3,077.54
Blackthorn	1,007.02	1,174.85	1,342.70	1,510.53	1,846.21	2,181.88	2,517.55	3,021.06
Bletchington	988.66	1,153.43	1,318.22	1,482.99	1,812.55	2,142.10	2,471.65	2,965.98
Bloxham	987.70	1,152.31	1,316.94	1,481.55	1,810.79	2,140.02	2,469.25	2,963.10
Bodicote	978.34	1,141.39	1,304.46	1,467.51	1,793.63	2,119.74	2,445.85	2,935.02
Bourton	977.57	1,140.50	1,303.43	1,466.36	1,792.22	2,118.08	2,443.93	2,932.72
Broughton	977.49	1,140.40	1,303.32	1,466.23	1,792.06	2,117.89	2,443.72	2,932.46
Bucknell	987.19	1,151.72	1,316.26	1,480.79	1,809.86	2,138.93	2,467.98	2,961.58
Caversfield	966.16	1,127.18	1,288.22	1,449.24	1,771.30	2,093.35	2,415.40	2,898.48
Charlton on Otmoor	978.48	1,141.56	1,304.64	1,467.72	1,793.88	2,120.05	2,446.20	2,935.44
Chesterton	979.03	1,142.20	1,305.38	1,468.55	1,794.90	2,121.25	2,447.58	2,937.10
Claydon	978.86	1,142.00	1,305.15	1,468.29	1,794.58	2,120.87	2,447.15	2,936.58
Cottisford	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Cropredy	979.09	1,142.27	1,305.46	1,468.64	1,795.01	2,121.38	2,447.73	2,937.28
Deddington	985.21	1,149.40	1,313.61	1,477.81	1,806.22	2,134.62	2,463.02	2,955.62
Drayton	988.98	1,153.81	1,318.64	1,483.47	1,813.13	2,142.80	2,472.45	2,966.94
Duns Tew	991.64	1,156.91	1,322.19	1,487.46	1,818.01	2,148.56	2,479.10	2,974.92
Epwell	975.75	1,138.37	1,301.00	1,463.62	1,788.87	2,114.12	2,439.37	2,927.24
Fencott and Murcott	970.09	1,131.77	1,293.46	1,455.14	1,778.51	2,101.88	2,425.23	2,910.28
Finnere	976.89	1,139.70	1,302.52	1,465.33	1,790.96	2,116.59	2,442.22	2,930.66
Fringford	983.48	1,147.39	1,311.31	1,475.22	1,803.05	2,130.88	2,458.70	2,950.44
Fritwell	974.83	1,137.29	1,299.77	1,462.24	1,787.19	2,112.13	2,437.07	2,924.48
Godington	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Gosford and Water Eaton	981.28	1,144.82	1,308.38	1,471.92	1,799.02	2,126.11	2,453.20	2,943.84
Hampton Gay and Poyle	966.43	1,127.50	1,288.58	1,449.65	1,771.80	2,093.95	2,416.08	2,899.30
Hanwell	984.93	1,149.08	1,313.24	1,477.39	1,805.70	2,134.01	2,462.32	2,954.78
Hardwick with Tusmore	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Hethe	982.47	1,146.21	1,309.96	1,473.70	1,801.19	2,128.68	2,456.17	2,947.40
Hook Norton	997.39	1,163.62	1,329.86	1,496.09	1,828.56	2,161.03	2,493.48	2,992.18
Horley	976.78	1,139.57	1,302.38	1,465.17	1,790.77	2,116.36	2,441.95	2,930.34
Hornton	981.89	1,145.54	1,309.19	1,472.84	1,800.14	2,127.44	2,454.73	2,945.68
Horton cum Studley	976.07	1,138.74	1,301.43	1,464.10	1,789.46	2,114.82	2,440.17	2,928.20
Islip	993.97	1,159.62	1,325.29	1,490.95	1,822.28	2,153.60	2,484.92	2,981.90
Kidlington	1,036.30	1,209.01	1,381.74	1,554.45	1,899.89	2,245.32	2,590.75	3,108.90
Kirtlington	985.89	1,150.21	1,314.53	1,478.84	1,807.47	2,136.11	2,464.73	2,957.68
Launton	980.42	1,143.82	1,307.23	1,470.63	1,797.44	2,124.25	2,451.05	2,941.26
Lower Heyford	989.84	1,154.81	1,319.79	1,484.76	1,814.71	2,144.66	2,474.60	2,969.52
Merton	993.25	1,158.78	1,324.33	1,489.87	1,820.96	2,152.04	2,483.12	2,979.74
Middle Aston	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Middleton Stoney	973.80	1,136.10	1,298.40	1,460.70	1,785.30	2,109.91	2,434.50	2,921.40
Milcombe	986.95	1,151.43	1,315.93	1,480.42	1,809.41	2,138.39	2,467.37	2,960.84
Milton	961.84	1,122.14	1,282.46	1,442.76	1,763.38	2,083.99	2,404.60	2,885.52
Mixbury	960.25	1,120.28	1,280.33	1,440.37	1,760.46	2,080.54	2,400.62	2,880.74
Mollington	984.90	1,149.05	1,313.20	1,477.35	1,805.65	2,133.96	2,462.25	2,954.70
Newton Purcell	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Noke	976.77	1,139.56	1,302.36	1,465.15	1,790.74	2,116.33	2,441.92	2,930.30
North Aston	968.66	1,130.10	1,291.55	1,452.99	1,775.88	2,098.77	2,421.65	2,905.98
North Newington	979.41	1,142.65	1,305.89	1,469.12	1,795.59	2,122.07	2,448.53	2,938.24
Oddington	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Piddington	983.67	1,147.62	1,311.57	1,475.51	1,803.40	2,131.30	2,459.18	2,951.02
Prescote	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02
Shenington	971.85	1,133.82	1,295.80	1,457.77	1,781.72	2,105.67	2,429.62	2,915.54
Shipton on Cherwell	982.82	1,146.62	1,310.43	1,474.23	1,801.84	2,129.45	2,457.05	2,948.46
Shutford	979.00	1,142.16	1,305.34	1,468.50	1,794.84	2,121.17	2,447.50	2,937.00
Sibford Ferris	978.87	1,142.02	1,305.17	1,468.31	1,794.60	2,120.90	2,447.18	2,936.62

Sibford Gower	976.34	1,139.06	1,301.79	1,464.51	1,789.96	2,115.41	2,440.85	2,929.02
Somerton	978.86	1,142.00	1,305.15	1,468.29	1,794.58	2,120.87	2,447.15	2,936.58
Souldern	978.67	1,141.78	1,304.90	1,468.01	1,794.24	2,120.47	2,446.68	2,936.02
South Newington	979.63	1,142.90	1,306.18	1,469.45	1,796.00	2,122.55	2,449.08	2,938.90
Steeple Aston	992.60	1,158.03	1,323.47	1,488.90	1,819.77	2,150.64	2,481.50	2,977.80
Stoke Lyne	977.30	1,140.18	1,303.07	1,465.95	1,791.72	2,117.49	2,443.25	2,931.90
Stratton Audley	978.01	1,141.01	1,304.02	1,467.02	1,793.03	2,119.04	2,445.03	2,934.04
Swalcliffe	993.31	1,158.86	1,324.42	1,489.97	1,821.08	2,152.19	2,483.28	2,979.94
Tadmarton	972.45	1,134.52	1,296.60	1,458.67	1,782.82	2,106.97	2,431.12	2,917.34
Upper Heyford	985.45	1,149.68	1,313.93	1,478.17	1,806.66	2,135.14	2,463.62	2,956.34
Wardington	987.11	1,151.62	1,316.15	1,480.66	1,809.70	2,138.74	2,467.77	2,961.32
Wendlebury	974.25	1,136.62	1,299.00	1,461.37	1,786.12	2,110.87	2,435.62	2,922.74
Weston on the Green	982.26	1,145.97	1,309.68	1,473.39	1,800.81	2,128.24	2,455.65	2,946.78
Wiggington	974.69	1,137.13	1,299.59	1,462.03	1,786.93	2,111.83	2,436.72	2,924.06
Wroxton	973.51	1,135.76	1,298.02	1,460.27	1,784.78	2,109.29	2,433.78	2,920.54
Yarnton	987.32	1,151.87	1,316.43	1,480.98	1,810.09	2,139.20	2,468.30	2,961.96



Pay Policy Statement 2012-13

1. Definition and Scope

This Pay Policy Statement sets out the Councils' policies towards a range of issues relating to the pay of the workforce, in particular Chief Officers and the lowest paid staff.

In accordance with the requirements of the Localism Act 2011, the Pay Policy Statement will be agreed by the Councils for each financial year and will be published on the Councils' websites. This statement can be amended during the financial year, providing any changes are approved by full Council at both Councils.

All decisions on pay and reward for Chief Officers will comply with this pay policy statement.

Councillors at both Councils will be given the opportunity to vote before salary packages are offered in respect of any new appointment to a shared role where the annual salary package is £100,000 or over. In the event that the relevant post is not shared the Councillors of the Council concerned will be given this opportunity.

Chief Officer is defined as all officers employed by either Council on the JNC terms and conditions for Chief Officers. This includes all Members of the Joint Management Team (JMT) that is 1 Chief Executive, 3 Directors and 8 Heads of Service.

The Joint Management Team includes officers employed by each Council, currently 5 members of the team are employed by Cherwell District Council and 5 members of the team are employed by South Northamptonshire Council with two vacancies currently being recruited to. A decision on which Council employs members of the joint management team is made in relation to each appointment but salary and all other terms and conditions are identical irrespective of which organisation has the employment relationship.

At a time when the Councils and the wider economy are facing considerable financial pressure and uncertainty, it is understandable that there are high levels of interest in, and scrutiny of, the Council's senior management pay and reward structures.

In the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive (and being seen as such).

2. Determination of Pay Levels

Following a job evaluation and benchmarking exercise conducted under the HayGroup Job Evaluation Scheme ('Hay Scheme') in 2011, the Councils formally adopted a salary scale for Chief Officers. The 'Hay Scheme' is a systematic process for ranking jobs logically and fairly by comparing job against job or against a pre-determined scale to determine the relative importance of jobs to an organisation. This Chief Officers' salary scale is published on the

Councils' websites.

Any new posts will be evaluated using the Hay Scheme and paid in accordance with the published salary scale.

3. Determination of individual pay levels within grade

(a) On appointment

The Chief Executive is appointed to a spot salary of £125,000 per annum.

Other Chief Officers are appointed to a salary within a range as below.

Director	
	£
DIR001	79,000
DIR002	81,250
DIR003	83,500
DIR004	85,750
DIR005	88,000

Head of Service	
	£
HOS001	52,000
HOS002	53,000
HOS003	54,000
HOS004	55,000
HOS005	56,000
HOS006	57,000
HOS007	58,000
HOS008	59,000
HOS009	60,000
HOS010	61,000
HOS011	62,000
HOS012	63,000
HOS013	64,000
HOS014	65,000
HOS015	66,000
HOS016	67,000
HOS017	68,000
HOS018	69,000
HOS019	70,000
HOS020	71,000
HOS021	72,000
HOS022	73,000

The point at which officers are appointed to the scale is determined by Members of the Joint Personnel Committee when the offer is made. Factors taken into account are:

- Skills and experience
- Current salary
- Market factors

Where the conditions of the scheme are met, new appointments may also access financial support for relocation up the amount specified within the policy which is published on the Council's websites.

The Councils do not currently operate a system of 'earn-back' pay for Chief Officers, where an element of their pay is 'at risk' and has to be earned back each year through meeting pre-agreed objectives.

(b) Progression through the pay scales

Progress through the Chief Officer pay scale each year is subject to the overall organisation objectives being met as detailed within the corporate plans and subject to there being no individual performance issues. In the latter case incremental progression can be withheld pending improvement. For individuals who perform exceptionally well there is discretion to accelerate progression within the scale. This discretion is delegated to the Chief Executive in consultation with the Chairman and Vice-Chairman of the Joint Personnel Committee. In the event that organisational objectives are not met there is no incremental progression.

(c) Additional pay

Chief Officers do not receive any bonus payments or performance related pay.

The Chief Executive is also appointed by the Councils as their Returning Officer. This is a separate appointment to the Chief Executive's employment by Cherwell District Council. The Returning Officer's fee is paid separately from and in addition to the Chief Executive's salary. The Returning Officer's fee is set annually by the Councils for district and parish elections but determined either by central government or another determining body e.g. the County Council, European Parliament or Electoral Commission for other elections.

Election duties performed by Chief Officers are separate to their employment by the Council and are paid separately from their salary at levels determined by Council in the approved fees schedule which both Councils publish as part of their annual budget reports. This reflects the very significant additional duties undertaken by staff volunteering to carry out election duties over and above their normal contractual council responsibilities and such staff are employed by the Returning Officer and not the Council for these duties. In setting fee levels, the Councils take into account a range of factors, including levels of responsibility and expertise required.

A flat rate special responsibility allowance of £2500pa is paid to the following officers:

- Monitoring Officer (currently the Head of Law and Governance)
- S151 Officer (currently the Director of Resources)

Detailed pay statements for the last financial year can be found on the Councils' websites.

http://www.cherwell.gov.uk/media/pdf/s/e/Audited_Statement_of_Accounts_2010_11_26Sep11.pdf

[http://www.southnorthants.gov.uk/IFRS_SOA_2010-11_FINAL\(4\).pdf](http://www.southnorthants.gov.uk/IFRS_SOA_2010-11_FINAL(4).pdf)

4. When employment ends

A Chief Officer who ceases employment with the Council may be entitled to a severance payment if they are being dismissed either on grounds of redundancy or in the interests of the efficient exercise of the Councils' functions. The procedure applicable in these circumstances is governed by the Councils' Organisational Change Policy.

The council's Pensions Discretion Policy sets out the discretions which the Council is able to exercise in the case of Chief Officers (and all other employees). The procedure for approving the application of any pension discretion is contained within this policy.

The Pensions Discretion Policies of each Council make clear that the abatement provisions of the Local Government Pension scheme will apply if an employee, who is in receipt of a LGPS pension, is re-employed by the Council at a rate that results in their new pay plus pension being higher than the pay in the job from which they retired.

Officers who have received a redundancy payment and/or early access to their pension may only be re-employed by either Council on an exception basis for a specific purpose and explicit agreement of the Chief Executive must be given.

5. Terms and conditions of employment

Chief Officers' and the Chief Executives terms and conditions of employment are in accordance with the Scheme of Conditions of Service for the Joint Negotiating Committee (JNC) for Local Authorities' Chief Officers as supplemented by the Councils' Employment policies. These may be amended from time to time by the Council and agreements made with employee representative bodies.

6. Remuneration of the lowest paid employees

(a) Cherwell District Council

The remuneration of the lowest-paid employees at Cherwell District Council is determined by the application of the Greater London Provincial Council Job Evaluation Scheme ('GLPC Scheme'). The GLPC developed and adopted this scheme for use by London boroughs and later extended its use more widely. Its aim is to operate grading arrangements based on principles of fairness, transparency, and consistency.

The lowest paid employee is on Grade 1A of the pay scheme. The current rate of pay for this post is £13,250 per annum (including 1.5% pay award for 2012/13).

The pay multiple (that is the ratio between the highest paid earner and the average mean earnings of the whole workforce) is 4.69.

(b) South Northamptonshire Council

The remuneration of the lowest paid employees at South Northamptonshire Council is determined by the application of the Hay Scheme.

The lowest paid employee is on Grade 12 SCP 1 of the scheme. The current rate of pay for this post is £13,329 per annum (pay award from the 1 April 2012 not yet determined).

The pay multiple (that is the ratio between the highest paid earner and the average mean earnings of the whole workforce) is 4.65.

7. Relationship between the remuneration of the Council's chief officers and other officers

The Councils' policies in respect of Chief Officer pay and other officers vary only in the application of allowances for additional working hours and access to increments. Chief Officers are expected to work the number of hours required to properly perform their duties including out of hours and emergency cover. No additional allowances are paid in respect of these duties.

Chief Officers' incremental progression is dependent on achievement of corporate objectives and individual performance and may be withheld or accelerated on this basis.

Report

on an investigation into
complaint nos 11 002 630, 11 003 513,
11 003 455, 11 004 866 and 11 003 634
against
Cherwell District Council

14 February 2012

Investigation into complaint no 11 002 630 and others against Cherwell District Council

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The Local Government Act 1974, section 30(3) generally requires me to report without naming or identifying the complainant or other individuals. The names used in this report are therefore not the real names.

Key to names used

Mrs A	A Complainant
Mr and Mrs B	Complainants
Mr C	A Complainant
Mr D	A Complainant
Ms E	A Complainant

Report summary

Subject

Parking – Excess Charge Notices

Five people complain that the level of publicity surrounding the introduction of parking charges for blue badge holders and evening users, who had previously been able to use the car parks free of charge, was inadequate.

The Council made efforts to attempt to raise awareness of the changes to its charging policy within the Cherwell area, but the Ombudsman considers the Council did not adequately take account of the fact that people from outside the area would also be affected by the changes, and would not be aware of this publicity.

The Ombudsman does not consider the Council gave adequate consideration to the fact that blue badge holders and evening users would have no cause to use the ticket machine and, therefore, any notice displayed there would have been futile in terms of notifying them of any change.

The Ombudsman considers that had such failings not occurred Mrs A, Mr and Mrs B, Mr C and Ms E would not have incurred Excess Charge Notices of £80 each.

Finding

Maladministration causing injustice.

Recommended remedy

The Ombudsman recommends that in order to put Mrs A, Mr and Mrs B, Mr C, and Ms E in the position they would have been in had no maladministration occurred, the Council reimburses the Excess Charge Notice of £80 each to Mrs A, Mr and Mrs B, Mr C, and Ms E.

Introduction

1. Four complainants are blue badge holders who live outside the area but have parked with varying degrees of frequency in the Council's car parks. Ms E is not a blue badge holder, but uses one of the Council's car parks of an evening once a week. All of the complainants have been issued with Excess Charge Notices (ECNs) following the implementation of changes to the Council's parking charges on 4 April 2011. The complainants all complain that the level of publicity surrounding the introduction of parking charges for blue badge holders and evening users, who had previously been able to use the car parks free of charge, was inadequate.
2. Mr C also complains that the ticket machine at the car park is not disabled friendly as it does not have a ramp and hand rails which would mean that many disabled people would be unable to access it to make a payment.
3. The complainants say that as a consequence they have incurred ECNs of £80, which they would like to be reimbursed or, where still unpaid, cancelled.
4. During the course of the investigation of this complaint, the Commission's Investigators have discussed the complaints with each complainant. They have also interviewed officers of the Council and considered information provided by the Council.

Legal and administrative background

5. The Road Traffic Regulation Act 1984 allows a local authority to make an order that sets out how it will provide parking spaces, the terms for their use and how charges for parking will be made. The relevant order here is the Cherwell District Council Off Street Parking Order which introduced parking charges for blue badge holders and evening users in the Council's car parks.
6. The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 set out the procedure for the Council to follow before and after introducing traffic orders.
7. Regulation 7 sets out the procedure to be followed before introducing traffic orders:

"7 Publication of proposals

- (1) An order making authority shall, before making an order, -

- (a) publish at least once a notice (in these Regulations called a "notice of proposals") containing the particulars specified in Parts I and II of Schedule 1 in a newspaper circulating in the area in which any road or other place to which the order relates is situated;

....

- (c) take such other steps as it may consider appropriate for ensuring that adequate publicity about the order is given to persons likely to be affected by its provisions and, without prejudice to the generality of this sub-paragraph, such other steps may include -
 - (i) in the case of an order to which sub-paragraph (b) does not apply, publication of a notice in the London Gazette;
 - (ii) the display of notices in roads or other places affected by the order; or
 - (iii) the delivery of notices or letters to premises, or premises occupied by persons, appearing to the authority to be likely to be affected by any provision in the order.”

8. Regulation 17 sets out the procedure to be followed after introducing traffic orders:

“17 Action after making

- (1) As soon as practicable after an order has been made, the order making authority shall include among the deposited documents a copy of the order as actually made.
- (2) The order making authority shall, within 14 days of the making of the order, -
 - (a) publish in a newspaper circulating in the area in which any road or place to which the order relates is situated, a notice (in these Regulations called a “notice of making”) –
 - (i) stating that the order has been made; and
 - (ii) containing the particulars specified in Parts I and III of Schedule 1; and
 - (b) in the case of an order under section 6 or an order made by a London authority under section 9 of the 1984 Act, publish a similar notice in the London Gazette.
- (3) Within 14 days of making an order, the order making authority shall notify the making of the order in writing to any person who has objected to the order under regulation 8 and has not withdrawn the objection and, where the objection has not been wholly acceded to, shall include in that notification the reasons for the decision.

- (4) The order making authority shall take such other steps of the kinds referred to in regulation 7(1)(c) as it considers appropriate for the purpose of ensuring that adequate publicity is given to the making of the order.”
9. The 1974 Local Government Act says that the Ombudsman should not usually investigate a complaint where the complainant has had the “alternative remedy” of appeal to a tribunal. The Council does not operate a civil parking enforcement scheme so the complainants do not have a right of appeal to the Traffic Penalty Tribunal, which would prevent the Ombudsman from investigating this complaint.
10. The Council’s Vehicle Parks Information and Enforcement Policy for 4 April 2011 to 6 October 2011 states:
- “The Council rigorously enforces its regulations through the issue of Excess Charge Notices (ECN), and will ONLY cancel these where there are clear and exceptional extenuating circumstances, as follows:
- Where an ECN is issued for no valid payment/not displaying a valid ticket - on the production of the ticket or confirmation of phone payment valid for the time of the contravention for the vehicle and vehicle park concerned.
 - In the case of personal illness that results in an overstay - on the production of a Doctor’s certificate.
 - In the case of a vehicle breakdown – on production of a certificate or invoice from a vehicle recovery or repair company.”

Investigation

11. The Council exercised its powers under the Road Traffic Regulation Act 1984 to make The Cherwell District Council (Off-Street Parking Places) (Banbury, Bicester and Kidlington) Order, which came into effect on 4 April 2011. This order included the introduction of parking charges for blue badge holders and evening users in the Council’s car parks.
12. The Council states that it undertook a range of initiatives from October 2010 through to implementation in April 2011 to try and ensure car park users were aware of the changes. This included:
- Publishing the proposed and actual traffic orders in local papers;
 - Advisory notices on windscreens for the week prior to implementation of the changes;

- Warning notices on windscreens for one week after implementation of the changes;
 - Press releases in local papers;
 - Radio interviews advising of the changes on local radio stations;
 - A4 signs on Public Information Boards in every car park;
 - Updating of the car park information boards on 3 April 2011;
 - 7,000 letters to Cherwell registered blue badge holders
 - Updating the Council's website on 4 April 2011 with the new policy and charges;
 - The Council's News Letter Cherwell Link was delivered to 57,000 households in the Cherwell District and was available in libraries, public offices and on the Council's website; and
 - Presentations to local groups and forums.
13. The Council considers this work significantly exceeded the requirements of The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996.
14. The complainants all dispute this and consider that more should have been done to bring the introduction of charges for blue badge holders and evening users to their attention. Although the Council wrote to the 7,000 blue badge holders in Cherwell to inform them of the changes to parking arrangements this was not until after the changes had been implemented, and did not include Mrs A, Mr and Mrs B, Mr C or Mr D as they all live outside the area.
15. Mrs A does not live in Banbury but has visited the town with her mother who is a blue badge holder, once a month for the last five years. On each occasion Mrs A has parked free of charge in a disabled bay in the same car park in Banbury. Mrs A considers she is a person likely to be affected by the introduction of parking charges for blue badge holders but was unaware of any of the publicity in the local press or on the local radio and did not see any signs or notices publicising the changes at the car park. As Mrs A had not previously had to purchase a parking ticket and was not prompted to check the ticket machine she did not notice an A4 notice on the ticket machine. Mrs A did not therefore purchase a ticket when she parked on 13 April 2011, and was issued with an ECN for £80.
16. Mrs A immediately appealed the ECN via the Council's website and was referred to the Council's Parks Enforcement Policy. Mrs A states that the policy published at that time confirmed that blue badge holders could park for free. Mrs A contacted her neighbour, a Director with the Council, to inform him the Council's website was out of date. Mrs A's neighbour responded that the main pages were

correct and up to date, but there was an offsite link to an appeal form which referred to the old policy. He confirmed this would be changed as soon as possible. The Council dismissed Mrs A's appeal on 14 April 2011 stating that the regulations governing the use of the Council's car parks were noted on the tariff board and the charge for failing to display a valid ticket was clearly signed. The Council also stated that notices were attached to information boards and ticket machines three weeks prior to the introduction of the changes.

17. Mrs A states that on the basis she had not had to pay to park in this car park for the previous five years she had no reason to consult the tariff board or the ticket machine. Mrs A disputes that there were any 'A' boards or other signs over the parking bays, or that there were any other obvious warnings about the charges when she visited on 13 April 2011.
18. Mr and Mrs B also visited a car park in Banbury on 13 April 2011. Mr and Mrs B visit the area a couple of times a month for hospital appointments and shopping trips, and have regularly parked free of charge in Market Place car park, Banbury, by displaying their blue badge. Mr and Mrs B were also unaware of the publicity in the local press or on the local radio and did not see any signs or notices publicising the changes at the car park. As Mr and Mrs B had not previously had to purchase a parking ticket and were not prompted to check the ticket machine they did not notice an A4 notice on the ticket machine. Mr and Mrs B did not therefore purchase a ticket and were issued with an ECN for £80.
19. Mr and Mrs B's daughter appealed the ECN on their behalf on 28 April 2011. She requested that the ECN be waived on the basis Mr and Mrs B were unaware the parking policy had changed since they last used the car park, and there were no signs at the entrance to the car park to prompt them to check the ticket machine. The Council rejected the appeal on 28 April 2011 again stating that the regulations governing the use of the car park were noted on the information board and the charge for failing to display a valid ticket was clearly signed. The Council considered the ECN was properly issued and in order to maintain a consistent approach refused to waive the charge.
20. Mr C is complaining on behalf of his wife Mrs C. They do not live in Bicester but have regularly used a car park in Bicester for more than 10 years, during which time parking for blue badge holders has been free. Mr C considers he is a person likely to be affected by the introduction of parking charges for blue badge holders but like Mrs A and Mr and Mrs B, Mr and Mrs C were unaware of the publicity in the local press or on the local radio and did not see any signs or notices publicising the changes at the car park.
21. During week commencing 28 March 2011 the Council states that it placed warning notices on blue badge holder cars, informing them that blue badge holders would be liable for car park charges in Cherwell car parks from week commencing 4 April 2011. Mr C states that he and his wife parked in the same

car park in Bicester twice during the week commencing 28 March 2011 and received no such warning notice.

22. Parking charges for blue badge holders were introduced on 4 April 2011. The Council states that during the first week of implementation warning notices were placed on blue badge holder cars, informing them that charges were in force and that parking without obtaining a ticket from 11 April 2011 would result in an ECN being incurred. Mr C states that he and his wife parked in the same car park during week commencing 4 April and say they did not receive a warning notice.
23. On 13 April 2011 Mrs C again parked in the same car park and displayed her blue badge. She received an ECN as she had not paid and displayed.
24. Mr C submitted an appeal against the parking charge on behalf of his wife on 19 April. He argued that the Council should cancel the ECN as his wife had been unaware of the introduction of charges. He noted that there were no notices in the car park in any prominent positions confirming the change, with the only notice being the main pay station point which his wife would have had no reason to visit, having parked in the same car park free of charge for 10 years.
25. The Council rejected Mr C's appeal on 4 May 2011, stating that notices had been attached to the information boards and ticket machines five weeks prior to 4 April 2011, which should have put his wife on notice of the impending increase. The letter advised him that it was the motorist's responsibility to make themselves aware of the current rules and regulations governing the car park on each visit and therefore the ECN had been correctly issued.
26. On 6 May Mr C wrote to the Council to complain about the decision and to advise that despite parking in the car park one week prior to the charges being introduced no warning notice had been affixed to his wife's car. He also complained that although temporary signs had been erected they were insufficient and in one place the sign was hanging upside down. He also emailed the Council on 27 May 2011 to say that the pay station in the car park in which his wife received an ECN is not disabled accessible as it is set on a plinth and does not have a ramp and hand rails, which would mean that many disabled people would be unable to access it to make a payment. He reiterated his concerns about the accessibility of the pay station in an email on 1 June 2011, referring to the requirements of the Equality Act 2010. The Council responded on 2 June 2011 to advise Mr C that his wife's ECN had been placed on hold pending the outcome of the Ombudsman's investigation. The email also advised him that no improvements were planned to the car park in which his wife had parked given that the Council's intention was to close it. He was informed that alternative methods of payment, such as payment by telephone, were introduced to facilitate payment for those unable to access the pay station.
27. Mr D lives outside the area but uses Market Square car park in Bicester once a quarter and has previously parked free of charge by displaying his blue badge.

Mr D states that when he visited on 28 May 2011 he parked and displayed his blue badge as usual. When he returned to his car 40 minutes later he had been issued with an ECN because he had not purchased or displayed a ticket. Mr D was unaware of any of the publicity in the local press or on the local radio and did not see any signs or notices publicising the changes at the car park.

28. As Mr D had used the car park previously, he had an expectation that parking would be free for a blue badge holder. As a result Mr D says he did not have any reason to approach the public information boards, which are located with the payment machine. There were no temporary signs elsewhere in the car park to tell him that charges had been changed.
29. Ms E lives in Bicester, but works in Oxford and states she was unaware of any of the publicity surrounding the changes to the parking charges as she is not a blue badge holder, or a member of any of the groups or forums which received presentations from the Council and did not receive any of the free publications advertising the changes. She complains that the Council issued her with an ECN when she parked her car in a Council car park on the evening of 7 April 2011, three days after the changes to the Council's charging policy had been implemented. Ms E says she had parked her car in the same car park one evening a week for the past year and there was no charge after 6.00 pm. Ms E was unaware of the changes to the charging policy and says that only after she had received the ECN did she discover small and inconspicuous notices on the pay stations advising of the changes.
30. Ms E states that as a regular evening visitor to the car park, when parking was free, she could not reasonably be expected to examine the ticket machine each time she visited, but would have reacted to an obviously new sign erected at the entrance or prominently displayed elsewhere in the car park.
31. Ms E submitted an appeal against the ECN on 11 April 2011. This was considered and rejected by the Council on 12 April 2011. In its letter of 12 April 2011 the Council advised Mrs E that the regulations covering the use of the Council's car parks were noted on the information board and the charge for failing to display a valid ticket was signed. The Council said that in a pay and display car park payment is required from the outset, however the warden does not issue a ticket at the outset but permits a period of time to elapse between the warden's first observation and the issue of the ECN to enable a motorist to buy a ticket. The Council explained that the tariffs increased on 4 April 2011 and notices were attached to the information boards and ticket machines five weeks prior to the date to inform motorists of the impending increase. The Council considered the ECN was correctly issued and rejected Ms E's appeal.
32. Evening users were not given the same "honeymoon period" as blue badge holders and did not receive advisory notices in the week before the charges were introduced, or warning notices in the following week.

33. The Council erected additional 'A' board signage on the entrance to all car parks where possible on 14 April 2011. Additional temporary signage was also erected where possible adjacent to designated disabled parking bays. It was not possible to erect additional signage at the Market Square car park in Bicester (where Mr D parked) because of the open nature of the car park, which made putting signs elsewhere in the car park impractical and potentially hazardous.
34. Mr C disputes that A boards signs were erected on 14 April 2011, and states they were not erected until late April 2011. He says the signs erected in Bicester were of the type used at road works and frequently collapsed.
35. In June and July 2011 the Council reviewed the new car parking charges and policies in recognition of concerns raised by Councillors and the public. In a report of 12 July 2011 it was acknowledged that lessons had been learned. These included:

“ ...

- significant advance publicity and awareness raising undertaken but main criticism was that not enough done with temporary signage on entrances and by disabled spaces. Ensure in place before implementation and for a lengthy period past implementation.
 - complaints that honeymoon period was not long enough. We ran this only for blue badge holders a week before with info under windscreens then first week of implementation with warning notices. This should have been extended to evening users and for a longer period past implementation.
 - database of blue badge holders from OCC... letters should have been issued prior to the changes being implemented.
 - website updating. Ensure links on electronic applications are also updated.”
36. The Council considers that it did more than enough to satisfy the requirements of the regulations, but could have done more in terms of erecting temporary signs.
 37. I have received a number of other complaints from blue badge holders who have been issued with ECNs during the period May to September 2011. Each complaint has been considered on its merits taking account of the level of publicity in place at the time each ECN was issued.

Conclusions

38. Local Authorities are free to determine whether or not they wish to charge blue badge holders for parking in their car parks. I have not reviewed, and I do not

intend to criticise, the Council's decision to introduce parking charges for blue badge holders.

39. I accept that the Council made efforts to attempt to raise awareness of the changes to its charging policy, both before the order was made and subsequently, but do not agree that the work done by the date the changes were implemented was adequate.
40. Regulations 7 and 17 of The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 impose similar yet quite separate duties on a local authority. Regulation 7(1)(c) requires a council to take appropriate steps to ensure "that adequate publicity about the order is given to *persons likely to be affected* by its provisions" (my italics). Given that the proposed order related to the use of car parks in Cherwell, it was likely to affect more than those people who actually lived in the area. Many people from the neighbouring counties were likely to visit these car parks, and be affected by the changes imposed by the order. Whilst the Council took steps to publicise the order in the local press and made presentations to local groups and forums in the Cherwell District, the Council failed to take account of the fact that such publicity would be insufficient for people from outside the Cherwell District, who were nevertheless likely to be affected by the order.
41. Regulation 17(4) requires a council to consider what steps need to be taken *in addition* to the minimum requirements of 17(1) and (3) to ensure that adequate publicity is given to the order that has been made. That is to respond to the specific circumstances of the situation before them. I consider that publicising the order after it had been made was particularly important for blue badge holders and evening users, who until this point had been able to park in the Council's car parks free of charge. The A4 size sign added to the information board/ticket machine lacked prominence and in many cases given the layout of the car parks would not have been seen by a disabled user.
42. The Council failed to take into account the fact that blue badge holders and evening users would have had no reason to use the ticket machine and, therefore any notice displayed there would have been futile in terms of notifying them of any change. This failure to adequately consider the steps to be taken amounts to maladministration causing the injustice of unexpectedly receiving an ECN.
43. This failing was relatively short lived as the Council responded promptly to concerns about a lack of awareness of the changes, by erecting temporary signage, where possible, at the entrance to all of its car parks and adjacent to designated disabled spaces and thus prompting users of the car parks to check the information boards. I do consider however that these temporary signs should have been in place at the time the changes were implemented. If they had been I consider that the Council would have fulfilled its duty under Regulation 17(4).

44. I recognise that additional temporary signage has not been erected at Market Square car park, Bicester, but accept the Council's view that the open layout of this particular car park made temporary signs impractical and potentially unsafe.
45. Once this additional signage was in place where possible on 14 April 2011, I consider there was adequate publicity for the changes to the parking charges and users of the car park should have ensured that they were aware of and abided by the charging policy now in place. I consider therefore that there was maladministration by Council during the period 4 April 2011 to 13 April 2011.
46. The Council states that it placed warning notices advising of the changes to the parking charges, on the vehicles of blue badge holders in the week prior to and immediately subsequent to the introduction of the changes, but did not extend this feature to evening users, who were equally affected by the changes. Neither blue badge holders nor evening users had previously had to pay to park in the car parks, but the Council's attempts to publicise the changes to these users were inconsistent, and could be said to have placed regular evening users, such as Ms E, at a disadvantage, as they were not prompted to check the information board. The Council's failure to issue evening users with warning notices and to afford them the same honeymoon period as blue badge holders amounts to maladministration causing the injustice of unexpectedly receiving an ECN.
47. The ticket machines in two car parks in Cherwell are raised on a plinth and would not therefore be easily accessible to wheelchair users and those with mobility difficulties. This does not impact directly upon any of the complainants, but I have nevertheless considered how the Council has addressed this issue. I consider the Council's decision not to alter or remove the plinths for these ticket machines to be reasonable in this instance, as the Council intends to close both car parks, and it would not therefore be a cost effective use of public funds. In the interim period, the Council has introduced alternative methods of payment, such as payment by telephone to facilitate those who are unable to access the ticket machine. I consider this to be reasonable.
48. I have received a number of other complaints relating to ECNs issued after the erection of the temporary signs. Each has been considered on its merits and I have determined that they should not be pursued based on the specific circumstances of each and the level of publicity of the charging policy at the time.

Finding and recommendation

49. For the reasons given in paragraphs 40 to 43, 45 and 46, I find maladministration by the Council during the period 4 April 2011 to 13 April 2011, causing injustice. As a consequence of the Council's failure to erect additional signage until 14 April 2011 Mrs A, Mr and Mrs B, Mr C, and Ms E have incurred ECNs of £80. I now seek to put Mrs A, Mr and Mrs B, Mr C, and Ms E in the position they would have been in had no maladministration occurred. I therefore recommend that the

Council reimburses the ECN of £80 each to Mrs A, Mr and Mrs B, and Ms E, and cancels the ECN issued to Mr C which remains unpaid.

50. For the reasons set out in paragraph 45 I am satisfied that the publicity of the changes at Market Street car park, Bicester was reasonable, and do not find any maladministration causing injustice to Mr D.



**Dr Jane Martin
Local Government Ombudsman
The Oaks No 2
Westwood Way
Westwood Business Park
Coventry
CV4 8JB**

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