

# Meeting of Council

Monday 27 February 2012

Members of Cherwell District Council,

A meeting of Council will be held at Bodicote House, Bodicote, Banbury, OX15 4AA on Monday 27 February 2012 at 6.30 pm, and you are hereby summoned to attend.



**Sue Smith**  
Chief Executive

Friday 17 February  
2012

## AGENDA

**1 Apologies for Absence**

**2 Declarations of Interest**

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

**3 Communications**

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

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

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

#### **5 Urgent Business**

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

#### **6 Minutes of Council (Pages 1 - 4)**

To confirm as a correct record the Minutes of Council held on 30 January 2012.

#### **7 Minutes**

- a) Minutes of Executive, Lead Member Decisions and Executive Decisions not included in the Forward Plan

The Leader of the Council to formally propose that the minutes of the meetings of the Executive and Lead Member Decisions as set out in the Minute Book (circulated separately) be received and to report that since the last meeting one decision had been taken by the Executive which was included in the Forward Plan but was taken a month earlier. This item related to the contract for dry recyclables and needed to be taken earlier as the proposed start date of the contract was before the next meeting of the Executive.

- b) Minutes of Committees

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

#### **8 Questions**

- a) Written Questions

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

- b) Questions to the Leader of the Council

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

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

- c) Questions to Committee Chairmen on the minutes

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

## 9 Motions

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

## 10 Members' Allowances 2012/13 (Pages 5 - 18)

Report of Head of Law and Governance

### Summary

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.

### Recommendations

Council is recommended to:

- (1) Consider the levels of allowances to be included in the 2012/13 Members' Allowances Scheme, and whether the Panel's recommendations should be adopted or modified in any way.
- (2) Authorise the Head of Law and Governance to prepare an amended Members' Allowances Scheme, in accordance with the decisions of the Council for implementation with effect from 1 April 2012.
- (3) Authorise the Head of Law and Governance 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) Thank the Independent Remuneration Panel for its thorough and detailed report and set a fee of £300 for IRP Panel Members for the work carried out in 2011/12 and propose the same level of fee for 2012/13.

## 11 2012/13 Service and Financial Planning Process, Corporate Plan, Revenue Budget and Capital Programme and Treasury Strategy (Pages 19 - 70)

*Please note the Budget Book (Appendix 1) will be circulated on 22 February 2012*

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

## **Summary**

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

## **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.

## **12 Adjournment of Council Meeting**

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

## **13 Calculating the amounts of Council Tax for 2012/2013 and setting the Council Tax for 2012/2013 (Pages 71 - 82)**

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

### **Summary**

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

### **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 Band</u>	<u>Oxfordshire County Council</u>	<u>Thames Valley Police Authority</u>
	£	£
<b>A</b>	774.47	102.87
<b>B</b>	903.55	120.01
<b>C</b>	1,032.63	137.16
<b>D</b>	1,161.71	154.30

<b>E</b>	1,419.87	188.59
<b>F</b>	1,678.03	222.88
<b>G</b>	1,936.18	257.17
<b>H</b>	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.

## **Council Business Reports**

### **14 Oxfordshire County Boundary Review (Pages 83 - 138)**

Report of Chief Executive

#### **Summary**

To update Members on the final recommendations report on Oxfordshire County Boundary Review.

#### **Recommendations**

Council is recommended to:

- (1) Note the update on the County Boundary Review.

### **15 Localism Act 2011 - Update (Pages 139 - 148)**

Report of Head of Law and Governance

#### **Summary**

To enable Council to receive an update on the provisions of the Localism Act 2011 that are 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.

#### **Recommendations**

Council is recommended to:

- (1) Note the implications of the Localism Act 2011 as previously circulated to Members and reported to Executive.
- (2) Note the provisions of the Act which are already in force.
- (3) Note the provisions of the Act in respect of which Executive has requested further reports from officers at the appropriate time.

- (4) Approve the appended statement of pay policy for 2012/13 as required by the Act.

**16 Business Case for a Shared Finance and Procurement Service (Pages 149 - 154)**

Report of Head of Finance and Procurement

**Summary**

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.

**Recommendations**

Council is recommended to:

- (1) Adopt the principle of establishing some shared finance and procurement functions with South Northamptonshire Council as part of the Council's policy framework.

**17 Consideration of Council Response to Ombudsman Report**

\*\* Please note this item will follow as the report from the Ombudsman was not received until 15 February 2012 and a report to Council is being prepared. \*\*

**18 Exclusion of the Press and Public**

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

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

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

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

**19 Questions on Exempt Minutes**

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

# **Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.**

## **Information about this Agenda**

### **Apologies for Absence**

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

### **Declarations of Interest**

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

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

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

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

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

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

### **Evacuation Procedure**

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

### **Access to Meetings**

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

### **Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

### **Queries Regarding this Agenda**

Please contact James Doble, Law and Governance  
[james.doble@cherwellandsouthnorthants.gov.uk](mailto:james.doble@cherwellandsouthnorthants.gov.uk), 01295 221587



# Agenda Item 6

## Cherwell District Council

### Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 30 January 2012 at 6.30 pm

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

Councillor Ken Atack  
Councillor Alyas Ahmed  
Councillor Andrew Beere  
Councillor Maurice Billington  
Councillor Fred Blackwell  
Councillor Norman Bolster  
Councillor Ann Bonner  
Councillor Margaret Cullip  
Councillor John Donaldson  
Councillor Mrs Diana Edwards  
Councillor Tim Emptage  
Councillor Michael Gibbard  
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 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 Martin Weir  
Councillor Douglas Williamson  
Councillor Barry Wood

Apologies for Councillor Rick Atkinson  
Councillor Patrick Cartledge

absence: Councillor Andrew Fulljames  
Councillor Mrs Catherine Fulljames  
Councillor Simon Holland  
Councillor Alastair Milne Home  
Councillor Victoria Irvine  
Councillor Nicholas Mawer  
Councillor Nicholas Turner  
Councillor Douglas Webb

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  
Natasha Clark, Team Leader, Democratic and Elections

66 **Declarations of Interest**

There were no declarations of interest.

67 **Communications**

**Former Councillor Eric Heath**

The Chairman paid tribute to former Councillor Eric Heath who had passed away on 10 December 2011. Eric was a member of the Council for 11 years, from 1999 to 2010, representing the Bloxham and Bodicote Ward, and had been Chairman of the Council between 2004 and 2006. He was a very active Councillor who contributed a great deal to the work of the Council and dedication to the community he represented.

The meeting held a minutes silence in memory of former Councillor Heath following which tributes were paid by Councillor Wood on behalf of the Conservative Group, Councillor Sibley on behalf of the Labour Group and Councillor Emptage on behalf of the Liberal Democrat Group.

**Chairman's Annual Dinner**

The Chairman's Annual Dinner would take place on Friday 13 April at Tythe Barn, Bicester, in aid of ABF The Soldiers Charity and The Spires Cleft Centre. Formal invitations would be circulated in due course.

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

There were no petitions or requests to address the meeting.

69 **Urgent Business**

There were no items of urgent business.

70 **Minutes of Council**

The minutes of the meeting held on 8 December 2011 were agreed as a correct record and signed by the Chairman.

71 **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, no Executive decisions had been taken that was subject to the special urgency provisions of the Constitution.

b) **Minutes of Committees**

**Resolved**

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

72 **Questions**

a) **Written Questions**

There were no written questions.

b) **Questions to the Leader of the Council**

Questions were asked and answers received in the following issues:

HS2 and the CDC expenditure on opposing the project: Councillor Emptage

Individual Elector Registration: Councillor Beere

Provisions for dealing with emergency flooding: Councillor Williamson

Changes to housing benefit and implications for Cherwell: Councillor Rose

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

There were no questions to the Committee Chairman on minutes.

73 **Motions**

There were no motions.

74 **Ordnance Survey Ward Names**

The Chief Executive submitted a report which updated Members on the Ordnance Survey ward names for Cherwell and to seek agreement to forward our proposals to Ordnance Survey for inclusion in their next update.

**Resolved**

- (1) That the proposed ward and "local" names within Cherwell be agreed (as set out as an annex to the Minutes in the Minute Book).

75 **Calendar of Meetings 2012/13**

The Head of Law and Governance submitted a report which sought consideration of the calendar of meetings for 2012/13.

**Resolved**

- (1) That the calendar of meetings 2012/13 be agreed (as set out as an annex to the Minutes in the Minute Book).

The meeting ended at 7.00 pm

Chairman:

Date:

## Council

### Members' Allowances 2012/2013

27 February 2012

### Report of Head of Law and Governance

#### PURPOSE OF 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.

This report is public
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#### Recommendations

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Council is recommended to:

- (1) Consider the levels of allowances to be included in the 2012/13 Members' Allowances Scheme, and whether the Panel's recommendations should be adopted or modified in any way.
- (2) Authorise the Head of Law and Governance to prepare an amended Members' Allowances Scheme, in accordance with the decisions of the Council for implementation with effect from 1 April 2012.
- (3) Authorise the Head of Law and Governance 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) Thank the Independent Remuneration Panel for its thorough and detailed report and set a fee of £300 for IRP Panel Members for the work carried out in 2011/12 and propose the same level of fee for 2012/13.

## **Executive Summary**

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### **Introduction**

- 1.1 The Council's Independent Remuneration Panel has met to review the current (2011/12) Members' Allowances Scheme and its report on the recommended levels of the allowance payments for the 2012/13 financial year and is attached to this report as appendix 1.
- 1.2 The Council is required to have regard to the Panel's recommendations but is under no obligation to accept them if they are deemed to be inappropriate. It is open to the Council to revise the levels of the recommended allowance payments for 2012/13 (either up or down) as is considered appropriate.

### **Proposals**

- 1.3 It is proposed that the level of basic allowance set for the 2011/12 period remain the same for 2012/13, as do the Special Responsibility Allowances (SRA), except for the following:
  - the introduction of an SRA for the Deputy Leader;
  - the introduction of an SRA for the Appeals Panel Chairman;
  - the SRA's for the Chairmen of the Personnel Committee, the Licensing Committee and the Standards Committee be reduced; and
  - the co-optees allowance be reduced.
- 1.4 A review of the fee that is paid to Members of the Independent Remuneration Panel was undertaken last year. Previously this had been £700 per annum, due to the high level of work that was initially required. Over the years this volume of work has decreased as the Members Allowance Scheme has stabilised and the fee was reduced to £300 in 2010/11. There has been no noticeable change in work levels and it is therefore proposed that the fee of £300 remain the same for 2011/12.

### **Conclusion**

- 1.5 It is the view of the IRP panel that the proposals represent realistic and fair levels of allowance for 2012/13 and recommend adoption.

## **Key Issues for Consideration/Reasons for Decision and Options**

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

**Option One**                      To accept the Panel's recommendations

**Option Two**                      To modify the Panel's recommendations

## **Consultations**

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

**All Parish Councils**                      Comments have been considered by the Panel

## **Implications**

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**Financial:**                      Provision has been included in the draft 2012/2013 budget for Members' Allowances. There are principally two options available in terms of settling the levels of the allowances for the forthcoming financial year as follows:-

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

Comments checked by Karen Muir, Corporate Systems Accountant 01295 221559

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

Comments checked by James Doble, Democratic and Elections Manager and Deputy Monitoring Officer, 01295 221587

**Risk Management:** There are no risks associated with the report other than the possibility of exceeding the budget provision.

Comments checked by James Doble, Democratic & Elections Manager, 01295 221587

### **Wards Affected**

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All

### **Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Report of IRP Panel
<b>Background Papers</b>	
None	
<b>Report Author</b>	Theresa Goss, Democratic & Scrutiny Officer
<b>Contact Information</b>	theresa.goss@Cherwell-dc.gov.uk



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 year's 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
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#### **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**

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### **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**

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- 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	
<b>Service Total</b>	<b>*£17,485,234</b>	<b>£16,641,325</b>	
<b>Executive Matters</b>			
Centrally controlled items	£1,522,823	£1,642,245	
SNDC Joint Working Savings	-£333,000	-£230,000	
<b>Credit for Capital Charges</b>	<b>-£3,218,477</b>	<b>-£3,323,392</b>	
	<b>£15,456,580</b>	<b>£14,730,178</b>	
<b>Contribution to (+) / from (-) Earmarked Reserves</b>	<b>£334,526</b>	<b>-£74,245</b>	
<b>Contribution to (+) / from (-) General Balances</b>	<b>£68,834</b>	<b>£3,299</b>	
<b>Net Budget Requirement</b>	<b>£15,859,940</b>	<b>£14,659,232</b>	<b>-£1,200,708</b>
<b>RSG Settlement</b>	<b>-£8,634,458</b>	<b>-£7,621,722</b>	<b>£1,012,736</b>
<b>Council tax Compensation Grant 2011/12</b>	<b>-£155,037</b>	<b>-£155,415</b>	<b>-£378</b>
<b>Council Tax -Single person discount review</b>	<b>£0</b>	<b>-£52,000</b>	<b>-£52,000</b>
<b>Collection Fund Surplus</b>	<b>-£130,417</b>	<b>-£139,332</b>	<b>-£8,915</b>
<b>Investment Income</b>	<b>-£723,407</b>	<b>-£439,810</b>	<b>£283,597</b>
<b>Amount to be funded from Council Tax</b>	<b>£6,216,621</b>	<b>£6,250,953</b>	<b>£34,332</b>
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
<b>Total Capital Programme to be Financed</b>	<b>£18,677,500</b>	<b>£13,760,832</b>
<b><u>Financed by:</u></b>		
Capital Receipts	£9,634,500	£9,384,500
<b>Government Grants</b>		
<i>£375k per annum Governmental Grant Funding towards Mandatory Disabled Facilities Grants</i>	£375,000	£375,000
<b>Use of Reserves</b>		
<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
	<b>£18,677,500</b>	<b>£13,760,832</b>

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**

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4.1 The estimated level of reserves as at 31 March 2012 and 31<sup>st</sup> 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 31<sup>st</sup> 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 6<sup>th</sup> 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**

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#### **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**

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- 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**

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- 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**

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- 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**

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- 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**

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- 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.

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## **Consultations**

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### **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**

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### **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

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All

## Corporate Plan Themes

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An Accessible, Value for Money Council.

## Executive Lead Member

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Councillor Atack  
Lead Member for Financial Management

## Document Information

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Appendix No	Title
1	Budget Book 2012/13 – <b>to be circulated on 22 February under separate cover</b>
2	Cost Reductions
3	2012/13 Treasury Management Strategy
<b>Background Papers</b>	
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	
<b>Report Author</b>	Martin Henry, Director of Resources Karen Curtin, Head of Finance and Procurement
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**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
<b>Scrutiny Recommendations</b>	Reduction in Stationary Budget			£ 5,000		£ 5,000	£ 5,000				£ 5,000
<b>ag</b>	Revenue Implications Of Capital Programme - Biomass Boilers			£ 56,441		£ 56,441	£ 56,441				£ 56,441
<b>go</b>	Administration Review			£ 75,000		£ 75,000	£ 75,000				£ 75,000
<b>Efficiencies</b>											
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
<b>Total</b>			<b>£ 1,232,824</b>	<b>£ 136,441</b>	<b>£ 641,739</b>	<b>£ 2,011,004</b>	<b>£ 791,441</b>	<b>£ 551,972</b>	<b>£ 312,903</b>	<b>£ 354,688</b>	<b>£ 2,011,004</b>
							<b>39%</b>	<b>27%</b>	<b>16%</b>	<b>18%</b>	

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# APPENDIX 3

## **CHERWELL DISTRICT COUNCIL** **Treasury Management Strategy**

Annual Investment Statement

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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 1<sup>st</sup> 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.

## 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
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8. Glossary



## Annex 1 - Prudential and Treasury Indicators

### Existing Investment & Debt Portfolio Position

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

### 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.

	<b>2010/11 Actual £000s</b>	<b>2011/12 Estimated £000s</b>	<b>2012/13 Estimated £000s</b>	<b>2013/14 Estimated £000s</b>	<b>2014/15 Estimated £000s</b>
Capital Expenditure	5,817	13,923	13,761	4,712	2,583
<b>Financed by:</b>					
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	-	-	-	-	-
<b>Net financing need for the year</b>	-	-	-	-	-

### 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 %
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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
<b>Total</b>	<b>0</b>

### 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 <sup>th</sup> 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:

	<b>Existing level (or Benchmark level) at 31/03/11 %</b>	<b>2011-12 Approved £m or %</b>	<b>2011-12 Revised £m or %</b>	<b>2012-13 Estimate £m or %</b>	<b>2013-14 Estimate £m or %</b>	<b>2014-15 Estimate £m or %</b>
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
<b>Sector's Bank Rate View</b>	<b>0.50%</b>	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%
<b>3 Month LIBID</b>	<b>0.87%</b>	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%
<b>6 Month LIBID</b>	<b>1.16%</b>	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%
<b>12 Month LIBID</b>	<b>1.65%</b>	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%
<b>5yr PWLB Rate</b>	<b>2.25%</b>	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%
<b>10yr PWLB Rate</b>	<b>3.33%</b>	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%
<b>25yr PWLB Rate</b>	<b>4.24%</b>	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%
<b>50yr PWLB Rate</b>	<b>4.26%</b>	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															
<b>Sector's View</b>	<b>0.50%</b>	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%
<b>UBS</b>	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
<b>Capital Economics</b>	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate															
<b>Sector's View</b>	<b>2.25%</b>	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%
<b>UBS</b>	<b>2.25%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital Economics</b>	<b>2.25%</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
10yr PWLB Rate															
<b>Sector's View</b>	<b>3.33%</b>	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%
<b>UBS</b>	<b>3.33%</b>	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
<b>Capital Economics</b>	<b>3.33%</b>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
25yr PWLB Rate															
<b>Sector's View</b>	<b>4.24%</b>	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%
<b>UBS</b>	<b>4.24%</b>	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
<b>Capital Economics</b>	<b>4.24%</b>	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
50yr PWLB Rate															
<b>Sector's View</b>	<b>4.26%</b>	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%
<b>UBS</b>	<b>4.26%</b>	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
<b>Capital Economics</b>	<b>4.26%</b>	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	<b>£15m including Investec's limit</b>	<b>364 days</b>
UK part nationalised banks	UK sovereign rating or Short-term F1, Long term A, Viability BB+	Investec	<b>Max 15% of fund</b>	<b>364 days</b>

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

<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</b>		
---	--	--

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:

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

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:

	<b>Non Specified Investment Category</b>	<b>Limit (£ or %)</b>
a.	<b>Supranational Bonds greater than 1 year to maturity</b> <b>(a) Multilateral development bank bonds</b> - 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.	<b>Gilt edged securities</b> 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

<b>Asset Class Limits</b>	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
<b>Asset Life</b>	The length of the useful life of an asset e.g. a school
<b>Borrowing / Investment Portfolio</b>	A list of loans or investments held by the council.
<b>Borrowing Requirement</b>	The amount that the council needs to borrow to finance capital expenditure and manage debt.
<b>Callable deposit</b>	Funds placed with a financial institution without a fixed maturity date (i.e. the money can be 'called' or withdrawn at any time).
<b>Capitalisation direction</b>	Government approval to use capital resources to fund revenue expenditure.
<b>Cash deposits</b>	Funds placed with a financial institution with a fixed maturity date and interest rate.
<b>Certificates of deposits</b>	(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.
<b>CIPFA Code of Practice on Treasury Management</b>	A code of practice issued by CIPFA detailing best practice for managing the treasury management function.
<b>Collateralised Deposit</b>	Term deposits with UK institutions where such deposits are secured against a collateral pool comprised of loans made to UK local authorities.
<b>Counterparty</b>	Banks, Building Societies and other financial institutions that the council transacts with for borrowing and lending.
<b>Credit Arrangements</b>	Methods of financing such as the use of finance leases
<b>Credit Ratings</b>	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.
<b>Creditworthiness</b>	How highly rated an institution is according to its credit rating.
<b>Debt Management Office</b>	An agency of the HM Treasury and its responsibilities include debt and cash management for the UK Government
<b>Debt Rescheduling</b>	Refinancing loans on different terms and rates to the original loan.
<b>Financial instrument</b>	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.
<b>Fitch Ratings</b>	A credit rating agency.

<b>Forward commitment</b>	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.
<b>Gilts</b>	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.
<b>Interest Rate exposures</b>	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
<b>Lender Option Borrower Option (LOBO)</b>	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.
<b>Limits for external debt</b>	A Prudential Indicator prescribed by the Prudential Code sets limits on the total amount of debt the council could afford.
<b>Liquidity</b>	Access to cash that is readily available.
<b>Lowest Common Denominator</b>	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.
<b>Maturity</b>	The date when an investment is repaid or the period covered by a fixed term investment.
<b>Maturity Structure of Borrowings</b>	A profile of the council's loan portfolio in order of the date in which they expire and require repayment.
<b>Minimum Revenue Provision</b>	The minimum amount, which must be charged to an authority's revenue account each year for the prudent repayment of debt.
<b>Money Market Funds</b>	Open ended collective investment fund that invests in highly-liquid short-term financial instruments (with maturities typically 90 days to less than one year).
<b>Moody's</b>	A credit rating agency.
<b>Non Specified Investments</b>	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
<b>Portfolio</b>	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.
<b>Prudential Borrowing</b>	Borrowing undertaken by the council that does not attract government support to help meet financing costs.
<b>Prudential Code for Capital</b>	The capital finance system is based on the Prudential

<b>Finance in Local Authorities</b>	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.
<b>Prudential Indicators</b>	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.
<b>Public Works Loan Board (PWLB)</b>	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.
<b>Credit Rated</b>	Institutions that possess a credit rating from a credit rating agency such as Fitch, Moody's or Standard and Poors.
<b>Risk Control</b>	Putting in place processes to control exposures to events.
<b>Security</b>	Placing cash in highly rated institutions.
<b>Sovereign debt rating</b>	Assessment of the international rating agencies of the likelihood that a particular country will default on its loans.
<b>Specified Investments</b>	Investments that offer high security and liquidity. They must have a maturity of no longer than 364 days.
<b>Standard and Poors</b>	A credit rating agency.
<b>Supranational Institutions</b>	Multi national structures - an amalgamation of different countries offering investment opportunities - for example Euro Investment Bank
<b>UK Government Investments</b>	Debt Management Office (DMO) deposits and bonds (gilts) for which maturity date at time of purchase is less than 365 days away
<b>Yield</b>	The rate of return on the current market value of an asset or liability, usually expressed as a percentage per annum. For example, today's yield to maturity of a bond measures the total return to an investor in the bond, reflecting both the interest income over the life of the bond and any capital gain (or loss) from today's market value to the redemption amount payable at maturity.

## Council

### Calculating the amounts of Council Tax for 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

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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 :-

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

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### **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**

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- 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:-

- |                     |  |
|---------------------|--|
| <b>Option One</b>   | To consider this report and agree the Setting of Council Tax as detailed in this report and associated Appendices                    |
| <b>Option Two</b>   | To consider this report, but make alternative recommendation on the amount of council tax to be set.                                 |
| <b>Option Three</b> | To fail to consider this report and fail to meet the deadline prescribed in the Local Government Finance Act 1992 as detailed above. |

### **Consultations**

<b>None</b>	This is a statutory report calculating and setting the Council Tax for Cherwell District Council for 2012/2013.
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## **Implications**

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**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**

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All

## **Corporate Plan Themes**

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An Accessible, Value for Money Council.

## **Executive Lead Member**

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Councillor Ken Attack  
Lead member for Financial Management

## Document Information

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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.
<b>Background Papers</b>	
Various Estimates 2012/2013 Working Papers Files Provisional Precept Calculations from Oxfordshire County Council and Thames Valley Police Authority	
<b>Report Author</b>	Karen Curtin Head of Finance and Procurement
<b>Contact Information</b>	0300 0030102 <a href="mailto:martin.henry@cherwell-dc.gov.uk">martin.henry@cherwell-dc.gov.uk</a> 0300 0030106 <a href="mailto:karen.curtin@cherwell-dc.gov.uk">karen.curtin@cherwell-dc.gov.uk</a> 01295 221559 <a href="mailto:karen.muir@cherwell-dc.gov.uk">karen.muir@cherwell-dc.gov.uk</a>

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				
Blitchington	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				
Boxham	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				
Boxkote	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				

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 £	TOTAL TAX £	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H				
					£	£	£	£	£	£	£	£				
Godington	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Gosford and Water Eaton	17,630	32.41	123.50	155.91	103.94	121.26	138.59	155.91	190.56	225.20	259.85	311.82				
Hampton Gay and Poyle	750	10.14	123.50	133.64	89.09	103.94	118.79	133.64	163.34	193.04	222.73	267.28				
Hanwell	5,000	37.88	123.50	161.38	107.59	125.52	143.45	161.38	197.24	233.10	268.97	322.76				
Hardwick with Tusmore	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Heihe	4,000	34.19	123.50	157.69	105.13	122.65	140.17	157.69	192.73	227.77	262.82	315.38				
Hook Norton	52,000	56.58	123.50	180.08	120.05	140.06	160.07	180.08	220.10	260.12	300.13	360.16				
Horley	4,055	25.66	123.50	149.16	99.44	116.01	132.59	149.16	182.31	215.45	248.60	298.32				
Horton	5,500	33.33	123.50	156.83	104.55	121.98	139.40	156.83	191.68	226.53	261.38	313.66				
Horton cum Studley	6,000	24.59	123.50	148.09	98.73	115.18	131.64	148.09	181.00	213.91	246.82	296.18				
Islip	16,359	51.44	123.50	174.94	116.63	136.06	155.50	174.94	213.82	252.69	291.57	349.88				
Islipington	570,423	114.94	123.50	238.44	158.96	185.45	211.95	238.44	291.43	344.41	397.40	476.88				
Martlington	17,500	39.33	123.50	162.83	108.55	126.65	144.74	162.83	199.01	235.20	271.38	325.66				
Maunton	15,500	31.12	123.50	154.62	103.08	120.26	137.44	154.62	188.98	223.34	257.70	309.24				
Power Heyford	10,000	45.25	123.50	168.75	112.50	131.25	150.00	168.75	206.25	243.75	281.25	337.50				
Northerton	7,000	50.36	123.50	173.86	115.91	135.22	154.54	173.86	212.50	251.13	289.77	347.72				
North Aston	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Middleton Stoney	3,200	21.19	123.50	144.69	96.46	112.54	128.61	144.69	176.84	209.00	241.15	289.38				
Milcombe	9,000	40.91	123.50	164.41	109.61	127.87	146.14	164.41	200.95	237.48	274.02	328.82				
Milton	400	3.25	123.50	126.75	84.50	98.58	112.67	126.75	154.92	183.08	211.25	253.50				
Mixbury	100	0.86	123.50	124.36	82.91	96.72	110.54	124.36	152.00	179.63	207.27	248.72				
Mollington	8,250	37.84	123.50	161.34	107.56	125.49	143.41	161.34	197.19	233.05	268.90	322.68				
Newton Purcell	0	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Noke	2,000	25.64	123.50	149.14	99.43	116.00	132.57	149.14	182.28	215.42	248.57	298.28				
North Aston	1,200	13.48	123.50	136.98	91.32	106.54	121.76	136.98	167.42	197.86	228.30	273.96				
North Newington	4,500	29.61	123.50	153.11	102.07	119.09	136.10	153.11	187.13	221.16	255.18	306.22				
Oddington	65	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Piddington	175	6.300	123.50	129.80	106.33	124.06	141.78	159.50	194.94	230.39	265.83	319.00				
Prescote	6	0	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00				
Shenington	4,000	18.26	123.50	141.76	94.51	110.26	126.01	141.76	173.26	204.76	236.27	283.52				
Shipton on Cherwell	5,000	34.72	123.50	158.22	105.48	123.06	140.64	158.22	193.38	228.54	263.70	316.44				
Shutford	6,000	28.99	123.50	152.49	101.66	118.60	135.55	152.49	186.38	220.26	254.15	304.98				
Sibford Ferris	5,500	28.80	123.50	152.30	101.53	118.46	135.38	152.30	186.14	219.99	253.83	304.60				
Sibford Gower	6,250	25.00	123.50	148.50	99.00	115.50	132.00	148.50	181.50	214.50	247.50	297.00				
Somerton	4,000	28.78	123.50	152.28	101.52	118.44	135.36	152.28	186.12	219.96	253.80	304.56				

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

	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	TOTAL TAX CALCULATED	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H	
	£	£	£	£	£	£	£	£	£	£	£	£	£	
Souldern	200	5,700	28.50	123.50	152.00	101.33	118.22	135.11	152.00	185.78	219.56	253.33	304.00	
South Newington	157	4,700	29.94	123.50	153.44	102.29	119.34	136.39	153.44	187.54	221.64	255.73	306.88	
Steeple Aston	425	20,989	49.39	123.50	172.89	115.26	134.47	153.68	172.89	211.31	249.73	288.15	345.78	
Stoke Lyne	104	2,750	26.44	123.50	149.94	99.96	116.62	133.28	149.94	183.26	216.58	249.90	299.88	
Stratton Audley	209	5,750	27.51	123.50	151.01	100.67	117.45	134.23	151.01	184.57	218.13	251.68	302.02	
Swalcliffe	109	5,500	50.46	123.50	173.96	115.97	135.30	154.63	173.96	212.62	251.28	289.93	347.92	
Tadmarton	261	5,000	19.16	123.50	142.66	95.11	110.96	126.81	142.66	174.36	206.06	237.77	285.32	
Upper Heyford	388	15,000	38.66	123.50	162.16	108.11	126.12	144.14	162.16	198.20	234.23	270.27	324.32	
Wardington	243	10,000	41.15	123.50	164.65	109.77	128.06	146.36	164.65	201.24	237.83	274.42	329.30	
Wendlebury	194	4,240	21.86	123.50	145.36	96.91	113.06	129.21	145.36	177.66	209.96	242.27	290.72	
Weston on the Green	242	8,200	33.88	123.50	157.38	104.92	122.41	139.89	157.38	192.35	227.33	262.30	314.76	
Wiggington	111	2,500	22.52	123.50	146.02	97.35	113.57	129.80	146.02	178.47	210.92	243.37	292.04	
Wyroxton	289	6,000	20.76	123.50	144.26	96.17	112.20	128.23	144.26	176.32	208.38	240.43	288.52	
Wymington	1,131	46,900	41.47	123.50	164.97	109.98	128.31	146.64	164.97	201.63	238.29	274.95	329.94	
50,615														
Total of special items		4,088,906		9,633.00										
Cherwell Net Expenditure														
BUDGET REQUIREMENT		4,088,906												
Less External Support etc														
THE BASIC AMOUNT OF TAX		4,088,906	80.78											
Less Average Parish etc			(80.78)											
Cherwell DC needs		6,250,953	123.50											
Oxfordshire County Council Precept		58,799,951	Approved											
Thames Valley Police Precept		7,809,894	Provisional											
BASIC AMOUNT OF OXFORDSHIRE CC TAX			1,161.71											
BASIC AMOUNT OF THAMES VALLEY POLICE TAX			154.30											
TOTAL REQUIRED FROM TAX		70,698,751												
TAX AT BAND D (Exc Parishes)			1,439.51											
TAX AT BAND D (Inc Parishes)			1,520.29											

TAX CALCULATED FOR EACH VALUATION BAND BY CDC

	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H
	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00

TAX CALCULATED FOR EACH VALUATION BAND BY OCC

	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H
	774.47	903.55	1,032.63	1,161.71	1,419.87	1,678.03	1,936.18	2,323.42

TAX CALCULATED FOR EACH VALUATION BAND BY TVP

	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H
	102.87	120.01	137.16	154.30	188.59	222.88	257.17	308.60
	959.67	1,119.62	1,279.57	1,439.51	1,759.40	2,079.30	2,399.18	2,879.02

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

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## Council

### Oxfordshire County Boundary Review

27 February 2012

### Report of Chief Executive

#### PURPOSE OF REPORT

To update Members on the final recommendations report on Oxfordshire County Boundary Review.

This report is public

#### Recommendations

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Council is recommended to:

- (1) Note the update on the County Boundary Review.

#### Executive Summary

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##### Introduction

##### County Boundary Review

- 1.1 The Local Government Boundary Commission for England (LGBCE) is responsible for reviewing local authority electoral arrangements, defining boundaries for local elections and the number of councillors to be elected, as well as conducting reviews of local government external boundaries and structures.
- 1.2 In October 2010 the Commission began an electoral review of Oxfordshire following its decision to review Oxfordshire Council's electoral arrangement to ensure that the number of voters represented by each councillor is approximately the same across the authority. On 19 July 2011 the LGBCE published its draft recommendations with a consultation closing date of 10 October 2011. A summary of the review and recommendations is attached at Appendix 1.
- 1.3 On 17 January 2012 the LGBCE published their final recommendations for Oxfordshire.

## Details

### Oxfordshire Boundary Review

- 1.4 In October 2010 the Local Government Boundary Commission for England (LGBCE) started an electoral review of Oxfordshire County Council. Full details of the review to date can be found at [www.lgbce.org.uk](http://www.lgbce.org.uk) and a hard copy of all documents is available on deposit in the Members' Room.
- 1.5 A preliminary consultation was held between 12 October 2010 and 22 November 2010. Between 11 January 2011 and 4 April, the second period of consultation on the pattern of divisions for Oxfordshire was undertaken.
- 1.6 On 19 July 2011 the LGBCE published its draft recommendations for the electoral review of Oxfordshire County Council.
- 1.7 The Commission's draft recommendations propose that Oxfordshire County Council should have 63 councillors – a reduction of 11 from the current arrangements. The proposals would mean those county councillors would represent 59 single-member divisions and two two-member divisions across the county. The full recommendations and maps are available on the Commission's website at [www.lgbce.org.uk](http://www.lgbce.org.uk).
- 1.8 Between 19 July and 10 October 2011 a public consultation on the recommendations is being undertaken in which the LGBCE is inviting comments, in particular, on the following questions:
  - Do the proposed electoral divisions reflect local communities?
  - How do you think the proposals can be improved whilst maintaining electoral equality?
  - Are the names of the proposed divisions right
- 1.9 The LGBCE considered all submissions and published its final recommendations on 17 January 2012. LGBCE will lay a draft order in both Houses of Parliament during May 2012. Parliament will then have 40 days in which to consider the recommendations. If both Houses are satisfied with the recommendations, the draft order will be 'made' during July 2012 and the new electoral divisions will come into effect at the county council elections in May 2013.

## Conclusion

- 1.10 This report is for information so all members are advised on the proposed changes to the County Divisions within Oxfordshire.

## Consultations

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None

## Implications

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<b>Financial:</b>	There are no financial implications associated with this report. Comments checked by Karen Muir, Corporate System Accountant 01295 221559
<b>Legal:</b>	No legal implications arising directly from this report regarding the Boundary review. Comments checked by James Doble, Democratic and Elections Manager 01295 221587
<b>Risk Management:</b>	No risk implications arising directly from this report regarding the Boundary review. Comments checked by James Doble, Democratic and Elections Manager 01295 221587

## Wards Affected

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All

## Document Information

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Appendix No	Title
Appendix 1	Oxfordshire Boundary Review Final Recommendation Report
Appendix 2	Final Banbury Map
Appendix 3	Final Bicester and Kidlington Maps
<b>Background Papers</b>	
None	
<b>Report Author</b>	Louise Aston, Democratic & Elections Officer
<b>Contact Information</b>	01295 221601 louise.aston@cherwellandsouthnorthants.gov.uk

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# Final recommendations on the new electoral arrangements for Oxfordshire County Council

Electoral review

January 2012

### **Translations and other formats**

For information on obtaining this publication in another language or in a large-print or Braille version please contact the Local Government Boundary Commission for England:

Tel: 020 7664 8534

Email: [reviews@lgbce.org.uk](mailto:reviews@lgbce.org.uk)

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## Summary

The Local Government Boundary Commission for England is an independent body that conducts electoral reviews of local authority areas. The broad purpose of an electoral review is to decide on the appropriate electoral arrangements – the number of councillors, and the names, number and boundaries of wards or divisions – for a specific local authority. We are conducting an electoral review of Oxfordshire County Council to provide improved levels of electoral equality across the authority.

The review aims to ensure that the number of voters represented by each councillor is approximately the same. The Commission commenced the review in October 2010.

This review is being conducted as follows:

<b>Stage</b>	<b>Stage starts</b>	<b>Description</b>
Council Size	12 October 2010	Submission of proposals for council size to the LGBCE
One	11 January 2011	Submission of proposals of warding arrangements to the LGBCE
Two	4 April 2011	LGBCE's analysis and deliberation
Three	19 July 2011	Publication of draft recommendations and consultation on them
Four	10 October 2011	Analysis of submissions received and formulation of final recommendations

## Draft recommendations

We proposed a council size of 63, comprising 59 single-member divisions and two two-member divisions. Our proposals were broadly based on the County Council's county-wide scheme and representations received from other respondents. We also had regard to evidence submitted by political groups, a local MP, county and district councillors and parish councils. We sought to reflect communication links, geographic factors and evidence of community identity.

## Submissions received

During Stage Three, we received 120 submissions. Many of these focused on changes to the Cumnor and North Hinksey area in the Vale of White Horse District, and the Banbury and Bloxham area in Cherwell District. The County Council broadly supported the draft recommendations, proposing changes to some division names.

All submissions can be viewed on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

## Analysis and final recommendations

### Electorate figures

Oxfordshire County Council submitted electorate forecasts for 2016. This is prescribed in the Local Democracy, Economic Development and Construction Act 2009 ('the 2009 Act'). These forecasts projected an increase in electorate of 6% over this period. The Commission is content that the forecasts are the most accurate available at this time, and we have used these as the basis of the final recommendations.

### General analysis

Having considered the submissions received during Stage Three, we confirm the draft recommendations as final, with the exception of small changes in Cutteslowe in Oxford City, Wallingford and Cholsey in South Oxfordshire, St Helen Without in Vale of White Horse, and Carterton in West Oxfordshire.

We confirm our recommendation for a council size of 63, comprising 59 single-member divisions and two two-member divisions. Only two electoral divisions will have a variance of more than 10% by 2016.

Having taken into account evidence we have received during Stages One and Three, we believe that our proposals will ensure good electoral equality while reflecting community identities and providing for effective and convenient local government.

### What happens next?

We have now completed our review of electoral arrangements for Oxfordshire County Council. The changes we have proposed must be approved by Parliament. An Order – the legal document which brings into force our recommendations – will be laid in Parliament. Parliament can either accept or reject our recommendations. If accepted, the new electoral arrangements will come into force at the next elections for Oxfordshire County Council, in 2013.

We are grateful to all those organisations and individuals who have contributed to the review through expressing their views and advice. The full report is available to download at [www.lgbce.org.uk](http://www.lgbce.org.uk)

# 1 Introduction

1 The Local Government Boundary Commission for England is an independent body that conducts electoral reviews of local authority areas. This electoral review is being conducted following our decision to review Oxfordshire County Council's electoral arrangements to ensure that the number of voters represented by each councillor is approximately the same across the authority.

2 We wrote to Oxfordshire County Council as well as other interested parties inviting proposals first on the council size and, subsequently, on division arrangements for the Council. The submissions received during these stages of the review informed our *Draft recommendations on the new electoral arrangements for Oxfordshire County Council*, which were published on 19 July 2011. We reconsidered the draft recommendations in light of the further evidence received and decided whether or not to make any modifications.

## What is an electoral review?

3 The main aim of an electoral review is to try to ensure 'electoral equality', which means that all councillors in a single authority represent approximately the same number of electors. Our objective is to make recommendations that will improve electoral equality, while also trying to reflect communities in the area and provide for effective and convenient local government.

4 Our three main considerations – equalising the number of electors each councillor represents; reflecting community identity; and providing for effective and convenient local government – are set out in legislation<sup>1</sup> and our task is to strike the best balance between them when making our recommendations. Our powers, as well as the guidance we have provided for electoral reviews and further information on the review process, can be found on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

## Why are we conducting a review in Oxfordshire?

5 We decided to conduct this review because, based on the December 2009 electorate figures, Witney East electoral division contains 35% more electors than the average for the county.

## How will the recommendations affect you?

6 The recommendations will determine how many councillors will serve on the county council. They will also decide which division you vote in, which other communities are in that division and, in some instances, which parish or town council wards you vote in. Your division name may change, as may the names of parish or town council wards in the area. If you live in a parish, the name or boundaries of that parish will not change.

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<sup>1</sup> Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009.

## What is the Local Government Boundary Commission for England?

7 The Local Government Boundary Commission for England is an independent body set up by Parliament under the Local Democracy, Economic Development and Construction Act 2009.

Members of the Commission are:

Max Caller CBE (Chair)  
Professor Colin Mellors (Deputy Chair)  
Dr Peter Knight CBE DL  
Sir Tony Redmond  
Dr Colin Sinclair CBE  
Professor Paul Wiles CB

Chief Executive: Alan Cogbill  
Director of Reviews: Archie Gall

## 2 Analysis and final recommendations

8 We have now finalised our recommendations on the new electoral arrangements for Oxfordshire County Council.

9 As described earlier, our prime aim when recommending new electoral arrangements for Oxfordshire is to achieve a level of electoral fairness – that is, each elector’s vote being worth the same as another’s. In so doing, we must have regard to the Local Democracy, Economic Development and Construction Act 2009,<sup>2</sup> with the need to:

- secure effective and convenient local government
- provide for equality of representation
- have regard to the boundaries of district and borough wards in drawing boundaries for county divisions
- ensure that proposed county divisions do not cross external district and city boundaries
- reflect the identities and interests of local communities, in particular
  - the desirability of arriving at boundaries that are easily identifiable
  - the desirability of fixing boundaries so as not to break any local ties

10 Legislation also states that our recommendations are not intended to be based solely on the existing number of electors in an area, but also on estimated changes in the number and distribution of electors likely to take place over a five-year period from the date of the end of the review. We must also try to recommend strong, clearly identifiable boundaries for the divisions we put forward at the end of the review.

11 In reality, the achievement of absolute electoral fairness is unlikely to be attainable and there must be a degree of flexibility. However, our approach is to keep variances in the number of electors each councillor represents to a minimum. We therefore recommend strongly that in formulating proposals for us to consider, local authorities and other interested parties should also try to keep variances to a minimum, making adjustments to reflect relevant factors such as community identity and interests. As mentioned above, we aim to recommend a scheme which provides improved electoral fairness over a five-year period.

12 These recommendations cannot affect the external boundaries of Oxfordshire County Council or result in changes to postcodes. Nor is there any evidence that the recommendations will have an adverse effect on local taxes, house prices, or car and house insurance premiums. The proposals do not take account of parliamentary constituency boundaries, and we are not, therefore, able to take into account any representations which are based on these issues.

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<sup>2</sup> Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009.

## Submissions received

13 Prior to, and during, the initial stage of the review, we visited Oxfordshire County Council and met with members and officers. We received 31 submissions at council size stage, 49 submissions during Stage One, and 120 submissions during Stage Three, all of which may be inspected at both our offices and those of the Council. All representations received can also be viewed on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

14 We take the evidence received during consultation very seriously. The submissions received were carefully considered before we formulated our final recommendations. Officers from the Commission have also been assisted by officers at Oxfordshire County Council who have provided relevant information throughout the review. We are grateful to all concerned for their co-operation and assistance.

## Electorate figures

15 As part of this review, Oxfordshire County Council submitted electorate forecasts for the year 2016, projecting an increase in electorate of over 6% over the period from 2011 to 2016. The total electorate of the county is 493,161 in 2011 and is forecast to be 524,740 by December 2016.

16 Cherwell District was forecast to have significant electorate growth, owing to the projected completion of new dwellings in the Banbury and Bicester areas. We sought confirmation of planning permission for development in these and other areas of the county and visited some areas where building works were evident. The County Council provided us with details of the location and level of future development, as well as estimates of other forms of electorate growth.

17 Development is also planned for the Didcot area. During the consultation on the draft recommendations, the Didcot Branch Labour Party and Didcot Town Council raised concerns regarding the forecast of the electorate for that area. A large development is currently taking place to the north of Didcot, which will eventually result in new housing in the Ladygrove part of the town and in the parish of Long Wittenham. The Didcot Branch Labour Party and Didcot Town Council specifically queried the five-year forecast which showed a large increase in electorate in Didcot but not in Long Wittenham. Having contacted the County Council, we are satisfied that while a long-term increase in electors is expected in Long Wittenham, housing will not be completed before 2016. The increase in electorate is therefore expected after the end of the five-year forecast, so for the purposes of this review, we cannot take it into consideration.

18 We are satisfied that the methodology used was suitable and are content to accept these forecast electorate figures as the basis for our final recommendations.

## Council size

19 Oxfordshire County Council currently has 74 councillors elected from 58 county divisions. At the beginning of the electoral review, we consulted locally on the most



appropriate number of councillors (council size) for the authority and received 31 submissions. Council size proposals ranged from 50 to 74 members, with 11 submissions supporting the current council size of 74 and nine submissions suggesting that 'fewer' councillors would be appropriate for Oxfordshire.

20 The County Council proposed reducing the council size to either 63 or 64, depending on the best allocation of councillors across the county. Having considered the electorate figures, we decided that a council size of 64 would provide for a better allocation of councillors. Accordingly, during Stage One we invited proposals for division patterns based on a council size of 64.

21 During Stage One, the County Council submitted slightly revised figures for the projected electorate. These amendments were based on small changes to the planned developments in the county. Based on the new evidence received, we decided to adopt a council size of 63 members as the basis of our draft recommendations.

22 At Stage Three Henley-on-Thames Town Council objected to any reduction in council size but did not provide any further evidence. Consequently, we are basing our final recommendations on a council size of 63 members.

## Electoral fairness

23 Electoral fairness, in the sense of each elector in a local authority having a vote of equal weight when it comes to the election of councillors, is a fundamental democratic principle. It is expected that our recommendations should provide for electoral fairness whilst ensuring that we reflect communities in the area, and provide for effective and convenient local government.

24 In seeking to achieve electoral fairness, we calculate the average number of electors per councillor. The county average is calculated by dividing the total electorate of the county (493,161 in 2011 and 524,740 by December 2016) by the total number of councillors representing them on the council – 63 under our draft recommendations. Therefore, the average number of electors per councillor under our draft recommendations is 7,828 in 2011 and 8,329 by 2016.

25 Under the final recommendations, two of our proposed 63 divisions will have electoral variances of more than 10% from the average for the county by 2016. We are therefore satisfied that we have achieved good levels of electoral fairness under our final recommendations for Oxfordshire.

## General analysis

26 Our draft recommendations were broadly based on a combination of the County Council's proposals, the Labour Group's proposals, and locally suggested patterns of divisions. Our draft recommendations adopted the County Council's proposals with minor modifications in South Oxfordshire, West Oxfordshire, and Oxford. We also adopted a combination of the County Council's proposals, the Labour Party's proposals, and locally generated proposals in Cherwell and Vale of White Horse.

27 Our draft recommendations were based on a council size of 63 members and we proposed a pattern of 59 single-member divisions and two two-member divisions. The allocation of councillors across the districts is as follows:

- Cherwell District – 14 members
- Oxford City – 14 members
- South Oxfordshire District – 13 members
- Vale of White Horse District – 12 members
- West Oxfordshire District – 10 members

28 During Stage Three, the County Council responded to the draft recommendations, proposing name changes to divisions in the Banbury and Kidlington areas (Cherwell District) and the Cumnor area (Vale of White Horse District). It also proposed minor parish warding changes to Risinghurst & Sandhills (Oxford City) and Cumnor (Vale of White Horse District), both of which are parishes for which our draft recommendations proposed consequential parish electoral changes.

29 In addition to the County Council, submissions were received from Cherwell District Council, Oxford City Council, and West Oxfordshire District Council, each focusing on its respective district. We also received submissions from Oxfordshire Constituency Labour Party, Didcot Branch Labour Party, Wantage Constituency Labour Party, Wantage and Grove Branch Labour Party, and the Liberal Democrat Group at Oxford City Council. A total of eight county and district councillors made submissions, as did 37 parish and town councils, the Oxfordshire Association of Local Councils, and 64 local residents. A petition, containing approximately 600 signatures, was received from the Cumnor area in Vale of White Horse.

30 We also received localised submissions in every district. Many of these submissions focused on a particular parish or small group of parishes, or on a particular part of a town. The majority of these representations were from parish councils, with local residents also submitting their views.

31 All the submissions that we received can be viewed on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

32 Following this stage of consultation, our final recommendations are for 63 councillors representing 59 single-member divisions and two two-member divisions. In these final recommendations we confirm as final 53 of the 61 divisions outlined in our draft recommendations. In eight divisions we have made changes based on submissions received during this stage of consultation. Where we have proposed further modifications, these are in order to reflect evidence of community identity within divisions. We consider our proposals will ensure good electoral equality while providing an accurate reflection of community identities and interests where we have received such evidence during Stages One and Three.

33 A summary of our proposed electoral arrangements is set out in Table C1 (on pages 37–43) and Map 1.

## Electoral arrangements

34 This section of the report details the submissions received, our consideration of them, and our final recommendations for each area of Oxfordshire. The following areas are considered in turn:

- Cherwell District (page 9)
- Oxford City (page 11)
- South Oxfordshire District (page 14)
- Vale of White Horse District (page 17)
- West Oxfordshire District (page 20)

35 Details of the final recommendations are set out in Table C1 on pages 37–43 and illustrated on the large maps accompanying this report.

### Cherwell District

36 Cherwell District lies to the north of the county. It comprises the towns of Banbury, Bicester and Kidlington and some neighbouring smaller towns and villages. It currently has 16 councillors representing 13 electoral divisions. Under our final recommendations Cherwell District would have 14 divisions.

37 The draft recommendations for Cherwell District were based on a combination of proposals from the Labour Party, Kidlington Parish Council and Bodicote Parish Council.

38 During Stage Three, we received localised submissions in relation to the Banbury, Kidlington, and Bicester areas. The County Council suggested a change of name in the Banbury area and supported the draft recommendations in all other areas. Cherwell District Council supported the draft recommendations in all areas apart from Kidlington, where it supported the alternative proposal from Kidlington Parish Council, and Banbury, where it suggested a change of division name.

39 In the north of Cherwell, our draft recommendations provided for single-member divisions of Banbury Calthorpe, Bloxham & Easington, Banbury Grimsbury & Castle, Banbury Hardwick, Banbury Ruscote, and Wroxton & Hook Norton. These would result in electoral variances of 3% fewer, 6% fewer, 9% fewer, 6% more, 5% more and 2% more electors than the county average by 2016, respectively.

40 At Stage Three, 15 submissions were received regarding the Banbury area. Banbury Town Council supported the draft recommendations, whilst Bloxham Parish Council, Milcombe Parish Council and 11 local residents opposed them, arguing that Bloxham and Milcombe are distinct from Banbury and do not share a common identity.

41 Bloxham Parish Council and the local residents argued that the northern boundary of the division, which runs along Queensway in Banbury, was arbitrarily drawn, and that the draft recommendations could affect council tax. Bloxham Parish Council also raised concerns about additional housing in the local development

framework.

42 Noting the opposition to the draft recommendations in this area, we considered each point in turn. Queensway is a major thoroughfare forming an easily identifiable and clear boundary. Furthermore, our recommendations do not affect council tax, as this is a matter for the local authority. With regard to the local development framework mentioned by Bloxham Parish Council, we carefully revisited the five-year forecast in this area, and are satisfied that all housing developments which are expected to be completed within the next five years have been taken into account.

43 We do not consider that there is sufficient evidence to alter our draft recommendations in this area. The size and position of Banbury places considerable constraints on potential division patterns in this area. As stated in the draft recommendations, to improve the electoral variance in this area, either Bloxham and Milcombe parishes or Bodicote parish must necessarily be combined with part of Banbury. Any other boundary changes in this area would result in knock-on effects throughout the district, including Bicester and Kidlington. We therefore consider that our draft recommendations provided the best pattern in this area.

44 No submissions were received from the parishes in the proposed Wroxton & Hook Norton division. In the north of Cherwell we confirm our draft recommendations as final without modification.

45 The County Council, Cherwell District Council and Banbury Town Council proposed that Bloxham & Easington division be renamed Banbury Easington & Bloxham, as this would be consistent with the other Banbury divisions. However, we consider that this name would create the impression that Bloxham is amalgamated with Banbury, rather than being a separate village, so we recommend that the name remains Bloxham & Easington.

46 In Bicester, our draft recommendations provided for single-member divisions of Bicester North, Bicester Town, Otmoor, and Bicester West. These would result in electoral variances of 8% fewer, 6% fewer, 3% fewer and 2% more electors than the county average by 2016, respectively. To the north of Bicester, we recommended a single-member Ploughley division with a variance of 7% fewer electors, and a single-member Deddington division with a variance of 3% fewer electors than the county average in 2016.

47 During Stage Three, we did not receive any submissions specifically relating to the Ploughley or Deddington divisions. Bicester Town Council stated that it did not support the consequential parish warding changes and that it preferred the County Council's original submission for Bicester. However, the County Council's original proposal contained divisions with no road links and one division which was shaped in a figure of eight, preventing communication links between the northern and southern sections of the proposed division. This would not lend itself to effective and convenient local government.

48 We therefore confirm our draft recommendations in the centre of Cherwell and the Bicester area as final, without modification.

49 We partly based our draft recommendations in the Kidlington area on Kidlington Parish Council's proposal. Under our draft recommendations, Kidlington division had a variance of 8% fewer electors and Kirtlington division a variance of 4% more electors than the average by 2016.

50 During Stage Three, Kidlington Parish Council proposed a new pattern for the two divisions in this area. This scheme was supported by Cherwell District Council and by the Oxfordshire Labour Party. Kidlington Parish Council argued that the town centre should be contained within the three parish wards of Exeter, Orchard and St Mary's, and that the draft recommendations divided these parish wards and the town centre. Kidlington Parish Council proposed a Roundham, Yarnton & Kirtlington division with an electoral variance of 6% fewer and a Kidlington division with a variance of 1% more electors than the county average by 2016. The Roundham, Yarnton & Kirtlington division combined parishes to the south of Kidlington with parishes to the north.

51 We carefully considered the options for this area, and agree that Kidlington Parish Council presented a strong case for the town centre to be contained within one division. However, Kidlington Parish Council's proposed Roundham, Yarnton & Kirtlington division combined parishes to the south of Kidlington with parishes to the north, which because of the poor road connections, meant that there would be only one road circulating west round the town. We do not consider that this division would provide effective and convenient local government for the parishes in this area. Having considered all alternatives, we have decided to retain the draft recommendations in this area.

52 Cherwell District Council proposed that Kirtlington division be renamed Kirtlington & Kidlington North division, and Kidlington division be renamed Kidlington South division. Having looked at this area, we consider that the District Council's proposed names better reflect the communities in these divisions and have decided to adopt its proposals.

53 In the Kidlington area of Cherwell we confirm our draft recommendations as final subject to adopting the division names proposed by the District Council.

54 Overall, we confirm as final our draft recommendations for Cherwell. None of these divisions are more than 10% from the average for the county in 2016, although due to ongoing development, three of these divisions currently provide for poor electoral equality.

55 Table C1 (on pages 37–43) provides details of the electoral variances for our proposed divisions across Cherwell District.

## Oxford City

56 Oxford City lies in the centre of the county, and contains four parishes. It is currently divided into eight electoral divisions returning 16 councillors. Under our final recommendations Oxford City would have 14 councillors.

57 The draft recommendations for Oxford City were based on identical schemes

from the County Council, Oxford City Council, and the Labour Party. A different division pattern was put forward at Stage One by the Liberal Democrat Group on Oxford City Council.

58 During Stage Three, we received submissions from Oxford City Council, the Liberal Democrat Group on Oxford City Council, one councillor and 11 local residents.

59 During Stage Three, Oxford City Council provided detailed mapping which had not been provided earlier in the review. This highlighted five small inconsistencies in the mapping of our draft recommendations where they were not coterminous with the polling districts, which had formed the basis of the submissions at Stage One. These polling district boundaries were used by all the groups making identical proposals in this area, and to take account of the boundaries intended at Stage One, we have modified our draft recommendations accordingly. Two of the changes are in the east and north of Oxford City, one in the east of Oxford City, and two in the south. This does not affect the electoral variances. The recommended boundaries are shown on Maps 5 and 6.

60 The Liberal Democrat Group re-submitted its Stage One proposal for Oxford City but without providing any new evidence. Nine identical letters from local residents argued that this proposal better met our statutory criteria but did not provide any rationale. We do not consider that the Liberal Democrat's scheme improves on the draft recommendations, which provided for very good electoral equality across Oxford City and used strong and easily identifiable boundaries.

61 In the north and west of Oxford City the draft recommendations provided for a single-member Wolvercote & Summertown division with a variance of 1% more electors; a single-member Jericho & Osney division with a variance of 1% more electors; a single-member St Margaret's division with a variance of 1% more electors; and a single-member University Parks division with a variance of 4% more electors than the county average by 2016.

62 At Stage Three Councillor Fooks (Summertown & Wolvercote ED) argued that a minor change should be made in the north of Oxford, between St Margaret's division and Wolvercote & Summertown division, in order to keep the Cutteslowe estate in one division. A local resident strongly supported this suggestion, arguing that the estate is a community and should not be divided. Under the draft recommendations, both divisions have a variance of 1% more electors than the average. We consider that the evidence provided on community interests justifies a change in this area and have modified our draft recommendations accordingly. Altering the boundaries as suggested by Councillor Fooks would result in St Margaret's division having a variance of 3% fewer and Wolvercote & Summertown division having a variance of 4% more electors in 2016.

63 One local resident supported the draft recommendations in the Osney area and Botley Road. The Liberal Democrat Group's submission focused on this area, pointing out that the area of Botley Road has little in common with the colleges to the north west of the station and is separated from them by the river and the railway. However, we note that this same river and railway separates Botley Road from the

rest of Oxford City, and that the Liberal Democrat Group's submission combines Botley Road with areas further south with which it has no road links at all. In our draft recommendation there is access provided between the two sections by Botley Road crossing the river, and the station and its access roads provides good access across the railway line. We consider that there is insufficient evidence for a change to the draft recommendations. Furthermore, the Liberal Democrat Group's proposals worsen electoral equality overall and would result in weaker boundaries.

64 Two inconsistencies were highlighted by Oxford City Council as a result of more detailed mapping being provided in this area. One inconsistency related to Jericho & Osney division and University Parks division, where the boundary was intended to run slightly to the east, behind St John's College. The second was between St Margaret's division and University Parks division, where the boundary was intended to run slightly the south, behind the houses on St Bernard's Road. We have modified our draft recommendations accordingly.

65 In the north and west of Oxford City we are therefore proposing minor alterations to our draft recommendations in order to accurately represent the boundaries proposed at Stage One and retain the Cutteslowe estate in one division.

66 In the east of Oxford City, the draft recommendations provided for a single-member Barton, Sandhills & Risinghurst division with a variance of less than 1% more electors; a single-member Headington & Quarry division with a variance of 1% more electors; a single-member Marston & Northway division with a variance of 2% fewer electors; and a single-member Churchill & Lye Valley division with a variance of 3% more electors than the county average by 2016.

67 During Stage Three, we did not receive any submissions which specifically referred to the east of Oxford City. The Liberal Democrat Group re-submitted its Stage One proposals for the whole of Oxford City, but did not provide any additional information or evidence addressing our draft recommendations in this area. An inconsistency in the boundary between Headington & Quarry division and Marston & Northway division was highlighted by Oxford City Council, and we have modified the boundary to run slightly to the east, around the end of John Garne Way.

68 In the east of Oxford City we are therefore proposing a minor alteration to our draft recommendations in order to accurately represent the boundaries proposed at Stage One.

69 In the south of Oxford City, our draft recommendations were based on the proposals from the Labour Party and Oxford City Council. We recommended a single-member Isis division with a variance of 1% more electors; a single-member St Clement's & Cowley Marsh division with a variance of 4% fewer electors; a single-member Iffley Fields & St Mary's division with a variance of 3% fewer electors; a single-member Rose Hill & Littlemore division with a variance of 2% fewer electors; a single-member Cowley division with a variance of 1% fewer electors; a single-member Leys division with a variance of 2% more electors than the county average by 2016.

70 During Stage Three, we did not receive any submissions specifically relating to

the south of Oxford City. In this area, as in the rest of Oxford City, the Liberal Democrat Group re-submitted its Stage One proposals. In particular, it mentioned poor internal links in Isis division, particularly in Iffley Fields where the division crosses the River Thames. While we recognise that this division crosses the river in two different places, amendments in this area would have substantial knock-on effects, and we do not consider that there is sufficient evidence to warrant changing our draft recommendations.

71 Two inconsistencies were highlighted by Oxford City Council as a result of more detailed mapping being provided in this area. One inconsistency was between Churchill & Lye Valley division and Cowley division, where Oxford City Council informed us that the boundary was intended to run north to the end of Wilkins Road. The second was between Cowley division and Rose Hill & Littlemore division, where the boundary was intended to run along Rose Hill. We have modified our draft recommendations accordingly.

72 In the south of Oxford City we are therefore making minor alterations to our draft recommendations in order to accurately represent the boundaries proposed at Stage One.

73 Overall, we recommend a small amendment to St Margaret's and Wolvercote & Summertown divisions, and confirm our draft recommendations as final in all other divisions, with the exception of minor amendments to the mapping. We consider that these proposals offer the best available balance between electoral equality and the other statutory criteria. None of these divisions are more than 10% from the average for the county in 2016.

74 Table C1 (on pages 37–43) provides details of the electoral variances for our proposed divisions across Oxford City.

## South Oxfordshire District

75 South Oxfordshire District lies in the south east of the county and contains the towns of Thame, Wallingford, Didcot and Henley-on-Thames. It is currently divided into 14 electoral divisions and returns 16 councillors. Under our final recommendations South Oxfordshire District would have 12 divisions.

76 The draft recommendations for South Oxfordshire were based on the County Council's scheme and included a two-member division comprising Thame and the surrounding villages.

77 At Stage Three, submissions were received regarding the areas of Benson, Didcot, Wallingford and Thame, as well as a small number from other areas. Submissions were received from the Didcot Labour Party, 15 parish and town councils and two local residents.

78 In the centre and north of the district, our draft recommendations provided for a single-member Chalgrove & Watlington division with a variance of 7% more; a single-member Berinsfield & Garsington division with a variance of 1% more; a single-member Wheatley division with a variance of 5% fewer; and a two-member Thame &



Chinnor division, coterminous with the district wards, with a variance of 1% fewer electors than the average for the county by 2016.

79 At Stage Three Nuneham Courtenay Parish Council and Baldons Parish Council both supported our draft recommendations, citing close community links between themselves and other parishes. Garsington Parish Council opposed the draft recommendations, arguing that it severed links it had with other parishes, but did not elaborate further. Great Haseley Parish Council stated that the Chalgrove division was too large, while Chalgrove Parish Council and a local resident opposed the electoral review as being unnecessary, stating that the villages would be getting bigger. Kidmore End Parish Council and Mapledurham Parish Council both supported the draft recommendations. Henley-on-Thames Town Council stated that it did not agree with the change in council size. We do not consider that there is sufficient evidence to move away from the draft recommendations in these areas.

80 Thame Town Council supported the draft recommendation for a two-member division covering Thame and the surrounding villages. The Labour Party proposed two single-member divisions, placing an estate in the western part of Thame with the parishes to the east of the town. This pattern provided an electoral variance of 1% more electors for the town of Thame and 4% fewer electors for the rural parishes. However, we do not consider that the Labour Party's proposal provides for good community connections due to the poor road links between the rural parishes and the western edge of Thame. We also note that Thame Town Council supported our draft recommendations.

81 In the centre and north of South Oxfordshire we confirm our draft recommendations as final without modification.

82 In the south and east of the district, our draft recommendations were for a single-member Wallingford division with a variance of 4% fewer electors; a single-member Benson division with a variance of 2% more; a single-member Henley-on-Thames division with a variance of 8% more electors; a single-member Goring division with a variance of 3% more electors; and a single-member Sonning Common division with a variance of 7% fewer electors than the county average by 2016.

83 At Stage Three Benson Parish Council and Cholsey Parish Council argued that the Benson division should not traverse the river, and that the two communities have little in common. A local resident argued that the parish boundaries should be reconsidered, while another local resident argued that RAF Benson should not be divided between two divisions. Cholsey Parish Council also argued that since Cholsey is similar in size to Benson the division should be called Benson & Cholsey.

84 While we accept that Benson and Cholsey are distinct communities, there is a good road connection between them. We also note that the geography of the area and the location of the town of Wallingford provide limited options when considering division patterns, as any changes would have considerable knock-on effects on the neighbouring divisions. None of the submissions received during Stage Three proposed alternatives to placing Benson and Cholsey together, and no other patterns were received at Stage One. We have looked at different division patterns in this area but do not consider that there is sufficient evidence to warrant changes that

would impact across such a large area of the district. We therefore propose that Benson division is renamed Benson & Cholsey to reflect both communities.

85 At Stage Three Wallingford Town Council requested that Winterbrook – a small area to the south of Wallingford but which is contained within Cholsey parish – be included in the Wallingford division as it is an integral and continuous part of Wallingford with open land between Winterbrook and the rest of Cholsey parish. This would require the parish of Cholsey to be warded. Cholsey Parish Council did not make any comments regarding Winterbrook. Wallingford Town Council had made a similar submission at Stage One and, in our draft recommendations, we stated that we would need additional information to be persuaded that Winterbrook should be included with Wallingford.

86 Having received further evidence and rationale from Wallingford, we consider that the area of Winterbrook does appear to be part of Wallingford and contains better links to Wallingford town centre than to the village of Cholsey. There are 166 electors in the area, which would alter Wallingford division to 2% fewer from 4% fewer electors, and Benson division to 0% from 2% more electors than the county average by 2016. We are therefore making this amendment to the draft recommendations.

87 In the south and east of South Oxfordshire we confirm our draft recommendations as final with a modification to the Benson & Cholsey division and the Wallingford division in order to include Winterbrook with Wallingford.

88 In the east of the district, the draft recommendations were for a single-member Didcot East & Hagbourne division with a variance of 2% fewer electors; a single-member Didcot Ladygrove division with a variance of 12% fewer electors; and a single-member Didcot West division with a variance of 5% more electors than the county average by 2016.

89 The Didcot Branch Labour Party, Wantage Labour Party and Didcot Town Council all raised concerns regarding the electoral forecast in Didcot. They queried the proposed increase in electors all being allocated to Didcot parish instead of Long Wittenham parish. As mentioned in paragraph 17, we contacted the County Council, and received confirmation that the parts of the development in Long Wittenham are not expected to be completed by 2016. The County Council clarified current and forecast electoral figures throughout Didcot and the surrounding parishes.

90 Overall, we recommend a small amendment to Wallingford and Benson divisions, renaming Benson division as Benson & Cholsey, and have decided to confirm the draft recommendations as final in all other divisions. We consider that these proposals offer the best available balance between electoral equality and the other statutory criteria. Although one division, Didcot Ladygrove, is more than 10% from the average for the county in 2016, we consider that this facilitates a good pattern in the rest of the district and uses strong boundaries.

91 Table C1 (on pages 37–43) provides details of the electoral variances for our proposed divisions across South Oxfordshire District.

## Vale of White Horse District

92 Vale of White Horse District lies in the south west of the county. The largest town is Abingdon, and the district also contains the large villages of Radley, Wantage, Sutton Courtenay and North Hinksey. It is currently divided into 12 electoral divisions, returning 14 councillors. Under our final recommendations Vale of White Horse District would have 11 divisions.

93 The draft recommendations for Vale of White Horse included a two-member division covering Wantage and Grove and were based on a combination of the County Council's proposals and suggestions from parish councils.

94 During Stage Three, submissions were received regarding the areas of Cumnor, Wantage and the Sutton Courtenay, Hendreds and Harwell area to the south of Abingdon. Submissions were received from Wantage Constituency Labour Party, Wantage and Grove Branch Labour Party, 10 parish and town councils, three councillors and 40 local residents.

95 In the north of the district, our draft recommendations were for a single-member Kennington & Radley division with a variance of 6% more electors; a single-member Kingston & Cumnor division with a variance of 8% more electors; and a single-member North Hinksey division with a variance of 5% more electors than the county average by 2016.

96 The submissions received during this stage of consultation primarily focused on the village of Cumnor. Our draft recommendations included Cumnor village in a Kingston & Cumnor division with other rural villages, while Dean Court and Cumnor Hill were included in a North Hinksey division with other urban areas.

97 Cumnor Parish Council opposed our draft recommendations and argued for a two-member division on the grounds that it would avoid the parish being divided. This proposal was supported by 35 local residents. However, it is unclear to us whether a number of the residents primarily objected to Cumnor being divided between two electoral divisions or the consequential change to the current parish wards.

98 North Hinksey Parish Council and Kingston Bagpuize with Southmoor Parish Council supported the draft recommendations, stating that a two-member division would combine areas with no community identity. Appleton with Eaton Parish Council expressed views both in favour of and against Cumnor's proposal. It sympathised with Cumnor Parish Council, but ultimately supported the draft recommendations. Councillor Godden (North Hinksey & Wytham ED) and District Councillor Hoddinott (Appleton & Cumnor ward) supported the draft recommendations, arguing that a two-member division would be too large. Councillor Godden suggested that any consequential warding arrangements for parishes should create a new parish ward for Cumnor Hill, rather than including the area with the existing parish ward of Dean Court.

99 We considered this area carefully at both draft and final recommendations. We note that Cumnor parish is divided under the existing divisions, with Cumnor Hill part of a division with Cumnor village, and Dean Court part of a North Hinksey division.

Using this existing boundary would result in a variance of 21% more electors than the county average by 2016 in Kingston & Cumnor division. We do not consider that such a high variance is justified.

100 We do not consider that the arguments have been made for a two-member division in this area, especially as this division would include a number of very different communities with diverse needs and poor links covering a large area. However, we recognise that many of the submissions opposed the recommended alterations to parish warding arrangements in Cumnor. These changes were as a direct consequence of our draft recommendation for Cumnor parish to be divided between two divisions. Having considered parish warding in Cumnor, we have decided that the draft recommendations should be modified in order to create a Cumnor Hill parish ward. This will not affect our recommendations for electoral divisions in this area. Parish arrangements are outlined further in paragraphs 131–144.

101 No submissions were received regarding the division of Kennington & Radley. Accordingly, in the north of Vale of White Horse we confirm our draft recommendations for as final.

102 In the south and west of the district, the draft recommendations were for a single-member Faringdon division with a variance of 5% fewer electors; a single-member Shrivenham division with a variance of 9% fewer electors; and a two-member Grove & Wantage division with a variance of 5% more electors than the county average by 2016.

103 At Stage Three, Councillor Hannaby (Wantage & Grove ED) supported the draft recommendation for a two-member division covering both villages. Grove Parish Council requested that it retain its single-member division initially until the predicted development of Grove was completed and then change to a two-member division. The Wantage Constituency Labour Party and the Wantage and Grove Branch Labour Party suggested two-single-member divisions, arguing that the two villages, while geographically close, are distinct communities with different identities. This pattern would require part of Wantage to be placed in the Grove division, and would provide for variances of 6% more in Wantage and 5% more electors in Grove. Without part of Wantage included in Grove, the Wantage division would have a variance of 24% more electors than the average by 2016.

104 We have considered the suggestion for two single-member divisions, noting in particular that part of the rationale rests on the two villages having distinct communities. However, in order to obtain good electoral equality, a section of Wantage would have to be placed in a division with Grove. We do not consider that the Labour Party has provided sufficient evidence for two single-member divisions in this area.

105 No submissions were received regarding the divisions of Faringdon and Shrivenham. In the south and west of Vale of White Horse we confirm our draft recommendations as final without modification.

106 In Abingdon and the south east of the district the draft recommendations

provided for a single-member Abingdon East division with a variance of 2% fewer electors; a single-member Abingdon North division with a variance of 7% more electors; a single-member Abingdon South division a variance of 6% more, a single-member Hendreds & Harwell division with a variance of 1% more electors; and a single-member Sutton Courtenay & Marcham division with a variance of 8% fewer electors than the county average by 2016.

107 Blewbury Parish Council and East Hendred Parish Council supported the draft recommendations for a Hendreds & Harwell division with 1% more electors and a Sutton Courtenay & Marcham division with 8% fewer electors than the county average. Blewbury Parish Council requested that the division should be renamed Blewbury & Harwell. Marcham Parish Council stated that it did not wish to comment on the draft recommendations for this area.

108 Drayton Parish Council requested that Steventon be included in the Sutton Courtenay & Marcham division instead of Marcham, and cited links between Sutton Courtenay, Milton, Appleford and Steventon. We have looked at a number of options in this area but have concluded that the location of Wantage to the west and the district boundary to the south means that without the inclusion of Steventon, the Harwells & Hendreds division would have a variance of 15% fewer electors than the county average by 2016. Steventon Parish Council did not make a submission on the draft recommendations. In the circumstances, we do not consider that there is sufficient evidence to move away from the draft recommendations in these areas.

109 During the consultation period, the County Council alerted us to an inconsistency between the divisions of Kennington & Radley, Kingston & Cumnor, and Sutton Courtenay & Marcham, which relates to a parish ward of St Helen Without parish. In our draft recommendations, we adopted the proposals of the County Council in this area. However, our draft recommendations included St Helen Without in the Kennington & Radley division. During Stage Three the County Council clarified that this was not part of its original proposals.

110 At Stage Three St Helen Without Parish Council requested that the parish be contained in one division. Having looked at the area in detail, we have concluded that the whole parish should be included in the Sutton Courtenay & Marcham division. This would improve the electoral equality of Kingston & Cumnor from 8% more electors to 2% more electors, and of Sutton Courtenay & Marcham from 8% fewer electors to 3% fewer electors. If this part of St Helen Without parish remains in Kennington & Radley division, it would result in 12% more electors by 2016. We therefore recommend this amendment to retain St Helen Without in one division.

111 No submissions were received regarding the Abingdon area. Accordingly, in the south east of the Vale of White Horse, subject to an amendment to the Sutton Courtenay & Marcham division, we confirm our draft recommendations as final.

112 Overall, we confirm as final our draft recommendations for Vale of White Horse District, with an amendment to Kingston & Cumnor division and Sutton Courtenay & Marcham division with regard to St Helen Without parish, and confirm as final our draft recommendations in all other divisions. We consider that these proposals offer the best available balance between electoral equality and the other statutory criteria.

None of these divisions are more than 10% from the average for the county in 2016.

113 Table C1 (on pages 37–43) provides details of the electoral variances for our proposed divisions across Vale of White Horse District.

## West Oxfordshire District

114 West Oxfordshire lies in the west of the county. It comprises the towns of Carterton and Witney, as well as large villages and smaller hamlets. It is currently divided into 11 electoral divisions returning 12 councillors. Under our final recommendations West Oxfordshire District would have 10 divisions.

115 The draft recommendations in West Oxfordshire were broadly based on the pattern proposed by the County Council and West Oxfordshire District Council, with amendments in Carterton and Witney.

116 During Stage Three, submissions were received from West Oxfordshire District Council and two parish and town councils regarding the areas of Carterton, Witney, and Woodstock.

117 In the northern part of the district, our draft recommendations were for a single-member Charlbury & Wychwood division with a variance of 2% more electors; a single-member Chipping Norton division with a variance of 2% fewer electors; a single-member Hanborough & Minster Lovell division with a variance of 2% fewer electors; and a single-member Woodstock division with a variance of 1% fewer electors than the county average by 2016.

118 Little Tew Parish Meeting, in the north of the district, argued that it would be better served by being included in a division with the rural parishes surrounding Woodstock, citing links with Middle Barton school and Over and Nether Worton churches. However, the Wortons are located in a different district ward to the east, and to combine them with Little Tew would require considerable alterations to the draft recommendations. We do not consider that there is sufficient evidence to warrant moving away from our draft recommendations in this area.

119 No other submissions were received for the north of West Oxfordshire, and so we confirm as final our draft recommendations.

120 In Witney and the southern section of West Oxfordshire, the draft recommendations were for a single-member Witney North & East division with a variance of 13% more electors; a single-member Witney South & Central division with a variance of 9% more electors; a single-member Witney West & Bampton division with a variance of 8% more electors; and a single-member Eynsham division with a variance of 2% fewer electors than the county average by 2016.

121 In Witney, West Oxfordshire District Council opposed the creation of a new parish ward, arguing for the electoral divisions to be completely coterminous with district wards. Witney Town Council supported our proposed new parish ward, but opposed joining part of the urban area of Witney with rural parishes. Witney Town Council did not elaborate on its opposition to the proposed division, nor did it suggest

an alternative. Witney is too large to be contained within a two-member division and too small to be contained within a three-member division. This means that, under any scenario, part of the town must be linked in a division with more rural parishes. In the circumstances, we do not consider that there is sufficient evidence to recommend alterations in this area.

122 No other submissions were received for the south of West Oxfordshire. We therefore confirm our draft recommendations as final.

123 In the west of the district and the Carterton area, our draft recommendations were for a single-member Carterton South & East division with a variance of 8% fewer electors and a single-member Burford & Carterton division with a variance of 1% more electors than the county average by 2016.

124 In Carterton and the surrounding area, our draft recommendations provided for a division containing the north west area of Carterton district ward and a division containing the remainder of Carterton. At Stage One, different patterns had been provided by the County Council and West Oxfordshire District Council, with neither submission providing supporting evidence. Our draft recommendations were therefore based on the slightly stronger road links to the rural parishes from the north west section of Carterton than from any other part of the urban area. The draft recommendations provided for good electoral equality, with the Carterton South & East division having a variance of 8% fewer and the Burford & Carterton division a variance of 1% more electors than the county average by 2016.

125 At Stage Three, West Oxfordshire District Council reiterated its Stage One submission for the south and north west sections of Carterton to be included with rural parishes to the south west, and the north east part of Carterton to be combined with Burford and other rural parishes to the north. This pattern would provide for slightly better electoral equality, with a Burford & Carterton North division of 2% fewer electors and a Carterton South & West division of 5% fewer electors than the county average by 2016. The District Council based their proposal on the fact that the Burford & Carterton North division is the existing division and that this division pattern would therefore retain community identity. The District Council also pointed out that its proposal provided good road links from the northern rural parishes into the north east of Carterton, and better transport links from the rural parishes to the south into the west of Carterton.

126 We have carefully considered the District Council's proposal, especially in light of the low level of community identity evidence received in relation to this area during both stages of consultation. The District Council's proposal would provide for slightly better electoral equality, and would retain an existing division with existing community links. We have therefore decided to adopt the District Council's proposals for a Burford & Carterton North division of 2% fewer and a Carterton South & West division of 5% fewer electors than the county average by 2016.

127 Overall, we recommend an amendment to the Carterton area, adopting the District Council's proposals for Carterton, and confirm our draft recommendations as final in all other divisions. We consider that these proposals offer the best available balance between electoral equality and the other statutory criteria. Although one

division, Witney North & East, is more than 10% from the average for the county in 2016, we consider that this facilitates a good pattern in the rest of the district and uses strong boundaries.

128 Table C1 (on pages 37–43) provides details of the electoral variances for our proposed divisions across West Oxfordshire District.

## Conclusions

129 Details of our final recommendations are set out in Table C1 on pages 37–43, and illustrated on the large maps we have produced. The outline map which accompanies this report shows our final recommendations for the whole authority. It also shows a number of boxes for which we have produced more detailed maps. These maps are also available to be viewed on our website.

130 Table 1 shows the impact of our final recommendations on electoral equality, based on 2011 and 2016 electorate figures.

**Table 1: Summary of electoral arrangements**

	Final recommendations	
	2011	2016
Number of councillors	63	63
Number of electoral divisions	61	61
Average number of electors per councillor	7,828	8,329
Number of divisions with a variance more than 10% from the average	17	2
Number of divisions with a variance more than 20% from the average	3	0

**Final recommendation**

Oxfordshire County Council should comprise 63 councillors serving 61 divisions, as detailed and named in Table C1 and illustrated on the large maps accompanying this report.

## Parish electoral arrangements

131 As part of an electoral review, we are required to have regard to the statutory criteria set out in Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act). The Schedule provides that if a parish is to be divided between different divisions or wards it must also be divided into parish wards, so that each parish ward lies wholly within a single division or ward. We cannot recommend changes to the external boundaries of parishes as part of an electoral review.



132 Under the 2009 Act we only have the power to make such changes as a direct consequence of our recommendations for principal authority division arrangements. However, Oxfordshire County Council has powers under the Local Government and Public Involvement in Health Act 2007 to conduct community governance reviews to effect changes to parish electoral arrangements.

133 To meet our obligations under the 2009 Act, we propose consequential parish warding arrangements for the parishes of Abingdon, Banbury, Bicester, Bodicote, Chesterton, Cholsey, Cumnor, Didcot, Kidlington, Risinghurst & Sandhurst and Witney.

134 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Abingdon parish to reflect our proposed division arrangements in this area.

**Final recommendation**  
Abingdon Town Council should comprise 21 councillors, as at present, representing eight wards: Abbey & Barton (returning three members), Caldecott (returning three members), Dunmore (returning three members), Fitzharris (returning two members), Northcourt (returning three members), Ock Meadow (returning three members), Peachcroft (returning three members) and Wildmoor (returning one member). The proposed parish ward boundaries are illustrated and named on Map 7a.

135 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Banbury parish to reflect our proposed division arrangements in this area.

**Final recommendation**  
Banbury Town Council should comprise 22 councillors, as at present, representing 11 wards: Banbury Calthorpe (two parish councillors), Banbury Court (one parish councillor), Banbury Cross (one parish councillor), Banbury Easington North (two parish councillors), Banbury Easington South (two parish councillors), Banbury Grimsbury & Castle (three parish councillors), Banbury Hardwick (four parish councillors), Banbury Neithrop North (two parish councillors), Banbury Neithrop South (one parish councillor), Banbury Ruscote (three parish councillors) and Banbury St John (one parish councillor). The proposed parish ward boundaries are illustrated and named on Map 2.

136 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Bicester parish to reflect our proposed division arrangements in this area.

**Final recommendation**  
Bicester Town Council should comprise 15 councillors, as at present, representing seven wards: Bicester East (three parish councillors), Bicester Central (one parish councillor), Bicester North (three parish councillors), Bicester South East (three

parish councillors), Bicester South West (one parish councillor), Bicester Town (two parish councillors) and Bicester West (two parish councillors). The proposed parish ward boundaries are illustrated and named on Map 3a.

137 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Bodicote parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Bodicote Parish Council should comprise 10 councillors representing two wards: Bodicote Village (returning eight members) and Bodicote Bankside (returning two members). The proposed parish ward boundaries are illustrated and named on Map 2.

138 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Chesterton parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Chesterton Parish Council should comprise six councillors representing two wards: Chesterton Village (returning four members) and Chesterton North (returning two members). The proposed parish ward boundaries are illustrated and named on Map 3a.

139 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Cholsey parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Cholsey Parish Council should comprise 13 councillors representing two wards: Cholsey (returning 11 members) and Winterbrook (returning two members). The proposed parish ward boundaries are illustrated and named on Map 3c.

140 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Cumnor parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Cumnor Parish Council should comprise 15 councillors representing four wards: Cumnor Hill (four parish councillors), Dean Court (four parish councillors), Farmoor (three parish councillors) and Cumnor Village (four parish councillors). The proposed parish ward boundaries are illustrated and named on Map 4b.

141 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised

electoral arrangements for Didcot parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Didcot Town Council should comprise 21 councillors, as at present, representing five wards: All Saints (five parish councillors), Ladygrove (six parish councillors), Northbourne (four parish councillors), Park (four parish councillors) and Willowcroft (two parish councillors). The proposed parish ward boundaries are illustrated and named on Map 7b.

142 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Kidlington parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Kidlington Parish Council should comprise 15 councillors, as at present, representing five wards: Kidlington Dogwood (three parish councillors), Kidlington Exeter (three parish councillors), Kidlington Orchard (three parish councillors), Kidlington Roundham (three parish councillors) and Kidlington St Mary's (three parish councillors). The proposed parish ward boundaries are illustrated and named on Map 3b.

143 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Risinghurst & Sandhills parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Risinghurst & Sandhills Parish Council should comprise 20 councillors, as at present, representing four wards: Risinghurst North (10 parish councillors), Risinghurst South (two parish councillors), Sandhills (five parish councillors) and Wood Farm (three parish councillors). The proposed parish ward boundaries are illustrated and named on Map 6.

144 As a result of our proposed electoral division boundaries and having regard to the statutory criteria set out in Schedule 2 to the 2009 Act, we are proposing revised electoral arrangements for Witney parish to reflect our proposed division arrangements in this area.

**Final recommendation**

Witney Town Council should comprise 17 councillors representing six wards: Witney Burwell (one parish councillor), Witney Central (three parish councillors), Witney East (four parish councillors), Witney North (three parish councillors), Witney South (three parish councillors) and Witney West (three parish councillors). The proposed parish ward boundaries are illustrated and named on Map 4a.



### 3 What happens next?

145 We have now completed our review of electoral arrangements for Oxfordshire County Council. A draft Order – the legal document which brings into force our recommendations – will be laid in Parliament. The draft Order will provide for new electoral arrangements which will come into force at the next elections for Oxfordshire County Council in 2013.

#### Equalities

146 This report has been screened for impact on equalities, with due regard being given to the general equalities duties as set out in section 149 of the Equality Act 2010. As no potential negative impacts were identified, a full equality impact analysis is not required.



## 4 Mapping

### Final recommendations for Oxfordshire

147 The following maps illustrate our proposed division boundaries for Oxfordshire County Council:

- **Sheet 1, Map 1** illustrates in outline form the proposed division boundaries for Oxfordshire.
- **Sheet 2, Map 2** illustrates the proposed divisions in Banbury.
- **Sheet 3, Map 3a** illustrates the proposed divisions in Bicester.
- **Sheet 3, Map 3b** illustrates the proposed divisions in Kidlington.
- **Sheet 3, Map 3c** illustrates the proposed divisions in Cholsey.
- **Sheet 4, Map 4a** illustrates the proposed divisions in Witney.
- **Sheet 4, Map 4b** illustrates the proposed divisions in Cumnor and North Hinksey.
- **Sheet 5, Map 5** illustrates the proposed divisions in the west of Oxford.
- **Sheet 6, Map 6** illustrates the proposed divisions in the east of Oxford.
- **Sheet 7, Map 7a** illustrates the proposed divisions in Abingdon.
- **Sheet 7, Map 7b** illustrates the proposed divisions in Didcot.





# Appendix A

## Glossary and abbreviations

AONB (Area of Outstanding Natural Beauty)	A landscape whose distinctive character and natural beauty are so outstanding that it is in the nation's interest to safeguard it
Constituent areas	The geographical areas that make up any one ward, expressed in parishes or existing wards, or parts of either
Council size	The number of councillors elected to serve on a council
Electoral Change Order (or Order)	A legal document which implements changes to the electoral arrangements of a local authority
Division	A specific area of a county, defined for electoral, administrative and representational purposes. Eligible electors can vote in whichever division they are registered for the candidate or candidates they wish to represent them on the county council
Electoral fairness	When one elector's vote is worth the same as another's
Electoral imbalance	Where there is a difference between the number of electors represented by a councillor and the average for the local authority
Electorate	People in the authority who are registered to vote in elections. For the purposes of this report, we refer specifically to the electorate for local government elections
Local Government Boundary Commission for England or LGBCE	The Local Government Boundary Commission for England is responsible for undertaking electoral reviews. The Local Government

	Boundary Commission for England assumed the functions of the Boundary Commission for England in April 2010
Multi-member ward or division	A ward or division represented by more than one councillor and usually not more than three councillors
National Park	The 13 National Parks in England and Wales were designated under the National Parks and Access to the Countryside Act of 1949 and can be found at <a href="http://www.nationalparks.gov.uk">www.nationalparks.gov.uk</a>
Number of electors per councillor	The total number of electors in a local authority divided by the number of councillors
Over-represented	Where there are fewer electors per councillor in a ward or division than the average
Parish	A specific and defined area of land within a single local authority enclosed within a parish boundary. There are over 10,000 parishes in England, which provide the first tier of representation to their local residents
Parish Council	A body elected by electors in the parish which serves and represents the area defined by the parish boundaries. See also 'Town Council'
Parish (or Town) Council electoral arrangements	The total number of councillors on any one parish or town council; the number, names and boundaries of parish wards; and the number of councillors for each ward
Parish ward	A particular area of a parish, defined for electoral, administrative and representational purposes. Eligible electors vote in whichever parish ward they live for candidate or candidates they wish to represent them on the

	parish council
PER (or periodic electoral review)	A review of the electoral arrangements of all local authorities in England, undertaken periodically. The last programme of PERs was undertaken between 1996 and 2004 by the Boundary Commission for England and its predecessor, the now-defunct Local Government Commission for England
Political management arrangements	The Local Government and Public Involvement in Health Act 2007 enabled local authorities in England to modernise their decision making process. Councils could choose from two broad categories; a directly elected mayor and cabinet or a cabinet with a leader
Town Council	A parish council which has been given ceremonial 'town' status. More information on achieving such status can be found at <a href="http://www.nalc.gov.uk">www.nalc.gov.uk</a>
Under-represented	Where there are more electors per councillor in a ward or division than the average
Variance (or electoral variance)	How far the number of electors per councillor in a ward or division varies in percentage terms from the average
Ward	A specific area of a district or borough, defined for electoral, administrative and representational purposes. Eligible electors can vote in whichever ward they are registered for the candidate or candidates they wish to represent them on the district or borough council



## Appendix B

### Code of practice on written consultation

The Cabinet Office's *Code of Practice on Consultation* (2008) (<http://www.bis.gov.uk/files/file47158.pdf>) requires all government departments and agencies to adhere to certain criteria, set out below, on the conduct of public consultations. Public bodies, such as the Local Government Boundary Commission for England, are encouraged to follow the Code.

The Code of Practice applies to consultation documents published after 1 November 2008, which should reproduce the criteria, give explanations of any departures, and confirm that the criteria have otherwise been followed.

**Table B1: The Local Government Boundary Commission for England's compliance with Code criteria**

<b>Criteria</b>	<b>Compliance/departure</b>
Timing of consultation should be built into the planning process for a policy (including legislation) or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left for it at each stage.	We comply with this requirement.
It should be clear who is being consulted, about what questions, in what timescale and for what purpose.	We comply with this requirement.
A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain.	We comply with this requirement.
Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others), and effectively drawn to the attention of all interested groups and individuals.	We comply with this requirement.
Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for a consultation.	We consult at the start of the review and on our draft recommendations.
Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and reasons for decisions finally taken.	We comply with this requirement.
Departments should monitor and evaluate consultations, designating a consultation coordinator who will ensure the lessons are disseminated.	We comply with this requirement.



## Appendix C

**Table C1: Final recommendations for Oxfordshire County Council**

Division name	Number of councillors	Electorate (2011)	Number of electors per councillor	Variance from average %	Electorate (2016)	Number of electors per councillor	Variance from average %	
<b>Divisions in Cherwell District</b>								
1	Banbury Calthorpe	1	5,617	5,617	-28%	8,058	8,058	-3%
2	Banbury Grimsbury & Castle	1	7,420	7,420	-5%	7,563	7,563	-9%
3	Banbury Hardwick	1	8,594	8,594	10%	8,824	8,824	6%
4	Banbury Ruscote	1	7,779	7,779	-1%	8,716	8,716	5%
5	Bicester North	1	7,025	7,025	-10%	7,674	7,674	-8%
6	Bicester Town	1	6,916	6,916	-12%	7,851	7,851	-6%
7	Bicester West	1	5,709	5,709	-27%	8,508	8,508	2%
8	Bloxham & Easington	1	7,444	7,444	-5%	7,805	7,805	-6%
9	Deddington	1	8,642	8,642	10%	8,104	8,104	-3%

**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

	<b>Division name</b>	<b>Number of councillors</b>	<b>Electorate (2011)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>	<b>Electorate (2016)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>
10	Kidlington South	1	7,536	7,536	-4%	7,634	7,634	-8%
11	Kirtlington & Kidlington North	1	9,013	9,013	15%	8,636	8,636	4%
12	Otmoor	1	7,950	7,950	2%	8,102	8,102	-3%
13	Ploughley	1	6,327	6,327	-19%	7,715	7,715	-7%
14	Wroxton & Hook Norton	1	8,619	8,619	10%	8,491	8,491	2%
<b>Divisions in Oxford City</b>								
15	Barton, Sandhills & Risinghurst	1	6,918	6,918	-12%	8,356	8,356	0%
16	Churchill & Lye Valley	1	8,800	8,800	12%	8,570	8,570	3%
17	Cowley	1	8,426	8,426	8%	8,218	8,218	-1%
18	Headington & Quarry	1	8,163	8,163	4%	8,371	8,371	1%
19	Iffley Fields & St Mary's	1	7,852	7,852	0%	8,069	8,069	-3%



**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

	<b>Division name</b>	<b>Number of councillors</b>	<b>Electorate (2011)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>	<b>Electorate (2016)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>
20	Isis	1	8,163	8,163	4%	8,396	8,396	1%
21	Jericho & Osney	1	7,905	7,905	1%	8,449	8,449	1%
22	Leys	1	8,524	8,524	9%	8,493	8,493	2%
23	Marston & Northway	1	8,379	8,379	7%	8,197	8,197	-2%
24	Rose Hill & Littlemore	1	7,436	7,436	-5%	8,144	8,144	-2%
25	St Clement's & Cowley Marsh	1	7,684	7,684	-2%	8,007	8,007	-4%
26	St Margaret's	1	7,768	7,768	-1%	8,098	8,098	-3%
27	University Parks	1	7,660	7,660	-2%	8,632	8,632	4%
28	Wolvercote & Summertown	1	7,883	7,883	1%	8,652	8,652	4%
<b>Divisions in South Oxfordshire District</b>								
29	Benson & Cholsey	1	8,080	8,080	3%	8,358	8,358	0%

**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

	<b>Division name</b>	<b>Number of councillors</b>	<b>Electorate (2011)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>	<b>Electorate (2016)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>
30	Berinsfield & Garsington	1	8,282	8,282	6%	8,394	8,394	1%
31	Chalgrove & Watlington	1	9,142	9,142	17%	8,916	8,916	7%
32	Didcot East & Hagbourne	1	8,119	8,119	4%	8,678	8,678	4%
33	Didcot Ladygrove	1	5,727	5,727	-27%	7,321	7,321	-12%
34	Didcot West	1	6,442	6,442	-18%	8,770	8,770	5%
35	Goring	1	8,838	8,838	13%	8,567	8,567	3%
36	Henley-on-Thames	1	8,972	8,972	15%	8,972	8,972	8%
37	Sonning Common	1	7,926	7,926	1%	7,713	7,713	-7%
38	Thame & Chinnor	2	15,540	7,770	-1%	16,411	8,206	-1%
39	Wallingford	1	7,929	7,929	1%	8,176	8,176	-2%
40	Wheatley	1	7,607	7,607	-3%	7,926	7,926	-5%

**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

Division name	Number of councillors	Electorate (2011)	Number of electors per councillor	Variance from average %	Electorate (2016)	Number of electors per councillor	Variance from average %	
<b>Divisions in Vale of White Horse District</b>								
41	Abingdon East	1	7,931	7,931	1%	8,174	8,174	-2%
42	Abingdon North	1	9,238	9,238	18%	8,892	8,892	7%
43	Abingdon South	1	8,595	8,595	10%	8,849	8,849	6%
44	Faringdon	1	6,515	6,515	-17%	7,888	7,888	-5%
45	Grove & Wantage	2	14,352	7,176	-8%	17,533	8,767	5%
46	Hendreds & Harwell	1	7,151	7,151	-9%	8,373	8,373	1%
47	Kennington & Radley	1	8,707	8,707	11%	8,840	8,840	6%
48	Kingston & Cumnor	1	8,318	8,318	6%	8,525	8,525	2%
49	North Hinksey	1	7,732	7,732	-1%	8,749	8,749	5%
50	Shrivenham	1	7,429	7,429	-5%	7,567	7,567	-9%

**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

	<b>Division name</b>	<b>Number of councillors</b>	<b>Electorate (2011)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>	<b>Electorate (2016)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>
51	Sutton Courtenay & Marcham	1	7,821	7,821	0%	8,073	8,073	-3%

**Divisions in West Oxfordshire District**

52	Burford & Carterton North	1	6,974	6,974	-11%	8,134	8,134	-2%
53	Carterton South & West	1	7,829	7,829	0%	7,950	7,950	-5%
54	Charlbury & Wychwood	1	7,926	7,926	1%	8,458	8,458	2%
55	Chipping Norton	1	8,267	8,267	6%	8,185	8,185	-2%
56	Eynsham	1	7,979	7,979	2%	8,183	8,183	-2%
57	Hanborough & Minster Lovell	1	8,204	8,204	5%	8,186	8,186	-2%
58	Witney North & East	1	9,006	9,006	15%	9,392	9,392	13%

**Table C1 (cont.): Final recommendations for Oxfordshire County Council**

	<b>Division name</b>	<b>Number of councillors</b>	<b>Electorate (2011)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>	<b>Electorate (2016)</b>	<b>Number of electors per councillor</b>	<b>Variance from average %</b>
59	Witney South & Central	1	8,189	8,189	5%	9,055	9,055	9%
60	Witney West & Bampton	1	8,236	8,236	5%	8,991	8,991	8%
61	Woodstock	1	8,006	8,006	2%	8,208	8,208	-1%
	<b>Totals</b>	<b>63</b>	<b>493,161</b>	<b>-</b>	<b>-</b>	<b>524,740</b>	<b>-</b>	<b>-</b>
	<b>Averages</b>	<b>-</b>	<b>-</b>	<b>7,828</b>	<b>-</b>	<b>-</b>	<b>8,329</b>	<b>-</b>

Source: Electorate figures are based on information provided by Oxfordshire County Council.

Note: The 'variance from average' column shows by how far, in percentage terms, the number of electors per councillor in each electoral division varies from the average for the district. The minus symbol (-) denotes a lower than average number of electors. Figures have been rounded to the nearest whole number.

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## Council

### Localism Act 2011 - Update

27 February 2012

### Report of Head of Law and Governance

#### PURPOSE OF REPORT

To enable Council to receive an update on the provisions of the Localism Act 2011 that are 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.

This report is public
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#### Recommendations

Council is recommended to:

- (1) Note the implications of the Localism Act 2011 as previously circulated to Members and reported to Executive.
- (2) Note the provisions of the Act which are already in force.
- (3) Note the provisions of the Act in respect of which Executive has requested further reports from officers at the appropriate time.
- (4) Approve the appended statement of pay policy for 2012/13 as required by the Act.

#### Details

- 1.1 All Members have received a briefing note on the Act's provisions and this has also been reported to Executive at its February meeting.
- 1.2 Most of the Act has yet to come into force and a lot of the provisions are dependent on detailed Regulations which have yet to be produced. However the provisions of the Act relating to the following broad areas are now in force:-
  - Transfer of functions
  - Governance arrangements
  - Pre-determination

- Transitional provisions for standards including cessation of the role of Standards for England by 31 January 2012
- Pay accountability
- Non domestic rates (in part)
- Council Tax referenda for “excessive” increases
- Abolition of home information packs

1.3 At its February meeting Executive resolved that the relevant officers should report to a future meeting on the detailed provisions in the following areas when they are known:-

- the duty to co-operate with other local planning authorities;
- community infrastructure levy;
- neighbourhood planning;
- referenda for excessive council tax increases.

1.4 With reference to the last of these it can be reported that for 2012/13 the Secretary of State has set the excessiveness threshold at a level of increase of 3.5% for major precepting authorities (i.e. the County Council, the District Council and the Police Authority) but has refrained from setting a threshold for Town and Parish Councils when setting their precepts. He has, however, indicated that he will review the outcome of this year’s town and parish precepting process before determining whether to apply a threshold to those councils for 2013/14 and subsequent years.

1.5 As indicated above the pay accountability provisions of the Act are in force and this obliges the Council to approve a statement of pay policy for 2012/13 by 31 March 2012. This is an annual requirement. The Act prescribes the mandatory components of this document and these are contained in the statement of policy contained at Appendix 1. It should be noted that a shared policy statement has been created with South Northamptonshire Council given the fact that the Joint Management Team is on the same terms and conditions. Where there are differences in policy between the two Councils these are highlighted in the statement.

## **Conclusion**

1.6 The Act contains a number of provisions that will have significant implications for the Council although not much of it is yet in force and further regulatory detail is awaited in a number of areas. It is however necessary for the Council to approve a statement of pay policy at this meeting.

## **Key Issues for Consideration/Reasons for Decision and Options**

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

**Option One**            To accept the recommendations.

**Option Two** To amend the statement of pay policy. This is not recommended as the appended version meets the legal requirements imposed by the Act.

## Consultations

None

## Implications

**Financial** There are no immediate financial implications at this stage. Future reports back to the Executive on the indicated areas will identify any that are specific to them.

Comments checked by Karen Curtin Head of Finance and Procurement – 0300 00300106

**Legal** The approval of the statement of pay policy by full Council before 31 March 2012 is a legal requirement.

Comments checked by Kevin Lane Head of Law and Governance – 0300 0030107

**Risk Management** There are no immediate risk management implications at this stage although some aspects of the new Act will need to be factored into the Council's ongoing risk management strategy and reports back to Executive on the indicated areas will identify any risk implications that are specific to them.

Comments checked by Claire Taylor Corporate Performance Manager – 0300 0030113.

## Document Information

Appendix No	Title
1	Statement of pay policy 2012/13
Background Papers	
None	
Report Author	Kevin Lane, Head of Law and Governance
Contact Information	<a href="mailto:kevin.lane@cherwellandsouthnorthants.gov.uk">kevin.lane@cherwellandsouthnorthants.gov.uk</a> – 0300 0030 107

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## 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.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.

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## Council

### A Shared Finance and Procurement Service

27 February 2012

### Report of Head of Finance and Procurement

#### PURPOSE OF 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.

This report is public

#### Recommendations

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Council is recommended to:

- (1) Adopt the principle of establishing some shared finance and procurement functions with South Northamptonshire Council as part of the Council's policy framework.

#### Executive Summary

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##### Introduction

- 1.1 The Shared Management Team business case requires 15% - 25% savings to be made through further shared working between the two councils. These targets have been included in the respective medium term financial forecasts.
- 1.2 In November 2011 Joint Arrangement Steering Committee (JASG) asked for work to be done to identify potential areas for joint working and associated savings within the Resources Directorate. A proposal was requested at the January 2012 JASG meeting.
- 1.3 The current costs of the 4th tier across the finance and procurement teams equates to £476,626, so following on from the business case which was approved in relation to a shared management team – potential reductions of between 15% to 25% in this area are expected. Therefore a target of at least £91,000 to £115,000 was sought.
- 1.4 The following 3 options were presented to JASG on 26 January 2012:
  - Option1 - No joined up functions – each council's finance and

procurement functions to run independently.

- Option 2 - Join all functions in one location and harmonise financial systems in one major restructure.
  - Option 3 - Review function by function, and consider joining services/locations that deliver benefits to support JMT, add resilience, minimise impact on key deliverables, ICT changes and deliver adequate financial savings.
- 1.5 Option 1 was dismissed as it would not deliver financial savings, and operationally would not allow the Head of Finance and Procurement to provide a support function that would benefit the JMT.
- 1.6 Option 2 was dismissed as the risks were considered too high and performance could not be guaranteed with the amount of change and turmoil this would create. Adverse impacts on the closing of the 2011/12 annual financial statements, annual billing process, processing of invoices, payroll and procurement processes could not be guaranteed. It would also impact on the creation of the recently approved shared ICT team and create additional risk and impose on the change freeze.
- 1.7 Option 3 was seen as the proposal that would bring the most impact to JMT in a timely manner, deliver the required savings and allow a further review once the full impact of the Local Government Resource Review (LGRR), Welfare reform and Localism was known. This would also allow for the shared IT service to be implemented and the full benefits of technology could be considered in a later review of the finance and procurement function.

### **Proposals**

- 1.8 The options were reviewed by JASG and they have endorsed the formulation of a business case based on Option 3 which indicates that there are both financial benefits for both councils from such an arrangement, and significant opportunities to benefit further, in the future, by exploiting best practice and sharing infrastructure to further streamline how applications support service delivery at both councils.
- 1.9 The savings are generated by reducing staffing by 4.3 FTE and a reduction in non pay budgets as a result of eliminating duplication and reducing software licence costs within the payroll function.
- 1.10 There are clear benefits to be gained from a shared Finance Team by both organisations in terms of increased resilience, consistent policies and procedures, best practice across the two authorities, efficiency and effectiveness.
- 1.11 Moving to a fully shared team is an obvious route to ensure that we achieve resilience of service, sharing of best practice and consistent procedures wherever appropriate. In practice however, the councils are different and require certain functions to remain as is. The key principles underlying the proposed option 3 are:
- 1) Recognition of the key priorities of each council and differences in some service provision.

- 2) Awareness of the change within the local government horizon and impact it may have on finance structure.
  - 3) Centralisation, simplification and standardisation of procedures and technical tasks.
  - 4) Maintaining strategic teams to support Directorates to assist budget managers and provide strategic and service specific advice.
  - 5) Professional, commercial support to key elected members and corporate projects.
  - 6) Minimal disruption, strong governance, compliance and ability to support the organisation through change programme and service redesign.
  - 7) Consideration of changes to ICT infrastructure.
  - 8) An initial reduction in the cost of the finance establishment, a reduction in non staffing budgets by avoiding duplicate expenditure and procurement opportunities.
  - 9) It is anticipated that further reductions in this service could be realised pending the outcome of the LGRR, understanding the impact on local revenue and benefits service of welfare reform, and the benefits that ICT standardisation and harmonisation will bring.
- 1.12 The proposed staff reductions represent approximately 6% of employees in this area. Any costs associated with displaced employees can be funded by the CDC change reserve. Given the number of posts at risk, potential vacancies and reduction in hours it is forecasted that payback will be within the required MTFS timeframes for both councils.
- 1.13 The business case will be subject to consultation with staff, a scrutiny review by the Resources and Performance Board and will be presented to the Executive in April 2012 for consideration and agreement.

### **Conclusion**

- 1.14 The investigation of the options indicates sharing a number of finance and procurement functions is of benefit to Cherwell District Council, both in reduced revenue costs, and in terms of economies of scale in the future.
- 1.15 That the principle of establishing a shared debt recovery, procurement and corporate finance function be included within the policy framework of Cherwell District Council, subject to the Executive establishing that the shared functions is in the interest of the Council.
- 1.16 That whilst initially the shared functions will be established with South Northamptonshire Council, this does not preclude the Council establishing a shared finance or procurement function with more than one partner in the future.

## **Key Issues for Consideration/Reasons for Decision and Options**

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- 2.1 The Shared Management Team business case requires 20% savings to be made through further shared working between the two councils. Without some sharing of functions then opportunities for this kind of savings generation by finance and procurement will be severely inhibited.
- 2.2 Cherwell District Council is already well-placed to take advantage of future opportunities but by sharing, gains additional financial benefits from reviewing system requirements and processes. For example, the financial systems at the two councils are the same, but operate very differently. They are both in need of upgrade. By having a joint corporate finance function the system upgrade could generate licence savings and standardised reports which will benefit the Joint Management Team and build on best practice.
- 2.3 The following options have been identified. The approach in the recommendations is believed to be the best way forward.

**Option One**                      Adopt the principle of sharing some finance and procurement functions with SNC as part of the policy framework.

**Option Two**                      Do not adopt the principle of sharing any functions within finance and procurement across the two councils. This is not recommended for the reasons set out in 3.1 above.

## **Consultations**

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<b>Joint Management Team</b>	Every member of Joint Management Team was consulted as part of the business case development
<b>Joint Arrangements Steering Group(JASG)</b>	This group considered the options presented as part of the business case development
<b>Finance and Procurement Staff</b>	All staff “in scope” are being consulted on the shared service functions proposed.

## **Implications**

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**Financial:**                      There are clear financial benefits to Cherwell District Council from implementing a number of shared functions. The draft business indicates a saving in the region of £150,000 to be shared across the 2 authorities. Up to 60% of this could be attributed to Cherwell and result in a £90,000 reduction in the cost of this support function. This saving is subject to agreeing cost allocations. Any redundancy costs can be met from the change revenue reserve.

Comments checked by Martin Henry, Director of Resources, Tel: 0300 0030102.



**Legal:** The section 113 agreement between the Councils enables shared services to be established. Adoption of the principle of such a shared service as part of the policy framework enables the final business case to be considered and approved by the Executive.

Comments checked by Kevin Lane, Head of Law and Governance. Tel: 0300 0030107.

**Risk Management:** There is risk associated with this proposal. There is a moderate risk of service disruption during the period of establishing the shared functions but with a detailed project plan and risk register these risks can be mitigated.

Comments checked by Claire Taylor, Corporate Performance Manager, Tel: 0300 0030113.

**HR implications** Moving to shared finance functions has some relatively significant HR issues including redundancy and changes to substantive job descriptions.

A joint organisational change policy is in place and will be followed to implement the staffing changes associated with the creation of the shared functions.

Provided the business case remains sound and the organisational change policy is strictly adhered to this should not present significant risk to the council.

There will be a level of disruption associated with change but this will be mitigated by clear project planning and communication.

Comments checked by Stephanie Rew, HR Manager, Tel: 01295 227984.

#### **Wards Affected**

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All

#### **Document Information**

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<b>Appendix No</b>	<b>Title</b>
None	
<b>Background Papers</b>	
Report to JASG - 27 January 2012 – proposed business case for Finance and Procurement	
<b>Report Author</b>	Karen Curtin, Head of Finance and Procurement
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