

Meeting of Council

Monday 25 February 2013

Members of Cherwell District Council,

A meeting of Council will be held at Bodicote House, Bodicote, Banbury, OX15 4AA on Monday 25 February 2013 at 6.30 pm, and you are hereby summoned to attend.



Sue Smith
Chief Executive

Friday 15 February 2013

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** (Pages 1 - 2)

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 3 - 8)

To confirm as a correct record the Minutes of Council held on 21 January 2013.

7 Minutes

- a) Minutes of Executive, Lead Member Decisions and Executive Decisions not included in the 28 day notice

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 no decisions have been taken by the Executive which were not included in the 28 day notice.

- 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.

Council Business Reports

10 **Members Allowance 2013/14** (Pages 9 - 22)

Report of Head of Law and Governance

Summary

To determine the levels of the allowances to be paid to Members for the forthcoming 2013/2014 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP).

Recommendations

That Council is recommended to:

- (1) Consider the levels of allowances to be included in the 2013/14 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 2013.
- (3) Authorise the Head of Law and Governance to take all necessary action to revoke the current (2012/13) 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 report and set a fee of £300 for Panel Members for the work carried out in 2012/13 and propose the same level of fee for 2013/14.

11 **2013/14 Corporate Plan, Revenue & Capital Budgets and Treasury Strategy** (Pages 23 - 90)

Report of Chief Finance Officer 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 and Corporate Plan for the 2013/14 budget year.

Recommendations

Council is recommended:

- (1) To consider the contents of this report in approving the General Fund Revenue Budget and Capital Programme for 2013/14 and to formally record that consideration.
- (2) To approve the 2013/14 General Fund Budget and Capital Programme proposed by the Executive on 4 February 2013 and detailed in Appendix 1 and 3.
- (3) To approve the Collection Fund Estimates contained in Appendix 2
- (4) To approve the Corporate Plan as detailed in Appendix 4 of the Budget Book.
- (5) To approve the Treasury Strategy as detailed in Appendix 5.
- (6) To approve the appended statement of pay policy for 2013/14 as required by the Act and detailed in Appendix 6.

12 Adjournment of Council Meeting

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

13 Calculating the amounts of Council Tax for 2013/2014 and setting the Council Tax for 2013/2014 (Pages 91 - 102)

Report of Chief Finance Officer and Head of Finance and Procurement

Summary

To detail the Calculations for the amounts of Council Tax for 2013/14 and the setting of Council Tax for 2013/2014.

Recommendations

It is recommended that the Council resolves:-

- (1) That it be noted that at its meeting held on 21 January 2013 the Council calculated the Council Tax Base 2013/14:
 - a) for the whole Council area as 46,672 [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 2013/14 (excluding Parish Precepts and Special Expenses) is £123.50.
- (3) That the following amounts be calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act:-
- a) £75,864.756 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) £66,311,611 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £9,553,145 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) £204.69 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) £3,789,153 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 2013/14 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated below :-

<u>Valuation Band</u>	Oxfordshire County Council	Police and Crime Commissioner for Thames Valley
	£	£
A	789.89	104.92
B	921.53	122.41
C	1,053.18	139.89
D	1,184.83	157.38
E	1,448.13	192.35
F	1,711.42	227.33
G	1,974.72	262.30
H	2,369.66	314.76

- (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 2013/14 for each part of its area and for each of the categories of dwellings.
- (6) The Council's basic amount of Council Tax for 2013/14 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

14 Community Governance Review 2012 (Pages 103 - 112)

Report of Chief Executive

Summary

To update Members on progress of the Community Governance Review, and to agree proposals to consult upon.

Recommendations

Council is recommended:

- (1) To agree that the principles as set out in appendix 1 should be consulted upon.

15 Twelve Month Review of Joint Working Arrangements (Pages 113 - 126)

Report of Chief Executive

Summary

The joint working business case referred to a review of joint working after twelve months. The Joint Management team was formed on 1 October 2011 and was followed by other shared services being established in a programme that is on-going. This report reviews the original targets and milestones against actual performance. It also sets out some of the 'softer' issues that have arisen as a consequence of joint working and shared services.

Recommendations

Council is recommended to:

- (1) Note the review of performance for the first twelve months of joint working
- (2) Note the progress being made through the Joint Arrangements Steering Group on future joint working initiatives

16 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.”

17 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@cherwellandsouthnorthants.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.

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, Democratic and Elections
james.doble@cherwellandsouthnorthants.gov.uk, 01295 221587

CHAIRMAN'S ENGAGEMENTS

17 December 2012 – 25 February 2013

- 18 December The Vice Chairman and his wife attended a Christmas Reception hosted by the Lord Mayor of Oxford at Oxford Town Hall.
- 21 December The Chairman attended a Christmas lunch at Stanbridge House residential home.
- 9 January The High Sheriff of Oxfordshire, William Alden MBE, visited the Chairman and Chief Executive at Bodicote House as part of his tour of the county.
- 11 January The Vice Chairman and his wife attended a Winter Reception at RAF Croughton to meet USAF personnel and senior personnel at the invitation of Col Brian Kelly, Commander of the 501st Combat Support Wing (RAF Alconbury) and Col Brian Charles Hamilton, Commander of the 422d Air Base Group based at Croughton.
- 12 January The Chairman and his wife attended the Chairman of South Oxfordshire District Council's Charity Concert – Swingtime – which was held at the Cornerstone Arts Centre, Didcot.
- 16 January The Chairman and his wife attended SS Peter and Paul Church in Deddington for the Licencing by the Bishop of Dorchester of Rev Jeff West as Area Dean of Deddington and Rev Linda Green as Associate Dean.
- 9 February The Chairman and his wife attended the 1460 (Banbury) Squadron ATC Dinner and Presentation Evening at General Foods Sports & Social Club – an event which celebrated the long and continued presence of the ATC in Banbury.
- 23 February The Chairman and his wife attended Sibford School for the annual Young Musician Competition and prize giving organised by the Rotary Club of Banbury, sponsored by Banbury Charities and the Bluecoat Foundation.

A date for your diary

The Chairman will be holding an informal evening at Broughton Castle on Friday 19 April, 2013 which will include a hot buffet and local entertainment - more details to follow.

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Agenda Item 6

Cherwell District Council

Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 21 January 2013 at 6.30 pm

Present: Councillor Colin Clarke (Chairman)
Councillor Lawrie Stratford (Vice-Chairman)

Councillor Ken Atack
Councillor Alyas Ahmed
Councillor Andrew Beere
Councillor Maurice Billington
Councillor Norman Bolster
Councillor Ann Bonner
Councillor Margaret Cullip
Councillor Surinder Dhesi
Councillor John Donaldson
Councillor Tim Emptage
Councillor Andrew Fulljames
Councillor Michael Gibbard
Councillor Timothy Hallchurch MBE
Councillor Simon Holland
Councillor Alastair Milne Home
Councillor David Hughes
Councillor Russell Hurle
Councillor Tony Ilott
Councillor Victoria Irvine
Councillor Mike Kerford-Byrnes
Councillor James Macnamara
Councillor Melanie Magee
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Nigel Morris
Councillor P A O'Sullivan
Councillor Lynn Pratt
Councillor Neil Prestidge
Councillor Nigel Randall
Councillor G A Reynolds
Councillor Alaric Rose
Councillor Gordon Ross
Councillor Daniel Sames
Councillor Trevor Stevens
Councillor Rose Stratford
Councillor Lynda Thirzie Smart
Councillor Nicholas Turner
Councillor Douglas Webb
Councillor Douglas Williamson
Councillor Barry Wood
Councillor Sean Woodcock

Apologies for absence: Councillor Fred Blackwell
Councillor Patrick Cartledge
Councillor Mrs Diana Edwards
Councillor Chris Heath
Councillor Jon O'Neill
Councillor D M Pickford
Councillor Leslie F Sibley

Officers: Ian Davies, Director of Community and Environment
Kevin Lane, Head of Law and Governance / Monitoring Officer
Andrew Taplin, Local Taxation and Recovery Manager
Natasha Clark, Team Leader, Democratic and Elections

55 **Declarations of Interest**

There were no declarations of interest.

56 **Communications**

Calendar of Meetings 2013/14

The Chairman reported that, as previously notified to Members, there had been some errors in the calendar of meetings 2013/14 agreed at the last meeting. Copies of the correct version had been tabled.

Resolved

- (1) That the updated version of the calendar of meetings 2013/14 (annex to the minutes as set out in the Minute Book) be agreed.

Member Briefing

The Chairman advised Members that the briefing on the Implications of the Local Settlement due to take place after the Council meeting would no longer be taking place due to the snow. It would be rearranged in due course.

Snow

The Chairman reported on the action being undertaken by the Incident Management Team (IMT) to assess the on-going situation in relation to service delivery and safety in light of the extreme weather. Council joined the Chairman in commending officers for their continued hard work during the adverse weather conditions and noted that the majority of staff had successfully made it to the office.

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

There were no petitions or requests to address the meeting.

58 **Urgent Business**

There were no items of urgent business.

59 **Minutes of Council**

The minutes of the meeting held on 17 December 2012 were agreed as a correct record and signed by the Chairman.

60 **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 were 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.

61 **Questions**

a) **Written Questions**

There were no written questions.

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

Questions were asked and answers received on the following issues:

Houses in multiple occupation: Councillor Woodcock

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

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

62 **Motions**

There were no motions.

Council Tax Reduction Scheme and Implications of the Local Government Resource Review

The Head of Finance and Procurement submitted a report which informed Members of the new Council Tax Reduction Scheme that would be introduced from 1 April 2013, and sought authority for the Director of Resources and Head of Finance and Procurement to make the necessary arrangements for implementation and to enable the setting of the 2013/14 taxbase.

In introducing the report, the Lead Member for Financial Management explained that from April 2013 council tax benefit would be replaced by a locally defined council tax reduction scheme with a 10% reduction in Government funding.

District councils in Oxfordshire, the County Council and Thames Valley Police had worked together to develop a scheme which would primarily mirror the existing council tax benefit regulations with some small amendments. Rather than make reductions in the level of support that customers would receive, for year of the scheme, additional income would be generated using technical changes to council tax discounts and exemptions.

Resolved

- (1) That the introduction of a local council tax reduction scheme for the year 1 April 2013 to 31 March 2014 the implementation scheme with effect from 1 April 2013 be approved.
- (2) That authority be delegated to the Director of Resources and the Head of Finance and Procurement, in consultation with the Lead Member for Financial Management, to make further amendments to the scheme up to and including 31 January 2013 as regulations are finalised.
- (3) That authority be delegated to the Director of Resources and the Head of Finance and Procurement, in consultation with the Lead Member for Financial Management, to make amendments as required to the local Council Tax Reduction Scheme Regulations.
- (4) That the proposed changes to Council Tax Discounts and Exemptions as detailed in Appendix 1 (annex to the minutes as set out in the Minute Book) be approved.
- (5) That authority for approval of the Nation Non Domestic Rate 1 form be delegated to the Director of Resources, in consultation with the Lead Member for Financial Management.

Council Tax Base for 2013/14

The Head of Finance and Procurement submitted a report which sought consideration of the calculation of the council tax base for 2013/14. The taxbase would be used to calculate council tax amounts for council tax setting purposes at the February meeting of Council.

Resolved

- (1) That the report of the Head of Finance and Procurement, made pursuant to the Local Authorities [Calculation of Tax Base] [England] Regulations 2012 and the calculations referred to therein for the purposes of the Regulations be approved.
- (2) That it be agreed that, in accordance with the Regulations, as amended, the amount calculated by Cherwell District Council as its council tax base for the year 2013/2014 shall be 46,672.
- (3) That it be agreed that the tax base for the parts of the area be in accordance with the figures shown in column 13 of Appendix 2 (annex to the minutes as set out in the Minute Book).
- (4) That authority be delegated to the Director of Resources and Head of Finance and Procurement, in consultation with the Lead Member for Financial Management, to make any changes to the tax base if required as a result of the consideration of agenda item 10 on Council Tax Reduction Scheme.

The meeting ended at 7.00 pm

Chairman:

Date:

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Council

Members' Allowances 2013/2014

25 February 2013

Report of Head of Law and Governance

PURPOSE OF REPORT

To determine the levels of the allowances to be paid to Members for the forthcoming 2013/2014 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP).

This report is public

Recommendations

That Council is recommended to:

- (1) Consider the levels of allowances to be included in the 2013/14 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 2013.
- (3) Authorise the Head of Law and Governance to take all necessary action to revoke the current (2012/13) 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 report and set a fee of £300 for Panel Members for the work carried out in 2012/13 and propose the same level of fee for 2013/14.

Executive Summary

Introduction

- 1.1 The Council's Independent Remuneration Panel has met to review the current (2012/13) Members' Allowances Scheme and its report on the recommended levels of the allowance payments for the 2013/14 financial year is attached 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 2013/14 (either up or down) as is considered appropriate.

Proposals

- 1.3 It is proposed that:
 - (a) there be no increase in the Basic Allowance;
 - (b) there be no increase in Special Responsibility Allowances;
 - (c) there be no increase in the Dependent Carers' Allowance;
 - (d) there be no increase in Travelling and Subsistence Allowances;
 - (e) the Chairman of the new Standards Committee should be granted the same allowance as the Chairman of the Licensing Committee (i.e. £1,104.00 per annum) as they were equivalent in terms of responsibility and workload.

Conclusion

- 1.4 It is the view of the IRP that the proposals represent realistic and fair levels of allowance for 2013/14 and recommend adoption.

Key Issues for Consideration/Reasons for Decision and Options

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

- | | |
|-------------------|---------------------------------------|
| Option One | To accept the Panel's recommendations |
| Option Two | To modify the Panel's recommendations |

Consultations

All Members of Cherwell District Council

Comments have been considered by the Panel

Implications

Financial:

Provision has been included in the draft 2013/2014 budget for Members' Allowances. There are principally two options available in terms of setting the levels of the allowances for the forthcoming financial year as follows:-

- (1) to adopt the recommendations of the IRP. The full year cost can be accommodated within the draft budget as mentioned above; or
- (2) to alter the levels of the allowances over and above those recommended by the IRP, although this would increase the provision included in the draft budget.

Comments checked by Leanne Lock, Technical and Project Accountant - 01295 227098

Legal:

It is a legal requirement of the Council to consider the recommendations of the Independent Remuneration Panel before setting the level of allowances.

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

Risk Management:

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

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

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	Report of Independent Remuneration Panel
Background Papers	
None	
Report Author	Gavin Lane, Democratic and Elections Officer
Contact Information	gavin.lane@cherwellandsouthnorthants.gov.uk

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DISTRICT COUNCIL
NORTH OXFORDSHIRE

Report of the Independent Remuneration
Panel on the Review of Members' Allowance
for the 2013/2014 Financial Year

For

Cherwell District Council

January 2013

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

REVIEW OF MEMBERS' REMUNERATION FOR THE 2013/2014 FINANCIAL YEAR

1 Introduction

- 1.1 After considering the recommendations of this Panel, Cherwell District Council introduced a revised Scheme of Members' Allowances from 1 April 2012. This Scheme has remained in force throughout the 2012/13 municipal year.
- 1.2 This report has been prepared in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). It outlines the Panel's findings following a review of the District Council's current Allowance Scheme and its recommendations for 2013/14 in respect of:
- (a) the levels of basic and special responsibility allowances;
 - (b) the travelling, subsistence and dependent carers' allowances; AND
 - (c) co-optees allowance.

2 The Independent Remuneration Panel

- 2.1 The Independent Remuneration Panel was first appointed in 2001.
- 2.2 The current membership of the Panel is:
- Ms Jeanette Baker
Mr Ray Everitt
Mr Jim Flux MBE - retired Manufacturing Manager with Procter and Gamble, and Chairman of the Banbury Council for Voluntary Service
Mr David Shelmerdine
Mr Christopher White - Director, White Commercial, Chartered Surveyors
- 2.3 James Doble (Democratic and Elections Manager) and Gavin Lane (Democratic and Elections Officer) provided the Panel with administrative advice and support.
- 2.4 At its meeting on 12 December 2012, Mr Christopher White was reappointed as Chairman of the Panel for the 2012/2013 Municipal Year.
- 2.5 The Panel's findings are set out in this report, together with recommendations for consideration by Council.

3 Terms of Reference of the Panel

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

4 The Panel's Adopted Approach

- 4.1 Since 2001, the Panel's approach has been that recommendations should be formulated appropriate to the circumstances of the Council, recognising that the roles of Executive and Non-Executive Members are now well-established.
- 4.2 The following underlying principles continue to form the fundamental basis of the Panel's review process:
- (a) the allowances should take account, as far as possible, of the amount of time taken by Members to fulfil their roles.
 - (b) 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:
 - (c) the levels of the allowances should not be treated as salary but rather as a level of 'compensation';
 - (d) 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;

- (e) 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;
- (f) the Special Responsibility Allowance payments should be banded to reflect both the time commitment and workload of the identified special responsibilities;
- (g) 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
- (h) the reviewed scheme should continue to be subject to well informed periodic reviews.

5 The Work of the Panel

- 5.1 The Panel has previously determined the underlying principles on which the levels of Members allowances should be based, as outlined above.
- 5.2 The Panel's approach required an assessment of the amount of time Councillors commit to their duties and their associated workloads in the context of the identified special responsibilities for Lead Members and Committee Chairmen.
- 5.3 The conclusions drawn by the Panel are informed by comparative data drawn from the allowances paid by other local authorities and an analysis of the results of an 'Activity Questionnaire' that Members are requested to complete every year.
- 5.4 The purpose of the 'Activity Questionnaire' is to determine:
 - (a) the amount of time Members estimate they spend on Council business during an average month;
 - (b) Members views on the adequacy, or otherwise, of the Current levels of Members' Allowances at the Council; and
 - (c) whether Members would like to address the Panel in person.
- 5.5 As part of its review, the Panel considered the following information:
 - (a) a copy of the Council's Allowances Scheme for 2012/13;
 - (b) comparative data from the Members' Allowances survey undertaken by the South East Employers Organisation which outlines the basic, special responsibility and other allowance payments made by Council's in the South East Region; and
 - (c) a summary of Members responses to the 'Activity Questionnaire'.

- 5.6 The Panel continues to place great importance on the information gathered by way of the 'Activity Questionnaire'. As previously, the activity questionnaire was circulated to all Members of the Council and a total of 12 completed questionnaires were returned, representing 24% of its membership. However, last year 17 questionnaires were returned, equating to 34% of the Council body.
- 5.7 The Panel found this decline in the number of responses disappointing because the results of the activity questionnaire remain the main source of information for its deliberations. Clearly, it was challenging for the Panel to accurately assess the attitude of Members to existing allowances in the light of this low response.
- 5.8 However, the Panel proposes to repeat this exercise again next year using a revised and simplified questionnaire as it firmly believes that the information requested by means of the questionnaire remains vital to its efforts in undertaking proper and meaningful reviews. The Panel hopes that a simpler questionnaire will solicit a greater number of responses from Councillors to inform its work.
- 5.9 At its meeting, the Panel received personal representations from Councillor Kieran Mallon. The Panel offered thanks to Councillor Mallon for his contribution.
- 5.10 The Panel noted that those Members which responded to the activity questionnaire continued to show a great variation in the estimates of the time they spend on their roles as Councillors, ranging from 5 to 36 hours per week.
- 5.11 The Panel noted that those Members which responded spent an average of 65.5 hours per month on council duties, which was 1.5 hours more than last year.
- 5.12 Other conclusions arising from the questionnaires were that:
- (a) 33% of respondents explicitly stated that no changes should be made to the level of Members allowances and expenses for 2013/14.
 - (b) 41% of respondents proposed varying increases in the level of Members allowances and expenses for 2013/14.
 - (c) on a scale of 1 (very generous) to 4 (totally inadequate), 42% of respondents rated the basic allowance as a '2'.
 - (d) on the same scale of 1 to 4, 37% of respondents rated the special responsibility allowance as a '2'.
 - (e) on the same scale of 1 to 4, 55% of respondents rated the level of travel and subsistence allowances as a '2'.

6 Basic Allowance

- 6.1 The Panel was requested to review the current level of the Basic Allowance.

- 6.2 Since the Council moved to its Local Pay Formula, the Panel had used the annual pay settlement for staff as one of the main criteria for adjusting the levels of the basic and special responsibility allowances paid.
- 6.3 However, at the time of the Panel's meeting on 12 December 2012, the staff pay settlement for the year had yet to be agreed. Negotiations were underway and provision for a notional 2% increase for planning purposes had been made in the Council's budget assumptions although this was not to be taken as an indication that a pay award would follow.
- 6.4 The Panel received comparative data from a significant number of authorities and noted that the basic allowance payable to Council Members were comparable to the allowances paid by neighbouring authorities in the South East region.

7 Special Responsibility Allowances

7.1 The Panel was requested to:

- (a) review the current level of Special Responsibility Allowances; and
- (b) consider the appropriate level of special responsibility allowance to be paid to the Chairman of the Standards Committee following the introduction of a new Committee under the Localism Act 2011.

7.2 The Panel heard that under the Local Government Act 2000, the Council was required to establish a Standards Committee.

7.3 However, under the Localism Act 2011, this Committee ceased to exist and new rules and processes relating to standards came into effect on 1 July 2012.

7.4 The Panel heard that under this new legislation, the Council has established a new Standards Committee. This new Committee would:

- (a) consider general matters relevant to member standards; and
- (b) conduct any hearings which take place where an alleged breach of the code has been the subject of an investigation which concludes that there was a failure to comply.

7.5 The Panel heard that, in the opinion of the Head of Law and Governance, remuneration akin to that given to the Chairman of the Licensing Committee would be appropriate for the Chairman of the new Standard Committee.

7.6 The remuneration given to the Chairman of the Licensing Committee was £1,104.00 per annum.

8 Dependent Carers' Allowance

8.1 The Panel was requested to review the current level of Dependent Carers' Allowance.

8.2 The Panel noted that the Dependent Carers' Allowance was introduced in 2001 and that take-up remained low. However, it noted that the availability of the allowance was recognised as part of the process of enabling all sections of the community the opportunity to stand for election to the Council. The current levels of allowance remain generally comparable with those paid by other Councils.

8.3 The Panel requested that all Members be reminded of the existence of the Dependent Carers' Allowance and their eligibility to claim should it be needed.

9 Travelling and Subsistence Allowances

9.1 The Panel was requested to review the current level of Travelling and Subsistence Allowances.

9.2 The Panel noted that all travel rates are set at the specified HM Revenues and Customs rates and consequently had no implications for the tax liabilities of Members. Travel rates for motorcycles and motor vehicles are paid regardless of the cc of motor cycle or motor vehicle concerned.

9.3 In relation to subsistence allowances, the Panel previously agreed that allowances should be paid up to the maximum rates notified by the National Joint Council for Officers index linked to the Retail Price Index (excluding mortgages).

9.4 However, the National Joint Council for Officers ceased to produce nationally agreed subsistence rate for local government staff in 1996.

9.5 Since that time, subsistence rates have been a subject for local determination and the Council has based its rates on Local Government Association rates.

10 Recommendations to Council

10.1 Based on the information provided to the Panel, it recommends that:

(a) there be no increase in the Basic Allowance:

Basic Allowance	£4,155.00 PA
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(b) there be no increase in Special Responsibility Allowances:

Leader of the Council	£7,209.00 PA
Executive Members Holding a Portfolio	£6,291.00 PA
Chairman of the Overview and Scrutiny Committee	£3,702.00 PA

Chairman of the Resources and Performance Scrutiny Board	£3,702.00 PA
Chairman of the Planning Committee	£4,200.00 PA
Chairman of the Accounts, Audit and Risk Committee	£2,250.00 PA
Chairman of the Personnel Committee	£1,104.00 PA
Chairman of the Licensing Committee	£1,104.00 PA
Chairman of the Appeals Panel	£1,104.00 PA
Leader of the Opposition	£2,898.00 PA
Deputy Leader of the Council	£1,104.00 PA

(c) the Chairman of the Standards Committee should be granted the same allowance as the Chairman of the Licensing Committee (i.e. £1,104.00 per annum) as they were equivalent in terms of responsibility and workload.

(d) there be no increase in the Dependent Carers' Allowance:

Childcare	£8 per hour
Dependent Relative Care	£15 per hour

(e) there be no increase in Travelling and Subsistence Allowances:

Bicycles	20p per mile
Motorcycles	24p per mile
Motor Vehicles	45p per mile
Electric or Similar Specialised Vehicles	£1.10 per journey

Breakfast Allowance	£6.02 per meal
Lunch Allowance	£8.31 per meal
Tea Allowance	£3.24 per meal
Evening Meal Allowance	£10.29 per meal
Absence overnight	£91.14
Absence overnight in London or at the National Association of Local Council's National Conference	£103.96

11 Findings of the Panel

11.1 In arriving at its recommendations, the Panel found that:

- (a) an increase in allowances and expenses could not be justified in the current challenging financial climate, particularly as there had not been any change in Council structures since the last review and joint working with South Northamptonshire Council had not significantly increased the workload of Members.
- (b) whilst appreciating that the level of commitment between Members varied, it recognised that the workload and commitment of Councillors was considerable and, in some instances, almost equivalent to a full-time role.
- (c) the increasing complexity, responsibilities and burden of local government made it imperative to recruit able Councillors, but the absence of a national baseline for Members remuneration did not help efforts to attract candidates in the local community with the professional qualities needed for the role.
- (d) as local government became increasing business-like, levels of remuneration needed to reflect the time, effort and expertise required of Councillors, otherwise it will continue to prove difficult to attract quality candidates to the role with negative implications for local democracy.

Mr Christopher White
Chairman
Independent Remuneration Panel
January 2013

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Council

2013/14 Corporate Plan, Revenue & Capital Budgets and Treasury Strategy

25 February 2013

Report of the Chief Financial Officer 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 and Corporate Plan for the 2013/14 budget year.

This report is public

Recommendations

Council is recommended:

- 1) To consider the contents of this report in approving the General Fund Revenue Budget and Capital Programme for 2013/14 and to formally record that consideration.
- 2) To approve the 2013/14 General Fund Budget and Capital Programme proposed by the Executive on 4 February 2013 and detailed in Appendix 1 and 3.
- 3) To approve the Collection Fund Estimates contained in Appendix 2
- 4) To approve the Corporate Plan as detailed in Appendix 4 of the Budget Book.
- 5) To approve the Treasury Strategy as detailed in Appendix 5.
- 6) To approve the appended statement of pay policy for 2013/14 as required by the Act and detailed in Appendix 6.

Executive Summary

Introduction

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

Proposals

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

Conclusion

- 1.4 The conclusion is that the processes followed have been generally sound and similar to those that have produced robust estimates in the past. In the light of information made available during the budget process, there is sufficient capacity in the proposed budget and available reserves and balances to cope with the financial risks the Authority faces in 2013/14.

Background Information

- 2.1 Section 25 of The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer ("CFO") to make a report to the authority when it is considering its budget and Council Tax. Also, Section 26 of the Act gives the Secretary of State power to set minimum level of reserves for which an authority must provide in setting its budget. The legislation says that "the provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its CFO and is heading for serious financial difficulty".
- 2.2 The Local Government Finance Act 1992 also requires that authorities have regard to the level of reserves needed for meeting estimated future expenditure when calculating the next year's budget requirement.
- 2.3 There are also a range of safeguards to ensure authorities do not over-commit themselves financially. These include:
- The CFO 'S114' powers, which require a report to all members of the authority if there is or is likely to be unlawful expenditure or an unbalanced budget
 - The Prudential Code which applied to capital financing from 2004/5.

Corporate Plan 2013/14

- 2.4 The Council has developed an integrated approach to corporate, service and budget planning. Budgets are clearly aligned with priorities outlined in the Corporate Business Plan and in turn service and team plans are prepared to

ensure these priorities are delivered at the operational level. Where there are longer term strategies and action plans (including those developed in partnership with other agencies and stakeholders) these are reflected in our action plans.

- 2.5 In 2012/13 an extensive horizon scanning activity was undertaken by each service to ensure plans for 2013/14 take account of new policies, on-going financial constraints and new opportunities over the longer term.
- 2.6 Every year the council uses demographics, horizon scanning and customer consultation to inform our planning process.
- 2.7 To ensure the Corporate Business Plan and its underpinning service plans are robust the Council's Scrutiny Committee reviewed a sample of service plans. Likewise the Council's Joint Management Team also undertakes a quality assurance activity.
- 2.8 We continue to use the corporate business and service planning process to set challenging performance and efficiency targets: services are expected to identify what additional efficiency savings could be identified through improved working, shared services and outsourcing.
- 2.9 The 2013/14 Corporate Plan and Pledges endorsed by the Executive on 4 February 2013 are detailed in Appendix 4a and Appendix 4b.

Budget Process 2013/14

- 2.10 The budget for 2013/14 includes the third year of the major cut in government Revenue Support Grant outlined in the 2010 Comprehensive Spending Review (CSR10) and also considers the implications of the Local Government Resource Review. (LGRR) The reduction in grant funding equates to £412k - a drop of 5.4%. Preparation for both this impact and the future uncertainty of funding began in August 2012 through the search for efficiencies and the opportunities for continued joint working with South Northamptonshire Council and others.
- 2.11 The budget process formally began with the Executive issuing Budget Guidelines at their meeting on 1st October 2012. These guidelines included the decision that any service growth should be self-funding via efficiencies and that the council tax should not be increased.
- 2.12 For a number of years the Council's budget process has included consultation with the stakeholders of Cherwell to find out which services were most important to residents and others and what they thought spending and savings priorities should be in the coming budget year. The current budget process has continued this trend by seeking the views of the general public, the business community, the voluntary sector and other key partners on issues such as the most important services to spend on, where to decrease spending and the level the council tax should be set at.
- 2.14 The Joint Management Team received regular updates on the overall budget position from August 2012 through to January 2013 and managed the overall process. 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 January 7th 2013, and the second and final

proposals on February 4th 2013. All reports outlining the latest position regarding efficiencies identified and remaining sums required to balance the budget.

- 2.15 The Resources and Performance Scrutiny Board reviewed a number of components of the 2013/14 budget. These focussed primarily on areas of discretionary spend within the Council and the proposed capital project schemes. This work was carried out from September 2012 until January 2013. The recommendations of this board were taken to the Executive for consideration on 4th February 2013 and these were included in the final budget proposal. The Executive concluded its budget deliberations on 4th February 2013 and has now recommended a budget to the Full Council.

Service Area	Approved Budget 2012/13	Proposed Budget 2013/14	Movement
Community and Environment			Significant Service Reorganisation since last year makes comparison at this level complex – please compare total below.
Community Services		£2,737,976	
Environmental Services		£5,516,335	
Development			
Strategic Planning & The Economy		£1,162,598	
Public Protection & Dev. Management		£1,761,706	
Regeneration & Housing		£1,205,808	
Resources			
Transformation		£927,725	
Finance & Procurement		£993,514	
Law & Governance		£1,059,891	
Service Total	£16,641,325	£15,365,552	£-1,275,773
Executive Matters			
Centrally controlled items	£1,642,245	£1,931,956	£-189,711
Joint Working Savings	-£230,000	-£100,000	£130,000
Credit for Capital Charges	-£3,323,392	-£3,323,392	£0
	£14,730,178	£13,874,116	£856,062
Contribution to/from Earmarked Reserves	-£74,245	0	£74,245
Contribution to/from General Balances	£3,299	0	£-3,299
Net Budget Requirement	£14,659,232	£13,874,116	£785,116
Financial Settlement	-£7,621,722	-£7,210,000	£411,722
Council Tax Compensation Grant 2011/12	-£155,415	-£155,415	£0
Council Tax -Single person discount review	-£52,000	0	£52,000
Collection Fund Surplus	-£139,332	-£100,000	£39,332
Council Tax Support Grant	£0	-£494,128	-£494,128
Investment Income	-£439,810	-£150,581	£289,229
Amount to be funded from Council Tax	£6,250,953	£5,763,992	£-486,961
Number of band D equivalents	50,615	46,672	3,943
Cost of Band D equivalent	£123.50	£123.50	£0
	£6,250,953	£5,763,992	£-486,961

- 2.16 The budget will form the financial expression of the Council's service delivery plans for 2013/14; the allocation of resources against agreed service priorities is necessary in order to achieve its strategic priorities.
- 2.17 The current economic climate presents unprecedented challenges in meeting spending priorities without placing undue burden on local taxpayers. The Council's successful approach to improving value for money and securing efficiencies on an ongoing basis provides a solid foundation.
- 2.18 The level of council tax being proposed is £123.50 pa at Band D and this is in line with Council commitment of a zero increase in 2013/14. This is the fourth year that Council Tax has been frozen. This compares to a CPI rate at January 2013 of 2.7% and RPI of 3.3%.

Windfall Income

- 2.19 The Council's strategy to reduce reliance on investment income means that only £150,000 has been used in the revenue budget. Forecasts show that we will achieve closer to £500,000 in 2013/14 so the £350,000 will be treated as windfall and can be used to replenish capital and revenue reserves as per the purpose of the strategy.
- 2.20 The Collection Fund estimates have been finalised and our detailed in Appendix 2 - the budget assumes a £100,000 surplus and this is included in the funding. The surplus is currently projected to be higher but at this stage any surplus income in excess of £100,000 will be treated as windfall and will be used to offset any negative impact on collection rates as a result of the change from council tax benefit to a council tax reduction scheme.
- 2.21 The Council can take advantage of the Government's additional Council Tax Compensation Grant announced recently if the council sets a zero Council Tax increase or less. This will result in the Council receiving £63,000 in 2013/14. £35,000 of this will be used to offset the Parish Council shortfall leaving £28,000 to be treated as windfall income.
- 2.22 As part of the 2011/12 finance settlement, the Government announced a new grant called New Homes Bonus. This effectively replaced the Housing and Planning Delivery grant as the mechanism for rewarding local authorities that were being successful in delivering growth in house numbers.
- 2.23 The new grant provides additional funding equivalent to the extra Council Tax being received from new properties, for a period of six years. Cherwell has received a cumulative total of £1,142,381 during the first 2 years of allocation (first year allocation £439,186 and second year £703,195) and a proposal for its use was considered in February 2013.
- 2.24 It has been announced that, using taxbase figures at October 2012, we expect to receive a further £1,340,156 in 2013/14 (£703,195 related to the first 2 years and the 2013/14 allocation £636,961).
- 2.25 Although the Government has committed to this grant until 2015, the position beyond 2013/14 is that it is no longer additional funds but is being funded from formula grant funding. It will therefore have a redistributive effect, rather than being seen as additional funding.

- 2.26 It would therefore be prudent at this stage to consider a strategy for use of the allocations beyond 2012/13 as part of the development of the medium term financial strategy. This strategy is being prepared and at this stage no budgetary impact has been built into the 2013/14 draft 1 revenue budget.
- 2.27 As part of finalising the settlement a New Homes Bonus adjustment grant of £28,277 is due and some further grants for Community Right to Challenge and Build – as these are one off payments they will be treated as windfall and proposals for use will be considered by the Executive in due course.
- 2.28 Business Rate Growth – the council is likely to generate growth above its set baseline and based on the localisation scheme could retain some of this locally. At this stage we have not built in any assistance from this growth and this will be treated as windfall income in 2013/14 but considered in more detail in the development of the Medium term Financial Strategy.
- 2.29 The Medium Term Financial Strategy will be modelled on a number of scenarios and be presented to the Executive in June 2013. The Council's has a strong track record and commitment to delivering efficiencies resulting in a 41% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £13.9m in 2013/14. Compared to 2012/13, the revenue has reduced by £0.8m which represents a 6% reduction. This together with the continued joint working with South Northamptonshire Council strengthens our position to meet the forecast challenges of future years.
- 2.30 Further details behind the 2013/14 revenue budget is detailed in Appendix 1 and all details provided in previous reports to the Executive and Council together with a comprehensive analysis of the budget will be available in the 2013/14 budget book which will be available shortly. This publication will be made available on the Council's website and hard copies will be available if requested.

Capital Programme 2013/14

- 2.31 This capital programme budget is detailed in Appendix 3 and summarised below.

	Total Scheme Cost	2013/14 Profile
Proposed additions to the capital programme	£12,647,825	£7,130,825
Schemes slipped from 2012/13	£9,026,000	£9,026,000
Future schemes agreed prior to 2013/14 budget setting	£4,956,000	£2,353,000
Total Capital Programme to be Financed	£26,629,825	£18,509,825
Financed by:		
Capital Receipts	£17,584,825	£14,131,492

External Funding		
<i>£375k per annum Governmental Grant Funding towards Mandatory Disabled Facilities Grants</i>	£375,000	£375,000
<i>Bicester Community Building External Funding</i>	£900,000	£900,000
Use of Reserves		
<i>Wheeled Bins Reserve</i>	£120,000	£120,000
<i>Vehicle Replacement Programme</i>	£150,000	£150,000
<i>SW Bicester Sports Village Fund</i>	£500,000	£500,000
<i>Housing Reserves</i>	£7,000,000	£2,333,333
	£26,629,825	£18,509,825

The level of capital receipts is falling and by March 2014 is expected to be at > £20m and this will be considered in the refresh of the MTFS.

Guidance on Evaluation of the Estimates

- 3.1 The Local Government Act 2003 does not provide any specific guidance on how to evaluate the robustness of the estimates. The explanatory notes to the Act do, however, stress that decisions on the appropriate level of reserves should not be based on a rule of thumb, but on an assessment of all the circumstances considered likely to affect the authority. In addition reference is also made to the CIPFA (The Chartered Institute of Public Finance and Accountancy) guidance on reserves and balances.
- 3.2 The CIPFA guidance states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:
- assumptions regarding inflation
 - estimates of the level and timing of capital receipts
 - treatment of demand led budgets (i.e. budgets where expenditure or income are to some extent beyond the Council's control)
 - treatment of efficiencies
 - risks inherent in any new partnerships etc
 - financial standing of the authority (level of borrowing, debt outstanding etc)
 - the authority's track record in budget management (including the robustness of the Medium Term Financial Strategy)
 - the authority's capacity to manage in-year budget pressures
 - the authority's virement and year-end procedures in relation to under- and over- spends
 - the adequacy of insurance arrangements.
- 3.3 The above issues are also of relevance when evaluating the robustness of the budget.

Reserves

- 4.1 The estimated level of reserves as at 31 March 2013 were reported to the Executive in February 2013. 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.
- 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 2013/14 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 4th Executive as being in the region of £9m but will be subject to change as a result of year end adjustments and formulating the statutory accounts.

Strategic Budget Issues to Evaluate for Robustness

Inflationary Pressures

- 5.1 The approved budget guidelines recommended the inclusion of 2% inflation to be incorporated within expenditure budgets (non employee – see below), however managers were advised to only build in contractually unavoidable inflation increases as far as possible, in spite of relatively high levels of inflation being experienced currently. This helped force through the achievement of efficiency savings at a very detailed level to balance the budget overall. This approach is underpinned by a Contingency Risk Reserve to cope with any return of unbudgeted inflationary pressures.
- 5.2 A local agreement with staff was agreed for a 1.5% pay award payable from 1st April 2013. This has been built into the base budget for 2013/14. An assumption on staff turnover savings is made and monitored centrally, the turnover level has been revised downwards to reflect that 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.
- 5.3 The Localism Act obliges the Council to approve a statement of pay policy for 2013/14 by 31 March 2013. 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 6. 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.

Capital Programme Revenue Effects and Financing

- 5.4 The revenue budget includes all revenue effects of capital schemes. Assumptions of new capital receipts in 2013/14 are based on realistic estimates received from the relevant officers in the Council.

Treatment of demand-led pressures and efficiencies

- 5.5 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

- 5.6 The 2013/14 net revenue budget has incorporated net budget reductions of £2.5m, as detailed in Appendix 1.
- 5.7 Each of the 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 2013/14 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.

Capacity to Manage in-year Budget Pressures

- 6.1 The Council has a record of maintaining good financial and budgetary discipline in the face of mid-year pressures, including virement procedures

that allow funds to be moved to areas where shortages exist. Although underspends and overspends are not automatically carried forward, the Council does have an approved carry forward scheme.

- 6.2 For many years, year-end out-turn has been within approved budget levels, although the trend to significant underspends has now been eliminated. This is a welcome change, although it does mean, quite rightly, that there can be no reliance on underspends being available to deal with any unwanted overspends. This has put more reliance on accurate budgeting and forecasting and the level of reserves held.
- 6.3 The Audit Commission have frequently commended the Council's record in financial management.
- 6.4 Managers with budgetary responsibility receive ongoing financial training and support and attend regular briefings regarding issues such as the Budget Guidelines.
- 6.5 Budget holders receive regular information from their relevant service accountant and regular Financial Management System (FMS) reports through on-line access. Both budget profiling and commitment accounting are used to assist the budgetary control process. The Council utilises a 'Dashboard' reporting system which gives budget managers prompt information about financial and service performance. This has proved extremely popular and well used, leading to a very detailed and timely position statement being available on the Council's finances.
- 6.6 The Executive receives quarterly budgetary control reports, including proposed actions to deal with any variances from budget.

Risk Management and Insurance Arrangements

- 7.1 The Council has a well developed risk management approach which regularly updates the key strategic and operational risks and identifies actions which can reduce the likelihood and impact of those risks. The risk registers identified are fed into the budgetary process as appropriate. In the last three budget cycles the economic scenario has featured as a key risk for several of the Council's budgets and appropriate budgetary provision has been made in respect of these.
- 7.2 The Authority has a low record of claims against its insurance policies. A recent Value for Money Review of insurance identified the scope for the Council to delete some of the policies held and levels of cover on some retained policies reduced with a significant saving in premiums paid and an acceptable increase in exposure to risk.
- 7.3 The authority budgets for specific risks, as detailed later in the report.

Longer-Term Considerations

- 8.1 Although this report has the 2013/14 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.
- 8.3 The next Medium Term Financial Strategy, covering the years 2014/15 to 2017/18 will be considered by the Executive in June 2013. Although managerial action will be required during the 2013/14 budget year to deal with the likely budget deficit from 2014/15 onwards there are currently no plans which will affect the 2013/14 budget itself.
- 8.4 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.
- 8.5 The Council is currently debt free, the current capital expenditure plans mean that there is currently no need to borrow money long term at present although the Council does have the ability too if required. Short term borrowing for cash flow purposes continues to be very rare and a small sum has been budgeted in the years ahead as interest payable should there be a mis-match in cash available for a few days or weeks.

Specific Service Budget Risk Considerations

- 9.1 Estimates in respect of Council Tax Benefit and Housing Benefit payments, Government reimbursement of these payments and payment of administrative subsidy have been calculated based on the latest information available about take-up of benefits, the latest levels of correctly paid benefits and government notifications of reimbursements and subsidy levels. There has been a significant increase in the level of such payments during the economic difficulties of the last two years and this is set to continue for some time yet. Bearing in mind that most of the sums paid out are reimbursed by the Government, these estimates are therefore as robust as possible for an area of expenditure that is demand led.
- 9.2 The income from car parking will be closely monitored, as it is demand led and we need to see if the impact of a fee changes.
- 9.3 Planning fees and land charges fees are also significant factors in the Council's budget. The budgeted sums for 2013/14 continue to be at a lower level than before the problems in the economy started and prudent assumptions have again been made of sums likely to be received. The sums included will be closely monitored during the year.
- 9.4 Rental income from the Council's property portfolio is again subject to market forces and best estimates from officers concerned have been used and will be monitored closely.
- 9.5 The homelessness budget is demand-led and therefore difficult to accurately estimate. It will be closely monitored.

- 9.6 A Contingency Risk Reserve of £151k has been set up to cover any major variations on the budgets covered in the previous paragraphs. As in previous years there is also a general risk reserve equal to 1% of net expenditure also held to assist in managing the budgets.

2013/14 Treasury Strategy

- 10.1 The Council has £11.7m invested with fund managers Tradition UK and Investec. In addition it has around £70m 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 2013/14 is attached in Appendix 5 and is based upon the views of the Director of Resources, 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 5 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 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 midyear report.
- 10.7 In addition there will be monitoring reports and regular review by members in both executive and scrutiny functions.
- 10.8 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.
- 10.9 This Council adopts the reporting arrangements outlined in the attached Strategy.

Counterparty Ratings

- 10.10 The Council will select financial institutions following advice received by our Treasury Advisors. 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.
- 10.11 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.
- 10.12 The highest standard of stewardship of public funds remains of the upmost 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 2013/14 financial year.

Minimum Revenue Provision (MRP) Policy

- 10.13 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) places a duty on local authorities to make prudent provision for debt redemption. Guidance on Minimum Revenue Provision (MRP) has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. The Strategy this year includes our Minimum Revenue Provision Statement.
- 10.14 This MRP Statement is being submitted before the start of the 2013-14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be submitted as at that time.

Key Issues for Consideration and Options

- 11.1 The key issues are whether:
- the base budget is realistic, both in terms of expenditure and income
 - the expenditure efficiencies are achievable
 - any new or increased income will be received
 - the reserves are adequate to deal with any budget problems.
- 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 production of the Treasury Management and Investment Strategy is a requirement of the CIPFA Code of Practice for Treasury Management.
- 11.4 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".
- 11.5 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.

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

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

Consultations

None	This is a statutory report giving the view of the Council's Chief Financial Officer on the robustness of the budget, although in practice discussions have been held with relevant staff as part of forming the judgement required. There is also significant consultation for the formation of the budget with the public and commerce as detailed in report to the February Executive. This will also be summarised in the 2013/14 budget book.
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Implications

Financial:	<p>The report looks at the robustness of the Council's draft 2013/14 budget and seeks approval by Council to confirm these as spending plans for 2013/14.</p> <p>All financial implications are contained within the body of the report and associated appendices.</p> <p>Comments checked by Beth Baines, Strategic Finance Accountant, 01327 322223.</p>
Legal:	<p>The draft budget complies with the Council's legal obligations.</p> <p>Comments checked by Kevin Lane, Head of Law and Governance, 01295 222127</p>
Risk Management:	<p>The draft budget has been built with consideration of relevant risks.</p> <p>Comments checked by Beth Baines, Strategic Finance Accountant, 01327 322223.</p>

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Lead Member

**Councillor Atack
Lead Member for Financial Management**

Document Information

Appendix No	Title
1	Revenue Budget Analysis
2	Collection Fund Estimates
3	Capital Programme by Scheme
4	Corporate Plan
5	Treasury Strategy
6	Pay Policy
Background Papers	
Reports to the Executive, September 2012 to February 2013	
Report Author	Karen Curtin, Head of Finance and Procurement Martin Henry, Director of Resources
Contact Information	01295 221681 martin.henry@cherwellandsouthnorthants.gov.uk 01295 221551 karen.curtin@cherwellandsouthnorthants.gov.uk 01327 322223 beth.baines@cherwellandsouthnorthants.gov.uk 01327 321563 claire.taylor@cherwellandsouthnorthants.gov.uk

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Revenue 2013/14 Budget Proposal and Analysis

The Status of the Budget

- 1.1 This is the final draft of the budget presented which has been updated for the final settlement.

General Fund Revenue Budget

- 1.2 The General Fund Revenue budget is shown below in Table 1.

Table 1: General Fund Revenue Budget	Budget	Draft Budget 2	FINAL Draft Budget	Variance from 12/13 Budget
	2012/13	2013/14		
Net Expenditure	£16,641,325	£15,696,072	£15,365,552	
Capital Charges Reversed	-£3,323,392	-£3,323,392	-£3,323,392	£0
Net Expenditure Services	£13,317,933	£12,372,680	£12,042,160	-£1,275,773
Centrally Controlled Items	£1,341,299	£1,496,436	£1,831,956	£155,137
Net Budget Requirement	£14,659,232	£13,869,116	£13,874,116	-£785,116
Funding				
Investment Income	£439,810	£145,581	£150,581	-£289,229
Government Grant	£7,621,722	£7,210,000	£7,210,000	-£411,722
Council Tax Compensation Grant 11/12	£155,415	£155,415	£155,415	£0
Collection Fund	£139,332	£100,000	£100,000	-£39,332
Council Tax	£6,302,953	£5,763,992	£5,763,992	-£538,961
Council Tax Support Grant	£0	£494,128	£494,128	£494,128
Proposed Budget	£14,659,232	£13,869,116	£13,874,116	-£785,116
Shortfall / surplus	£0	£0	£0	£0
% Reduction				-5.4%
Council Tax				
Number band D equivalents	50,615	46,672	46,672	
2013/14 Cost of Band D equivalent	£123.50	£123.50	£123.50	
2012/13 Cost of Band D equivalent	£123.50	£123.50	£123.50	
	£6,250,953	£5,763,992	£5,763,992	

- 1.3 The finalisation of capital charges will take place later in the year as detailed work on the Fixed Asset Register system is currently underway. The capital charges figure is not a real cost to the tax payer as it is entered into the Income and Expenditure Statement in the cost of services and then removed further down the statement, as per the Local Government Capital Financing Regulations. There is no impact on the budget or finances of the Council.
- 1.4 The table below gives a high level walk from the 2012/13 net budget to the proposed 2013/14 net budget highlighting cost pressures and reductions.

Table 3: High Level Budget Walk 2012/13 to 2013/14	
Opening Net Budget	£14.7m
2012/13 effects	-£0.1
Public Promise	-£1.0
Building Blocks	-£0.5
Efficiencies	-£0.5
New Joint Working	-£0.1
New effects – income from Bicester Town Centre	-£0.3
Inflation	£0.3
Unavoidable Growth	£0.4
Growth	£0.4
Investment Income Reduction	£0.3
Government Grant Reductions	£0.4
Other	-£0.1
Draft Base Budget 2013/14	£13.9m

1.5 These movements are further analysed in the tables below

Unavoidable Growth

Table 4: Unavoidable Growth	
Reduced green recycling credits (street cleaning)	£26,000
Reduction in sale of glass and textiles from recycling	£57,000
Mileage increase based on usage	£6,000
Pay – increments, NI, superannuation	£86,000
Increase in the capital cost of pension	£90,000
Fuel	£40,000
Castle quay income	£110,000
	£415,000

Growth

Table 5: Growth	
Project management	£125,000
Estates maintenance & repair	£65,000
Housing allocations – ARBITRAS	£21,000
Planning projects validation & registration	£64,000
Welfare reform changes	£80,000
	£385,000

Public Promise

Table 6: Public Promise	
Procurement Action Plan	£75,000
Planning Income – change in planning fees regime	£120,000
Museum – move to trust status (6 months only)	£35,500
Joint working – ICT delivered phase 1	£218,000
Building Control – joint working	£24,000
Other joint working initiatives: finance, performance, democratic and elections	£104,000
Re tender and negotiation of new recyclables contract	£432,000
	£1,008,500

Budget Reductions

- 1.6 We have made more than the required 2% efficiency savings as per budget guidelines. These amount to circa £0.5m and can be classified as budget adjustments and procurement efficiencies (with no service impact); contract reductions (reduced inflation and efficiencies) and fee income (demand increases).
- 1.7 A summary of the building blocks identified from each service is listed in the table below.

Table 7: Building blocks	
Community Services – NNDR relief & reduced management fee on the leisure contract; vacant vehicle parks warden post; reduced automated payment kiosks emptying	£99,000
Environmental Services – review of the service to reduce expenditure on bring banks and bulky waste	£20,000
Finance & Procurement – reductions in internal and external audit fees and a reduction in consultancy budget	£74,000
Law & Governance – increased land searches income; increased legal costs recovered from third parties, freeze in members allowances	£41,000
Transformation – ICT phase 2, renegotiate blackberry usage and Microsoft licensing	£64,000
Strategic Planning – introduce charging for pre-application enquiries and increase planning income	£75,000
Public Protection & Development Management – vacant posts in planning policy and budget review of economic development	£38,000
Regeneration & Housing – predicted income from Bicester redevelopment and vacant staff post	£61,000
	£472,000

Council Tax

- 1.8 The level of council tax being proposed is £123.50 pa at Band D and this is in line with Council commitment of a zero increase. 2013/14 is the 3rd year allocation of Council Tax Compensation Grant which the Council will receive from Central Government - £155,000.
- 1.9 Should the proposal of a zero % increase be adopted the Council will also receive £63,000 in an additional Compensation Freeze grant for 2013/14 and 2014/15 **only**. In 2013/14 £35,000 of this will be used to offset the parish council shortfall leaving £28,000 to be treated as windfall income.

Medium Term Financial Strategy 2014/15 – 2017/18

- 1.10 The coming years will present even further challenges which in the main will relate to the austerity measures, continued cuts to the level of government grants received and welfare reform.
- 1.11 The Council's has a strong track record and commitment to delivering efficiencies resulting in a 41% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £13.9m in 2013/14.
- 1.12 These reductions and forward planning together with the joint working with South Northamptonshire Council (and any others we chose to collaborate with) continues to strengthen our position to meet the forecast challenges of future years. The Council will update its MTFs forecast to be included in the 2013/14 budget book.

- 1.13 The result of the Local Government Resource Review means the Council needs to consider a number of additional elements of funding and risk associated with New Homes Bonus, Business Rate Localised Growth and the impact of the Council Tax Reduction Scheme. As a result of this the strategy is being refreshed and will be presented to the Executive in June 2013.

@ 14 January 2013

APPENDIX 2

CHERWELL DISTRICT COUNCIL
COLLECTION FUND : REVISED ESTIMATES 2012/13

	<u>COUNCIL TAX:</u>	<u>BUSINESS</u>	<u>TOTAL:</u>
	<u>£.pp</u>	<u>RATES:</u>	<u>£.pp</u>
	<u>£.pp</u>	<u>£.pp</u>	<u>£.pp</u>
<u>(SURPLUS)/ DEFICIT AS AT 1 APRIL 2012</u>			
Oxfordshire County Council	-807,437.10	0.00	-807,437.10
Thames Valley Police Authority	-107,244.53	0.00	-107,244.53
Cherwell District Council/ODPM	-141,221.37	0.00	-141,221.37
	<u>-1,055,903.00</u>	<u>0.00</u>	<u>-1,055,903.00</u>
<u>DISTRIBUTION OF SURPLUS/ (DEFICIT) FOR PREVIOUS YEAR(S):</u>			
<u>Re: Revised Estimates</u>			
Oxfordshire County Council	796,499.14	0.00	796,499.14
Thames Valley Police Authority	105,792.16	0.00	105,792.16
Cherwell District Council	139,332.13	0.00	139,332.13
	<u>1,041,623.43</u>	<u>0.00</u>	<u>1,041,623.43</u>
<u>INCOME FOR THE YEAR:</u>			
Income From Council Tax	-71,719,323.13	0.00	-71,719,323.13
Council Tax Benefits Contribution	-7,180,407.45	0.00	-7,180,407.45
	<u>-78,899,730.58</u>	<u>0.00</u>	<u>-78,899,730.58</u>
Income From Non-Domestic Rates	0.00	0.00	0.00
<u>TOTAL INCOME FOR THE YEAR</u>	<u>-78,899,730.58</u>	<u>0.00</u>	<u>-78,899,730.58</u>
<u>EXPENDITURE FOR THE YEAR:</u>			
<u>Precepts and Demands:</u>			
Oxfordshire County Council	58,799,952.00	0.00	58,799,952.00
Thames Valley Police Authority	7,809,895.00	0.00	7,809,895.00
Cherwell District Council: General Purposes	6,250,953.00	0.00	6,250,953.00
Cherwell District Council: Town & Parish Council Precept:	4,088,906.00	0.00	4,088,906.00
	<u>76,949,706.00</u>	<u>0.00</u>	<u>76,949,706.00</u>
<u>Non-Domestic Rates:</u>			
Payment To National Pool	0.00	0.00	0.00
Cost of Collection Grant	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Provision For Appeals and Non-collection	223,801.00	0.00	223,801.00
Write off of Bad Debts	140,024.84	0.00	140,024.84
<u>TOTAL EXPENDITURE FOR THE YEAR</u>	<u>77,313,531.84</u>	<u>0.00</u>	<u>77,313,531.84</u>
<u>(SURPLUS)/ DEFICIT FOR THE YEAR</u>	<u>-1,586,199</u>	<u>0</u>	<u>-1,586,199</u>
<u>DIVISION OF (SURPLUS)/ DEFICIT FOR THE YEAR</u>			
Oxfordshire County Council	-1,212,070	0	-1,212,070
Thames Valley Police Authority	-160,989	0	-160,989
Cherwell District Council/ODPM	-213,140	0	-213,140
	<u>-1,586,199</u>	<u>0</u>	<u>-1,586,199</u>
<u>(SURPLUS)/ DEFICIT AS AT 31 MARCH 2013</u>	<u>-1,600,478</u>	<u>0</u>	<u>-1,600,478</u>
<u>DIVISION OF (SURPLUS)/ DEFICIT AS AT 31 MARCH</u>			
Oxfordshire County Council	-1,222,981	0	-1,222,981
Thames Valley Police Authority	-162,438	0	-162,438
Cherwell District Council/DTLR	-215,059	0	-215,059
	<u>-1,600,478</u>	<u>0</u>	<u>-1,600,478</u>

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Capital Bids 2012/13 by Score

Bid No.	Strategic Priority	Capital Scheme	Service Head	Directorate	Capital Bid Score	Total Estimated Capital Cost £s	Estimated Cost for 13/14 £'s	External Funding £'s	Estimated Cost for 14/15 £'s	External Funding £'s	Estimated Cost for 15/16 £'s	External Funding £'s	Estimated Cost for 16/17 £'s	External Funding £'s	Estimated Net Cost £'s
19	S&H	Disabled Access Audit 2010 - works required	Chris Stratford	Development	39	£15,000	£15,000								£15,000
36	CG	Vehicle Replacement 2013/14	Ed Potter	Community and Environment	36	£3,637,000	£620,000		£911,000		£1,107,000		£999,000		£3,637,000
7	S&H	Chasewell Community Centre – Roof Covering Replacement	Chris Stratford	Development	36	£15,000	£15,000								£15,000
40	AVFM	Microsoft Licensing	Jo Pitman	Resources	32	£150,000	£50,000		£50,000		£50,000				£150,000
34	CG	Recycling Bank Replacement 2013/14	Ed Potter	Community and Environment	31	£25,000	£25,000								£25,000
17	S&H	Units 6 & 7 Thorpe Way – Replacement Roof Covering	Chris Stratford	Development	31	£84,000	£84,000								£84,000
30	DOO	Mandatory Disabled Facilities Grants	Chris Stratford	Development	29	£750,000	£750,000	(£375,000)							£375,000
38	CG	Vehicle lifting equipment	Ed Potter	Community and Environment	29	£30,000	£30,000								£30,000
41	AVFM	Desktop PC Replacement	Jo Pitman	Resources	29	£42,000	£42,000								£42,000
44	AVFM	Visualfiles Upgrade	Jo Pitman	Resources	29	£16,000	£16,000								£16,000
43	AVFM	Server replacement package	Jo Pitman	Resources	29	£24,000	£24,000								£24,000
2	S&H	23 & 24 Thorpe Place – Replacement Roof Lights	Chris Stratford	Development	28	£27,000	£27,000								£27,000
45	AVFM	Financial System Upgrade	Karen Curtin	Resources	26	£100,000	£100,000								£100,000
23	DOO/S&H	Bicester Sports Village Phase 2	Chris Rothwell	Community and Environment	24	£450,000	£450,000								£450,000
26	S&H	Stratfield Brake Repair Works	Chris Rothwell	Community and Environment	24	£80,000	£80,000								£80,000
37	CG	Wheeled Bin replacement scheme	Ed Potter	Community and Environment	23	£720,000	£120,000		£120,000		£240,000		£240,000		£720,000
8	S&H	Works in Connection with Condition Survey	Chris Stratford	Development	23	£350,000	£350,000								£350,000
46	DOO	Bicester Community Building	Chris Stratford	Development	23	£5,000,000	£3,200,000	(£900,000)	£1,800,000						£4,100,000
3	S&H	Replacement Air Conditioning Plant to Main Chamber, Bodicote House	Chris Stratford	Development	21	£80,000	£80,000								£80,000
10	S&H	Highfield Depot – Proposed Redevelopment of Office & Welfare Facilities	Chris Stratford	Development	21	£265,000	£265,000								£265,000
24	DOO/S&H	KGLC ATP Replacement	Chris Rothwell	Community and Environment	20	£180,000	£180,000								£180,000
25	DOO/S&H	NOA Track Refurbishment	Chris Rothwell	Community and Environment	20	£165,000	£165,000								£165,000
29	DOO	Discretionary Housing Grants	Chris Stratford	Development	18	£275,000	£275,000								£275,000
32	DOO	Kidlington Pedestrianisation Scheme – Phase 2	Chris Stratford	Development	17	£28,825	£28,825								£28,825
35	CG	Thorpe lane depot hard standing	Ed Potter	Community and Environment	16	£35,000	£35,000								£35,000
21	S&H	Community Facilities Loan Scheme	Chris Stratford	Community and Environment	15	£84,000	£84,000								£84,000
20	AVFM	CDC and SNC Customer Services Desktop as a Service (DaaS)	Chris Rothwell	Community and Environment	14	£20,000	£20,000								£20,000
Priority Years Approved Schemes															
	DOO	Cherwell Community Led Housing Programme	Chris Stratford	Development		£4,666,666	£2,333,333		£2,333,333						
	DOO	Environmental Improvements Market Square Bicester	Adrian Colwell	Strategic Planning & Economy		£250,000			£250,000						
	AVFM	Extended Contract for Website Hosting	Jo Pitman	Resources		£39,334	£19,667		£19,667						
GRAND TOTAL						£17,603,825	£9,483,825	(£1,275,000)	£5,484,000	£0	£1,397,000	£0	£11,372,825		

AVFM An Accessible Value for Money Council
S&H A Safe, Healthy and Thriving Community
CG A Cleaner Greener Cherwell
DOO A District of Opportunity

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<p style="text-align: center;">A A District of Opportunity</p>	<p style="text-align: center;">B A Cleaner Greener Cherwell</p>	<p style="text-align: center;">C A Safe, Healthy and Thriving Community</p>	<p style="text-align: center;">D An Accessible Value for Money Council</p>
<p>Work with partners to tackle disadvantage in the District.</p> <ul style="list-style-type: none"> Support vulnerable residents through focusing on homelessness prevention and housing advice at current levels of performance Work with our partners to reduce the number of young people not in education employment or training across the district <p>Support local people into work (job clubs and apprenticeships) and prepare for the impact of the Government reform to welfare and the benefits system</p> <ul style="list-style-type: none"> Deliver the Brighter Futures in Banbury programme 	<p>Provide excellent waste collection and recycling services, work to reduce the amount of waste produced and to ensure that we recycle as much of our waste as possible.</p> <ul style="list-style-type: none"> Maintain the level of household recycling rate at above 57% Reduce the amount of waste sent to landfill Maintain the current high levels of customer satisfaction with our recycling and waste collection services 	<p>Work with partners to support the development of safe and thriving local communities and neighbourhoods.</p> <ul style="list-style-type: none"> Continue to provide a wide range of recreational activities and opportunities of young people across the district Work with partners to maintain already low levels of crime in the district and ensure people feel safe in their communities and town centres Work with partners and businesses to support public health, safety and environmental protection 	<p>Provide value for money and a financially sound organisation, minimising the impact of smaller council budgets on frontline and priority services.</p> <ul style="list-style-type: none"> Continue to implement and embed an effective approach to address the financial impact of Government welfare reform Continue to plan for the implications of the Local Government Resources Review specifically the changes to localisation of business rates and council tax benefit Secure savings of £500,000 taking account of the national changes to Local Government Funding Ensure the Council's budget is matched to strategic priorities demonstrating and promoting the Council's commitment to value for money and effective service delivery including making more effective use of technology
<p>Balance economic development and housing growth.</p> <ul style="list-style-type: none"> Deliver 500 new homes including through planned major housing projects Deliver 150 affordable homes in the district Promote local economic development through business advice and support, inward investment and the Local Enterprise Partnerships Progress the Community Housing Project with HCA investment partner 	<p>Work to ensure our streets, town centres, open spaces and residential areas are clean, well maintained and safe.</p> <ul style="list-style-type: none"> Improve levels of residents' satisfaction with street and environmental cleanliness Work with local communities to continue the programme of neighbourhood litter blitzes 	<p>Support the local community, voluntary and not for profit sectors to play an active role in the district.</p> <ul style="list-style-type: none"> Work with the local voluntary sector to provide advisory services for the local community Support volunteering across the district 	<p>Work with partners to reduce Council costs.</p> <ul style="list-style-type: none"> Continue to implement and embed shared back office systems and services to secure efficiencies Continue to develop and embed the shared ICT service specifically in relation to phase two of the programme (system standardisation and harmonisation) Explore further opportunities with partners to share or provide services, reducing costs and maximising income

<p style="text-align: center;">A</p> <p style="text-align: center;">A District of Opportunity</p>	<p style="text-align: center;">B</p> <p style="text-align: center;">A Cleaner Greener Cherwell</p>	<p style="text-align: center;">C</p> <p style="text-align: center;">A Safe, Healthy and Thriving Community</p>	<p style="text-align: center;">D</p> <p style="text-align: center;">An Accessible Value for Money Council</p>
<p>Develop a robust and locally determined planning framework.</p> <ul style="list-style-type: none"> Complete a draft of local development framework for the district and submit for adoption Prepare an Infrastructure Plan for Cherwell District and prepare for introduction of Community Infrastructure Levy Secure implementation of new policy for Developer contributions <p>Protect and enhance the quality of the built environment by completion of Conservation Area Reviews and strong design guidance for all new developments</p>	<p>Work to reduce our impact on the natural environment, limit our use of natural resources and support others in the district to do the same.</p> <ul style="list-style-type: none"> Reduce the Council's Carbon footprint by 4% (includes buildings, fleet mileage etc.) Work with partners to improve the energy efficiency of homes and enable more residents to achieve affordable energy bills 	<p>Provide the best possible access to good quality recreation and leisure opportunities in the district.</p> <ul style="list-style-type: none"> Progress the further phased development of the South West Bicester Sports Village Maintain current high levels of visits/usage to district leisure centres following the successful 2012 Olympic and Paralympics Establish an independent Trust to secure the long term future of Banbury Museum and maintaining access for the community 	<p>Demonstrate that we can be trusted to act properly for you by being transparent about our costs and performance.</p> <ul style="list-style-type: none"> Improve the information available to the public about our costs and performance, and promote understanding, accountability and opportunity Consult with local residents in a cost effective manner to ensure the Council has a good understanding of local priorities
<p>Work to improve the quality and vibrancy of our town centres and urban areas.</p> <ul style="list-style-type: none"> Progress the commercial development of Bicester Town Centre and consider the plans for development of the community building Complete a Masterplan for Bicester, Kidlington and Banbury Progress the Canalside Regeneration, Spiceball and the redevelopment of the Bolton Road area in Banbury 	<p>Work with partners to support the development of Eco-Bicester as a national exemplar, creating a vibrant place where people choose to live, to work and spend their leisure time in sustainable ways.</p> <ul style="list-style-type: none"> Work with partners to progress the delivery of the masterplan for Bicester Start work on site for the initial housing development at North West Bicester Ensure continued opportunities for local people to participate in the Eco-Bicester programme 	<p>Support improvement of local health facilities, services and standards across the district.</p> <ul style="list-style-type: none"> Work to promote active and independent lifestyles amongst older people Support the local community and Oxford University Hospitals Trust to retain and develop health services at the Horton General Hospital Continue to support new and improved health services in Bicester and the surrounding area 	<p>Work to ensure we provide good customer service through the delivery of high quality and accessible services.</p> <ul style="list-style-type: none"> Improve levels of customer satisfaction with our services Improve levels of satisfaction with and access to information provided by the Council Improve access to our services and advice by increasing online payment and service options Reduce costs by increasing customer use of online services rather than accessing services at Council offices Embed programme management, ensuring we have the right projects, properly resourced

Performance Pledges 2013/14

A district of opportunity

1. Continue to support skills development, apprenticeships and job clubs in order to help support local employment and reduce the number of young people not in education, employment or training.
2. Deliver 150 affordable homes in the district and support opportunities for self build and developing self build skills.
3. Continue to strengthen leisure and retail facilities in Banbury and Bicester town centres.
4. Complete the local plan along with the Master Plans for Banbury and Bicester as the foundation for economic growth in the district.

A cleaner, greener district

5. Maintain a household recycling rate of above 57%
6. Improve local residents' satisfaction with street and environmental cleanliness continuing our successful programme of neighbourhood litter blitzes.
7. Continue to reduce the Council's carbon footprint by further improving the energy efficiency of our buildings and vehicles.
8. Continue to give Cherwell residents the opportunity to take advantage of low cost insulation by working with partners to set up a 'green deal provider' service.
9. Start work onsite for the initial housing development at Northwest Bicester.

A safe, healthy and thriving district

10. Continue working with our partners to provide support to the most vulnerable individuals and families in the district, building on the Brighter Futures in Banbury programme.
11. Support the local health sector in building a new community hospital in Bicester
12. Complete the lay out of the sports pitches at the South West Bicester sports village and finalise plans for the pavilion.
13. Support the upgrade of sports facilities across the district using the Olympic legacy fund.
14. Work with the local police and licence holders to ensure our town centres remain safe and vibrant in the evenings.

An accessible value for money council

15. Secure cashable savings of at least £500,000 to help meet the medium term financial deficit and continue to identify non cashable savings in procurement.
16. Improve levels of customer satisfaction focusing on our anti-social behaviour, environmental crime and car parking services.
17. Continue to improve our website, the ease of accessing our services and paying for services online.

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CHERWELL DISTRICT COUNCIL
Treasury Management Strategy

Annual Investment Statement

2013/14

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; and
- 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 2013/14

The strategy for 2013/14 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; and
- policy on use of external service providers.

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy

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.

1.4 Training

CIPFA's Code of Practice requires the Responsible Officer to ensure that all Members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receives appropriate training relevant to their needs and fully understands their roles and responsibilities.

The Council's approach is:

- To identify Members who require training;
- To assess the level of training required and procure training from an external organisation with expertise in this area, including the Council's Treasury Advisor, Sector;
- To monitor the ongoing training needs of Members based on legislative, regulatory and best-practice requirements.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

This is required by the 2011 Guidance Notes.

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. 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, Audt and Risk Committee.

2.1 Current treasury position;

The Council has £11.7 m invested with fund manager Investec. In addition it has around £70m managed in-house (including Eco Town funds of £11.5m) which fluctuates during the year.

The 2012/13 interest projections as at January 31st 2013 show an expected investment income of £1m which is over budget and of this up to £ 150k 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 2012/13 Annual Report on Treasury Management will be presented to the Accounts, Audit and Risk Committee and the Executive in June 2013 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 and activities of the Council;

Prudential and Treasury Indicators (**Appendix 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 2013/14 Budget process in February 2013.

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

2.3. Prospects for Interest Rates

The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. **Appendix 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	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00

Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

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

- The Eurozone sovereign debt difficulties provide a clear indication of high 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 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;

There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Appendix 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 2013/14 Treasury Management Strategy. This would be reviewed in subsequent years if there was a decision to go back into debt. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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 **Appendix 4** 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

***Note :- this category is for AAA rated Government debt or its equivalent.*

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 A- and a support rating of 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.

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 Appendix 5. 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

£11.8m 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:

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2012/ 2013 0.50%
- 2013/ 2014 0.50%
- 2014/ 2015 0.75%
- 2015/ 2016 1.75%

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 four years are as follows:

2012/13	0.50%
2013/14	0.50%
2014/15	0.60%
2015/16	1.50%

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 2013-14 Minimum Revenue Provision (MRP) Statement

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) places a duty on local authorities to make prudent provision for debt redemption. Guidance on Minimum Revenue Provision (MRP) has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method;
- Option 2: CFR Method;
- Option 3: Asset Life Method;
- Option 4: Depreciation Method.
- NB This does not preclude other prudent methods.

MRP in 2013-14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4.

This MRP Statement is being submitted before the start of the 2013-14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be submitted as at that time.

The Authority will apply Option 3 in respect of supported and unsupported Non-HRA capital expenditure funded from borrowing.

The MRP in respect of leases’ schemes which were brought onto the Balance Sheet under the International Financial Reporting Standards (IFRS) Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

2.5.6 Icelandic Bank Investments –The council has received repayment of £5.7m of the initial Capital Investment of £6.5m with the remaining capital balance of £730k currently remaining in Iceland. The interest element attributed to the investment made - £624k also currently resides in Iceland.

The Council continues to pursue this with the LGA and Bevan Brittan for the transfer of these funds to the UK. It is too early to provide a definitive policy on how any 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 Scheme of delegation and Role of the section 151 officer

Please see **Appendix 6**.

Appendix

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

Appendix 1 Prudential and Treasury Indicators

Existing Investment & Debt Portfolio Position

	31/01/13 Actual Portfolio £m
External Borrowing:	
- Total External Borrowing	0
Other Long Term Liabilities:	
- Finance Leases	0
Total Gross External Debt	0
Investments:	
Managed in-house	
- Short-term monies (Deposits/ monies on call / MMFs)	64,159
- Long-term investments	5,000
Managed externally	
- By Fund Managers	11,700
- Pooled Funds (please list)	0
Total Investments	80,859

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 2012-13, 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.

	2012/13 Actual £000s	2013/14 Estimated £000s	2014/15 Estimated £000s	2015/16 Estimated £000s
Capital Expenditure	5,817	9,243	5,091	2,758
Financed by:				
Capital receipts	(4,517)	(8,498)	(4,716)	(2,758)
Capital grants	(375)	(375)	(375)	-
Revenue funded reserves	(925)	(370)	-	-
Direct Revenue Financing	-	-	-	-
Net financing need for the year	-	-	-	-

Ratio of Financing Costs to Net Revenue Stream:

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

The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012-13 Approved %	2012-13 Revised%	2013-14 Estimate %	2014-15 Estimate %	2015-16 Estimate %
Total	0	0	0	0	0

Capital Financing Requirement:

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

The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the

Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.

The Council is debt free and has no plans to enter into any long term debt arrangements. As such this section is largely irrelevant but is included for completeness if there was a decision to go back into debt. Therefore, the Council has a nil Minimum Revenue Provision for 2012/13.

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 31/03/2012	£m
Borrowing	0
Other Long-term Liabilities	0
Total	0

Incremental Impact of Capital Investment Decisions:

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

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 approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 27 th February 2012.

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

This Council is aware that there is now a new indicator on net debt which has been considered; however, this is not detailed further as the Council currently has no plans to go into debt during the 2013-14 financial year.

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

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

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

	Existing level (or Benchmark level) at 31/03/12 %	2012-13 Approved £m or %	2012-13 Revised £m or %	2013-14 Estimate £m or %	2014-15 Estimate £m or %	2015-16 Estimate £m or %
Upper Limit for Fixed Interest Rate Exposure	-£0.030	-£0.030	-£0.030	-£0.030	-£0.030	-£0.030
Upper Limit for Variable Interest Rate Exposure	-£0.012	-£0.012	-£0.012	-£0.012	-£0.012	-£0.012

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

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

Maturity Structure of Fixed Rate borrowing:

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

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

Maturity structure of fixed rate borrowing	Existing level (or Benchmark level) at 31/03/12 %	Lower Limit for 2013/14 %	Upper Limit for 2013/14 %
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	2012-13 Approved £m	2012-13 Revised £m	2013-14 Estimate £m	2014-15 Estimate £m	2015-16 Estimate £m
	15.0	15.0	15.0	15.0	15.0

Appendix 3: Economic Background

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which

is unlikely to have grown significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 0.9% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a probable return to negative growth in quarter 4; this would leave overall growth in 2012 close to zero and could then lead into negative growth in quarter 1 of 2013, which would then mean that the UK was in its first triple dip recession since records began in 1955.

The **Eurozone sovereign debt crisis** abated following the ECB's commitment to a programme of Outright Monetary Transactions i.e. a pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request, (for a national bailout), and so surrendering its national sovereignty to IMF supervision. However, the crisis in Greece has subsided, for the time being, as a result of the Eurozone agreement to provide a further €50bn financial support package in December. Many commentators, though, still view a Greek exit from the Euro as being likely in the longer term as successive rounds of austerity packages could make it more difficult to bring down the annual deficit and total debt as ratios of GDP due to the effect they have on shrinking the economy and reducing employment and tax revenues. However, another possible way out would be a major write down of total Greek debt; this has now been raised by the German Chancellor as a possible course of action, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and additional financial support for Greece to ensure that the Eurozone remained intact during 2012. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and do not address the huge obstacle of unemployment rates of over 25% in Greece and Spain. It is also possible that the situations in Portugal and Cyprus could deteriorate further in 2013 and, although they are minor economies, such developments could unnerve financial markets. There are also general elections coming up in Italy and Germany which could potentially produce some upsets on the political scene. It is, therefore, quite possible that sentiment in financial markets could turn during 2013 after the initial burst of optimism at the start of the year. While equity prices have enjoyed a strong start to 2013, the foundations for this stock market recovery are shallow given the economic fundamentals in western economies. In addition, QE has to come to an end at some point in time and there is a distinct increase in doubt in the central banks of the US and UK as to the effectiveness of any further QE in stimulating economic growth. An end to central purchases of bonds may lead to a fall in bond prices.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. The fiscal cliff, and raising the total debt ceiling, still await final resolution by the end

of February. The housing market, though, does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. Recent news from China appears to indicate that the economy has returned to a healthier rate of growth. However, there are still concerns around the unbalanced nature of the economy which is heavily dependent on new investment expenditure. The potential for the bubble in the property sector to burst, as it did in Japan in the 1990s, could have a material impact on the economy as a whole.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended, in the autumn statement, over a longer period than the original four years. Achieving this new extended timeframe will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. However, the subsiding of market concerns over the Eurozone has unwound some of the attractiveness of gilts as a safe haven and led to a significant rise in gilt yields. There is little evidence that UK consumer confidence levels are recovering, nor that the manufacturing sector is picking up. The dominant services sector disappointed in December with the PMI survey indicating the first fall in activity in two years. On the positive side, banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact in respect of materially increasing overall borrowing in the economy. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) increased by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE in early 2013 to try to stimulate economic activity. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) was also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% by the end of the year, though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the three main credit rating agencies have stated that they will be reviewing this rating in early 2013; they will, thereafter, also be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself. The same considerations could also apply to Spain;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment;
- 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 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 are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession;
- stimulus packages failing to stimulate growth;
- elections due in Italy and Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China;
- the potential for action to curtail the Iranian nuclear programme;
- the situation in Syria deteriorating and impacting other countries in the Middle East.

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

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. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields;
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held;
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone;
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth;
- The possibility of a UK credit rating downgrade.

Appendix 4 : Credit and Counterparty Risk Management Specified and Non-Specified Investments and Limits

SPECIFIED INVESTMENTS:

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

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

Term deposits with nationalised banks and banks and building societies

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

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

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	AAA	In-house
2. Money Market Funds	AAA	In-house

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

NON-SPECIFIED INVESTMENTS: A maximum of 30% will be held in aggregate in non-specified investment

. Maturities of ANY period

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

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

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

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

SPECIFIED INVESTMENTS:

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

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

Term deposits with nationalised banks and banks and building societies

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

Collateralised deposit	UK sovereign rating	In-house and Fund Managers
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	Green	In-house and Investec
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating or Short-term F, Long-term A, Viability BB+	Investec

UK Government Gilts	UK sovereign rating	Investec
Bonds issued by multilateral development banks	AA-	Investec
Sovereign bond issues (other than the UK govt)	AA-	Investec
Treasury Bills	UK sovereign rating	In house and Fund Managers

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

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

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

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

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor

downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources or Head of Finance & Procurement, and if required new counterparties which meet the criteria will be added to the list.

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

Appendix 5 : Approved countries for investments*Based on lowest available rating*

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.

AA+

- France
- Hong Kong
- U.S.A.

AA

- Qatar
- UAE

AA-

- Belgium
- Saudi Arabia

Appendix 6 : 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.

Appendix 7: Glossary

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

	Government
Debt Rescheduling	Refinancing loans on different terms and rates to the original loan.
Financial instrument	Document (such as a bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Fitch Ratings	A credit rating agency.
Forward commitment	Written agreement by a lender to advance a loan on a future date at a specified interest rate. It automatically expires if not exercised by the potential borrower.
Gilts	Also known as Gilt-edged Securities. UK central Government debt. It may be dated (redeemable) or undated. Undated gilts are perpetual debt, paying a fixed periodic coupon but having no final redemption date. Gilt yields are conventionally quoted in the UK markets on a semi-annual basis.
Interest Rate exposures	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
Lender Option Borrower Option (LOBO)	Loans that have a fixed rate for a specified number of years then can be varied by the lender at agreed intervals for the remaining life of the loan.
Limits for external debt	A Prudential Indicator prescribed by the Prudential Code sets limits on the total amount of debt the Council could afford.
Liquidity	Access to cash that is readily available.
Lowest Common Denominator	Whereby rating agencies provide credit ratings of institutions and the lowest rating is applied to determine whether they meet the criteria to be on the Council's lending list.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Maturity Structure of Borrowings	A profile of the Council's loan portfolio in order of the date in which they expire and require repayment.
Minimum Revenue Provision	The minimum amount, which must be charged to an authority's revenue account each year for the prudent repayment of debt.
Money Market Funds	Open ended collective investment fund that invests in highly-liquid short-term financial instruments (with maturities typically 90 days to less than one year).
Moody's	A credit rating agency.
Non Specified Investments	Investments deemed to have a greater potential of

	risk, such as investments for longer than one year or with institutions that do not have credit ratings, like some Building Societies. Limits must be set on the amounts that may be held in such investments at any one time during
Portfolio	A number of different assets, liabilities, or assets and liabilities together, considered as a whole. For example, a diversified investment portfolio. An investor in such a portfolio might hold a number of different investment assets within the portfolio, with the objectives of growing the total value of the portfolio and limiting the risk of losses.
Prudential Borrowing	Borrowing undertaken by the Council that does not attract government support to help meet financing costs.
Prudential Code for Capital Finance in Local Authorities	The capital finance system is based on the Prudential Code developed by CIPFA. The key feature of the system is that local authorities should determine the level of their capital investment and how much they borrow to finance that investment based on their own assessment of what they can afford.
Prudential Indicators	The key objectives of the Prudential Code are to ensure that the capital investment plans are affordable, sustainable and prudent. As part of this framework, the Prudential Code sets out several indicators that must be used to demonstrate this.
Public Works Loan Board (PWLB)	A central government agency which provides loans to local authorities and other prescribed institutions at interest rates slightly higher than those at which the Government itself can borrow.
Credit Rated	Institutions that possess a credit rating from a credit rating agency such as Fitch, Moody's or Standard and Poors.
Risk Control	Putting in place processes to control exposures to events.
Security	Placing cash in highly rated institutions.
Sovereign debt rating	Assessment of the international rating agencies of the likelihood that a particular country will default on its loans.
Specified Investments	Investments that offer high security and liquidity. They must have a maturity of no longer than 364 days.
Standard and Poors	A credit rating agency.
Supranational Institutions	Multi national structures - an amalgamation of different countries offering investment opportunities - for example Euro Investment Bank
UK Government Investments	Debt Management Office (DMO) deposits and bonds (gilts) for which maturity date at time of purchase is less than 365 days away

Yield	The rate of return on the current market value of an asset or liability, usually expressed as a percentage per annum. For example, today's yield to maturity of a bond measures the total return to an investor in the bond, reflecting both the interest income over the life of the bond and any capital gain (or loss) from today's market value to the redemption amount payable at maturity.

U.K. Interest Rate Forecasts

Bank Rate														
	NOW	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	1.83%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.83%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.83%	1.55%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	2.85%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.85%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.85%	2.55%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	4.03%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	4.03%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	4.03%	3.70%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	4.17%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.17%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.17%	4.00%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

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Pay Policy Statement 2013-14

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 7 members of the team are employed by South Northamptonshire Council. 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 £126,250 per annum.

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

Director	
	£
DIR001	79,790
DIR002	82,315
DIR003	84,840
DIR004	87,365
DIR005	88,880

Head of Service	
	£
HOS001	52,520
HOS002	53,530
HOS003	54,540
HOS004	55,550
HOS005	56,560
HOS006	57,570
HOS007	58,580
HOS008	59,590
HOS009	60,600
HOS010	61,610
HOS011	62,620
HOS012	63,630
HOS013	64,640
HOS014	65,650
HOS015	66,660
HOS016	67,670
HOS017	68,680
HOS018	69,690
HOS019	70,700
HOS020	71,710
HOS021	72,720
HOS022	73,730

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 to 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 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 (Head of Law and Governance)
- S151 Officer (Director of Resources)

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

http://www.cherwell.gov.uk/index.cfm?articleid=1563/Statement of accounts 11_12.pdf

<http://www.southnorthants.gov.uk/1491.htm/Statement of Accounts 2011-12.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' 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 £13,651 per annum (including 1.5% pay award for 2013/14).

The pay multiple (that is the ratio between the highest paid earner and the average mean earnings of the whole workforce) is 4.53.

(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 11 SCP 1 of the scheme. The current rate of pay for this post is £15,585 per annum (pay award from the 1 April 2013 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 3.85.

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 offices vary only in the application of allowances for additional working hours and access to increments. Chief Offices 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

Calculating the amounts of Council Tax for 2013/2014 and setting the Council Tax for 2013/2014

25 February 2013

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 2013/14 and the setting of Council Tax for 2013/2014.

This report is public

Recommendations

It is recommended that the Council resolves:-

- (1) That it be noted that at its meeting held on 21 January 2013 the Council calculated the Council Tax Base 2013/14:
 - a) for the whole Council area as 46,672 [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 2013/14 (excluding Parish Precepts and Special Expenses) is £123.50.
- (3) That the following amounts be calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act:-
 - a) £75,864.756 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) £66,311,611 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- c) £9,553,145 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) £204.69 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) £3,789,153 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 2013/14 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated below :-

<u>Valuation</u> <u>Band</u>	Oxfordshire County Council	Police and Crime Commissioner for Thames Valley
	£	£
A	789.89	104.92
B	921.53	122.41
C	1,053.18	139.89
D	1,184.83	157.38
E	1,448.13	192.35
F	1,711.42	227.33
G	1,974.72	262.30
H	2,369.66	314.76

- (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 2013/14 for each part of its area and for each of the categories of dwellings.
- (6) The Council's basic amount of Council Tax for 2013/14 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

Executive Summary

Introduction

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

Proposals

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

Conclusion

- 1.4 By approving the Council's budget requirement and calculating the effect in Council Tax terms, this determines the Council's spending plans for 2013/14.
- 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 fourth year of a freeze to Council Tax.

Background Information

- 2.1 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires:-
 - a) the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

- b) the Council to confirm that its basic amount of Council Tax for 2013/14 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 4th February 2013 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 Police and Crime Commissioner for Thames Valley (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 £81.19. This compares to £80.78 in 2012/13, an increase of 0.5%.
- 2.5 The precept figures included for Police and Crime Commissioner for Thames Valley were approved on 1st February 2013 and the precept figures included for Oxfordshire County Council are subject to approval on 19 February 2013. If the precept figure for Oxfordshire County Council does alter this will change the total council tax payable in each band and an update will be circulated at the Full Council Meeting.

Key Issues for Consideration and Options

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

3.2 The following options have been identified:-

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

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

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

Consultations

None This is a statutory report calculating and setting the

Implications

Financial: Financial effects – by setting tax levels in accordance with the recommendations, the tax set should raise the amount required to be met from the Collection Fund to pay the precepts to Oxfordshire County Council and Police and Crime Commissioner for Thames Valley 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 Denise Taylor, Corporate Finance Accountant 01295 221982

Legal: It is the legal responsibility for the Council to set an agreed Council Tax by 11 March under section 31A (11) of the Local Government Finance Act 1992.

Comments checked by Kevin Lane, Head of Law & Governance 0300 0030107.

Risk Management: Risk assessment – this report assumes that the estimates recommended for approval by the Executive, at its meeting held on 4th February 2013, are adopted by the Council.

Comments checked by Denise Taylor, Corporate Finance Accountant 01295 221982.

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Lead Member

Councillor Ken Attack
Lead Member for Financial Management

Document Information

Appendix No	Title
1	Calculations Required by Sections 32 of 36 of the Local Government Finance Act 1992.
2	Council Tax Setting required by Section 30 of the 1992 Act.
Background Papers	
Various Estimates 2013/2014 Working Papers Files Provisional Precept Calculations from Oxfordshire County Council and Police and Crime Commissioner for Thames Valley	
Report Author	Karen Curtin Head of Finance and Procurement
Contact Information	0300 0030102 martin.henry@cherwell-dc.gov.uk 0300 0030106 karen.curtin@cherwell-dc.gov.uk 01295 221982 denise.taylor@cherwell-dc.gov.uk

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

2013/14	CALCULATIONS AT BAND D							TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL							
	Tax Base	PRECEPT PLUS grant	GRANT	PARISH PRECEPT	PARISH NEEDS	2013/14 CHERWELL NEEDS	TOTAL TAX	VALUATION BAND AND APPROPRIATE PROPORTION							
	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	£	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Adderbury	1,125	36,242.00	1,726.00	34,516.00	30.68	123.50	154.18	102.79	119.92	137.05	154.18	188.44	222.70	256.97	308.36
Ambrosden	581	11,015.00	201.91	10,813.09	18.61	123.50	142.11	94.74	110.53	126.32	142.11	173.69	205.27	236.85	284.22
Ardley	249	12,450.00	440.60	12,009.40	48.23	123.50	171.73	114.49	133.57	152.65	171.73	209.89	248.05	286.22	343.46
Arncott	268	13,000.00	1,201.87	11,798.13	44.02	123.50	167.52	111.68	130.29	148.91	167.52	204.75	241.97	279.20	335.04
Banbury	12,567	1,784,528.53	249,846.53	1,534,682.00	122.12	123.50	245.62	163.75	191.04	218.33	245.62	300.20	354.78	409.37	491.24
Barford	255	7,000.00	32.81	6,967.19	27.32	123.50	150.82	100.55	117.30	134.06	150.82	184.34	217.85	251.37	301.64
Begbroke	353	25,501.77	83.93	25,417.84	72.01	123.50	195.51	130.34	152.06	173.79	195.51	238.96	282.40	325.85	391.02
Bicester	9,576	1,047,647.00	66,391.30	981,255.70	102.47	123.50	225.97	150.65	175.75	200.86	225.97	276.19	326.40	376.62	451.94
Blackthorn	141	10,639.00	346.58	10,292.42	73.00	123.50	196.50	131.00	152.83	174.67	196.50	240.17	283.83	327.50	393.00
Bletchington	319	16,000.00	1,194.83	14,805.17	46.41	123.50	169.91	113.27	132.15	151.03	169.91	207.67	245.43	283.18	339.82
Blunham	1,321	60,760.00	1,256.16	59,503.84	45.04	123.50	168.54	112.36	131.09	149.81	168.54	205.99	243.45	280.90	337.08
Boothorpe	811	24,861.00	855.68	24,005.32	29.60	123.50	153.10	102.07	119.08	136.09	153.10	187.12	221.14	255.17	306.20
Boynston	287	8,500.00	317.90	8,182.10	28.51	123.50	152.01	101.34	118.23	135.12	152.01	185.79	219.57	253.35	304.02
Broughton	120	3,500.00	305.68	3,194.32	26.62	123.50	150.12	100.08	116.76	133.44	150.12	183.48	216.84	250.20	300.24
Bucknell	99	4,750.00	413.63	4,336.37	43.80	123.50	167.30	111.53	130.12	148.71	167.30	204.48	241.66	278.83	334.60
Caversfield	437	4,000.00	89.52	3,910.48	8.95	123.50	132.45	88.30	103.02	117.73	132.45	161.88	191.32	220.75	264.90
Charlton on Otmoor	191	5,500.00	110.02	5,389.98	28.22	123.50	151.72	101.15	118.00	134.86	151.72	185.44	219.15	252.87	303.44
Chesterton	408	15,000.00	685.34	14,314.66	35.08	123.50	158.58	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
Claydon	135	4,000.00	108.21	3,891.79	28.83	123.50	152.33	101.55	118.48	135.40	152.33	186.18	220.03	253.88	304.66
Cottisford	70	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00
Cropredy	294	9,500.00	436.95	9,063.05	30.83	123.50	154.33	102.89	120.03	137.18	154.33	188.63	222.92	257.22	308.66
Deddington	872	35,431.00	2,022.24	33,408.76	38.31	123.50	161.81	107.87	125.85	143.83	161.81	197.77	233.73	269.68	323.62
Drayton	86	5,000.00	252.33	4,747.67	55.21	123.50	178.71	119.14	139.00	158.85	178.71	218.42	258.14	297.85	357.42
Duns Tew	214	10,032.00	352.91	9,679.09	45.23	123.50	168.73	112.49	131.23	149.98	168.73	206.23	243.72	281.22	337.46
Epwell	136	3,442.00	114.76	3,327.24	24.47	123.50	147.97	98.65	115.09	131.53	147.97	180.85	213.73	246.62	295.94
Fencot and Murcott	126	3,000.00	24.70	2,975.30	23.61	123.50	147.11	98.07	114.42	130.76	147.11	179.80	212.49	245.18	294.22
Finmere	214	6,050.00	0.00	6,050.00	28.27	123.50	151.77	101.18	118.04	134.91	151.77	185.50	219.22	252.95	303.54
Fringford	248	10,000.00	714.91	9,285.09	37.44	123.50	160.94	107.29	125.18	143.06	160.94	196.70	232.47	268.23	321.88
Fritwell	264	6,500.00	508.70	5,991.30	22.69	123.50	146.19	97.46	113.70	129.95	146.19	178.68	211.16	243.65	292.38

CALCULATIONS REQUIRED BY SECTIONS 32 TO 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992

2013/14	CALCULATIONS AT BAND D							TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL								
	Tax Base	PRECEPT	GRANT	PARISH PRECEPT	PARISH NEEDS	2013/14 CHERWELL TOTAL TAX	VALUATION BAND AND APPROPRIATE PROPORTION									
	2013/14	2013/14	2013/14	2013/14	NEEDS	NEEDS CALCULATED	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Godington	22	0.00	0.00	0.00	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 Eator	520	17,965.00	797.29	17,167.71	33.01	123.50	156.51	104.34	121.73	139.12	156.51	191.29	226.07	260.85	313.02	
Hampton Gay and Poyle	73	2,000.00	15.01	1,984.99	27.19	123.50	150.69	100.46	117.20	133.95	150.69	184.18	217.66	251.15	301.38	
Hanwell	123	6,000.00	322.74	5,677.26	46.16	123.50	169.66	113.11	131.96	150.81	169.66	207.36	245.06	282.77	339.32	
Hardwick with Tusmore	37	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Hethe	105	3,600.00	415.07	3,184.93	30.33	123.50	153.83	102.55	119.65	136.74	153.83	188.01	222.20	256.38	307.66	
Hook Norton	879	52,000.00	2,315.25	49,684.75	56.52	123.50	180.02	120.01	140.02	160.02	180.02	220.02	260.03	300.03	360.04	
Horley	158	6,275.00	5.65	6,269.35	39.68	123.50	163.18	108.79	126.92	145.05	163.18	199.44	235.70	271.97	326.36	
Hornton	160	6,000.00	175.32	5,824.68	36.40	123.50	159.90	106.60	124.37	142.13	159.90	195.43	230.97	266.50	319.80	
Horton cum Studley	243	6,000.00	23.61	5,976.39	24.59	123.50	148.09	98.73	115.18	131.64	148.09	181.00	213.91	246.82	296.18	
Islip	310	16,785.00	478.39	16,306.61	52.60	123.50	176.10	117.40	136.97	156.53	176.10	215.23	254.37	293.50	352.20	
Kidlington	4,571	596,091.88	42,799.75	553,292.13	121.04	123.50	244.54	163.03	190.20	217.37	244.54	298.88	353.22	407.57	489.08	
Kirlington	434	17,500.00	427.12	17,072.88	39.34	123.50	162.84	108.56	126.65	144.75	162.84	199.03	235.21	271.40	325.68	
Ladinton	474	15,500.00	736.92	14,763.08	31.15	123.50	154.65	103.10	120.28	137.47	154.65	189.02	223.38	257.75	309.30	
Lower Heyford	211	9,680.00	466.08	9,213.92	43.67	123.50	167.17	111.45	130.02	148.60	167.17	204.32	241.47	278.62	334.34	
Merton	139	7,364.00	0.00	7,364.00	52.98	123.50	176.48	117.65	137.26	156.87	176.48	215.70	254.92	294.13	352.96	
Middle Aston	65	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Middleton Stoney	146	3,200.00	105.53	3,094.47	21.20	123.50	144.70	96.47	112.54	128.62	144.70	176.86	209.01	241.17	289.40	
Milcombe	207	9,700.00	540.83	9,159.17	44.25	123.50	167.75	111.83	130.47	149.11	167.75	205.03	242.31	279.58	335.50	
Milton	117	400.00	20.74	379.26	3.24	123.50	126.74	84.49	98.58	112.66	126.74	154.90	183.07	211.23	253.48	
Mixbury	116	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Mollington	221	8,250.00	0.00	8,250.00	37.33	123.50	160.83	107.22	125.09	142.96	160.83	196.57	232.31	268.05	321.66	
Newton Purcell	38	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Noke	78	2,750.00	0.00	2,750.00	35.26	123.50	158.76	105.84	123.48	141.12	158.76	194.04	229.32	264.60	317.52	
North Aston	87	1,200.00	23.99	1,176.01	13.52	123.50	137.02	91.35	106.57	121.80	137.02	167.47	197.92	228.37	274.04	
North Newington	149	4,500.00	90.01	4,409.99	29.60	123.50	153.10	102.07	119.08	136.09	153.10	187.12	221.14	255.17	306.20	
Oddington	65	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Piddington	168	6,300.00	302.40	5,997.60	35.70	123.50	159.20	106.13	123.82	141.51	159.20	194.58	229.96	265.33	318.40	
Prescote	6	0.00	0.00	0.00	0.00	123.50	123.50	82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00	
Shenington	213	4,080.00	115.77	3,964.23	18.61	123.50	142.11	94.74	110.53	126.32	142.11	173.69	205.27	236.85	284.22	
Shipton on Cherwell	138	4,500.00	202.07	4,297.93	31.14	123.50	154.64	103.09	120.28	137.46	154.64	189.00	223.37	257.73	309.28	
Shutford	198	6,000.00	290.48	5,709.52	28.84	123.50	152.34	101.56	118.49	135.41	152.34	186.19	220.05	253.90	304.68	
Sibford Ferris	189	6,779.00	53.57	6,725.43	35.58	123.50	159.08	106.05	123.73	141.40	159.08	194.43	229.78	265.13	318.16	
Sibford Gower	241	6,500.00	223.00	6,277.00	26.05	123.50	149.55	99.70	116.32	132.93	149.55	182.78	216.02	249.25	299.10	
Somerton	137	5,000.00	51.80	4,948.20	36.12	123.50	159.62	106.41	124.15	141.88	159.62	195.09	230.56	266.03	319.24	

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

2013/14	CALCULATIONS AT BAND D							TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL							
	Tax Base 2013/14	PRECEPT PLUS grant 2013/14 £	GRANT 2013/14 £	PARISH PRECEPT 2013/14 £	PARISH NEEDS 2013/14 £	2013/14		VALUATION BAND AND APPROPRIATE PROPORTION							
						CHERWELL	TOTAL TAX CALCULATED	6 A	7 B	8 C	9 D	11 E	13 F	15 G	18 H
Souldern	196	5,700.00	114.00	5,586.00	28.50	123.50	152.00	101.33	118.22	135.11	152.00	185.78	219.56	253.33	304.00
South Newington	151	5,800.00	182.04	5,617.96	37.21	123.50	160.71	107.14	125.00	142.85	160.71	196.42	232.14	267.85	321.42
Steeple Aston	409	21,409.00	807.03	20,601.97	50.37	123.50	173.87	115.91	135.23	154.55	173.87	212.51	251.15	289.78	347.74
Stoke Lyne	98	2,750.00	158.64	2,591.36	26.44	123.50	149.94	99.96	116.62	133.28	149.94	183.26	216.58	249.90	299.88
Stratton Audley	201	5,750.00	222.83	5,527.17	27.50	123.50	151.00	100.67	117.44	134.22	151.00	184.56	218.11	251.67	302.00
Swalcliffe	104	5,500.00	258.36	5,241.64	50.40	123.50	173.90	115.93	135.26	154.58	173.90	212.54	251.19	289.83	347.80
Tadmarton	247	6,000.00	269.01	5,730.99	23.20	123.50	146.70	97.80	114.10	130.40	146.70	179.30	211.90	244.50	293.40
Upper Heyford	350	15,200.00	1,474.49	13,725.51	39.22	123.50	162.72	108.48	126.56	144.64	162.72	198.88	235.04	271.20	325.44
Wardington	231	12,000.00	562.93	11,437.07	49.51	123.50	173.01	115.34	134.56	153.79	173.01	211.46	249.90	288.35	346.02
Wendlebury	187	4,240.00	149.09	4,090.91	21.88	123.50	145.38	96.92	113.07	129.23	145.38	177.69	209.99	242.30	290.76
Weston on the Green	230	8,000.00	396.40	7,603.60	33.06	123.50	156.56	104.37	121.77	139.16	156.56	191.35	226.14	260.93	313.12
Wiggington	104	3,000.00	160.34	2,839.66	27.30	123.50	150.80	100.53	117.29	134.04	150.80	184.31	217.82	251.33	301.60
Wotton	272	6,000.00	343.79	5,656.21	20.79	123.50	144.29	96.19	112.23	128.26	144.29	176.35	208.42	240.48	288.58
Yatton	1,087	60,000.00	1,832.14	58,167.86	53.51	123.50	177.01	118.01	137.67	157.34	177.01	216.35	255.68	295.02	354.02
	46,672														
Total of special items		4,177,118.18	387,965.48	3,789,152.70			9,633.00								
Cherwell Net Expenditure				3,789,152.70											
BUDGET REQUIREMENT				3,789,152.70											
Less Extenal Support etc															
THE BASIC AMOUNT OF TAX				3,789,152.70	81.19										
Less Average Parish etc					(81.19)										
Cherwell DC needs				5,763,992	123.50			82.33	96.06	109.78	123.50	150.94	178.39	205.83	247.00
Oxfordshire County Council Precept				55,298,386	Provisional										
Thames Valley Police Precept				7,345,239	Approved										
BASIC AMOUNT OF OXFORDSHIRE CC TAX					1,184.83			789.89	921.53	1,053.18	1,184.83	1,448.13	1,711.42	1,974.72	2,369.66
BASIC AMOUNT OF THAMES VALLEY POLICE TAX					157.38			104.92	122.41	139.89	157.38	192.35	227.33	262.30	314.76
TOTAL REQUIRED FROM TAX				66,432,777.46											
TAX AT BAND D (Exc Parishes)					1,465.71			977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
TAX AT BAND D (Inc Parishes)					1,546.90										
								977.14	1140	1302.85	1465.71	1791.42	2117.14	2442.85	2931.42

2013/14 16-Feb-13	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	997.60	1,163.86	1,330.12	1,496.39	1,828.92	2,161.45	2,493.99	2,992.78
Ambrosden	989.55	1,154.47	1,319.39	1,484.32	1,814.17	2,144.02	2,473.87	2,968.64
Ardley	1,009.30	1,177.51	1,345.72	1,513.94	1,850.37	2,186.80	2,523.24	3,027.88
Arncott	1,006.49	1,174.23	1,341.98	1,509.73	1,845.23	2,180.72	2,516.22	3,019.46
Banbury	1,058.56	1,234.98	1,411.40	1,587.83	1,940.68	2,293.53	2,646.39	3,175.66
Barford	995.36	1,161.24	1,327.13	1,493.03	1,824.82	2,156.60	2,488.39	2,986.06
Begbroke	1,025.15	1,196.00	1,366.86	1,537.72	1,879.44	2,221.15	2,562.87	3,075.44
Bicester	1,045.46	1,219.69	1,393.93	1,568.18	1,916.67	2,265.15	2,613.64	3,136.36
Blackthorn	1,025.81	1,196.77	1,367.74	1,538.71	1,880.65	2,222.58	2,564.52	3,077.42
Bletchingdon	1,008.08	1,176.09	1,344.10	1,512.12	1,848.15	2,184.18	2,520.20	3,024.24
Bloxham	1,007.17	1,175.03	1,342.88	1,510.75	1,846.47	2,182.20	2,517.92	3,021.50
Bodicote	996.88	1,163.02	1,329.16	1,495.31	1,827.60	2,159.89	2,492.19	2,990.62
Bourton	996.15	1,162.17	1,328.19	1,494.22	1,826.27	2,158.32	2,490.37	2,988.44
Broughton	994.89	1,160.70	1,326.51	1,492.33	1,823.96	2,155.59	2,487.22	2,984.66
Bucknell	1,006.34	1,174.06	1,341.78	1,509.51	1,844.96	2,180.41	2,515.85	3,019.02
Caversfield	983.11	1,146.96	1,310.80	1,474.66	1,802.36	2,130.07	2,457.77	2,949.32
Charlton on Otmoor	995.96	1,161.94	1,327.93	1,493.93	1,825.92	2,157.90	2,489.89	2,987.86
Chesterton	1,000.53	1,167.28	1,334.03	1,500.79	1,834.30	2,167.81	2,501.32	3,001.58
Claydon	996.36	1,162.42	1,328.47	1,494.54	1,826.66	2,158.78	2,490.90	2,989.08
Cottisford	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Cropredy	997.70	1,163.97	1,330.25	1,496.54	1,829.11	2,161.67	2,494.24	2,993.08
Deddington	1,002.68	1,169.79	1,336.90	1,504.02	1,838.25	2,172.48	2,506.70	3,008.04
Drayton	1,013.95	1,182.94	1,351.92	1,520.92	1,858.90	2,196.89	2,534.87	3,041.84
Duns Tew	1,007.30	1,175.17	1,343.05	1,510.94	1,846.71	2,182.47	2,518.24	3,021.88
Epwell	993.46	1,159.03	1,324.60	1,490.18	1,821.33	2,152.48	2,483.64	2,980.36
Fencott and Murcott	992.88	1,158.36	1,323.83	1,489.32	1,820.28	2,151.24	2,482.20	2,978.64
Finnere	995.99	1,161.98	1,327.98	1,493.98	1,825.98	2,157.97	2,489.97	2,987.96
Fringford	1,002.10	1,169.12	1,336.13	1,503.15	1,837.18	2,171.22	2,505.25	3,006.30
Fritwell	992.27	1,157.64	1,323.02	1,488.40	1,819.16	2,149.91	2,480.67	2,976.80
Godington	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Gosford and Water Eaton	999.15	1,165.67	1,332.19	1,498.72	1,831.77	2,164.82	2,497.87	2,997.44
Hampton Gay and Poyle	995.27	1,161.14	1,327.02	1,492.90	1,824.66	2,156.41	2,488.17	2,985.80
Hanwell	1,007.92	1,175.90	1,343.88	1,511.87	1,847.84	2,183.81	2,519.79	3,023.74
Hardwick with Tusmore	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Hethe	997.36	1,163.59	1,329.81	1,496.04	1,828.49	2,160.95	2,493.40	2,992.08
Hook Norton	1,014.82	1,183.96	1,353.09	1,522.23	1,860.50	2,198.78	2,537.05	3,044.46
Horley	1,003.60	1,170.86	1,338.12	1,505.39	1,839.92	2,174.45	2,508.99	3,010.78
Hornton	1,001.41	1,168.31	1,335.20	1,502.11	1,835.91	2,169.72	2,503.52	3,004.22
Horton cum Studley	993.54	1,159.12	1,324.71	1,490.30	1,821.48	2,152.66	2,483.84	2,980.60
Islip	1,012.21	1,180.91	1,349.60	1,518.31	1,855.71	2,193.12	2,530.52	3,036.62
Kidlington	1,057.84	1,234.14	1,410.44	1,586.75	1,939.36	2,291.97	2,644.59	3,173.50
Kirtlington	1,003.37	1,170.59	1,337.82	1,505.05	1,839.51	2,173.96	2,508.42	3,010.10
Launton	997.91	1,164.22	1,330.54	1,496.86	1,829.50	2,162.13	2,494.77	2,993.72
Lower Heyford	1,006.26	1,173.96	1,341.67	1,509.38	1,844.80	2,180.22	2,515.64	3,018.76
Merton	1,012.46	1,181.20	1,349.94	1,518.69	1,856.18	2,193.67	2,531.15	3,037.38
Middle Aston	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Middleton Stoney	991.28	1,156.48	1,321.69	1,486.91	1,817.34	2,147.76	2,478.19	2,973.82
Milcombe	1,006.64	1,174.41	1,342.18	1,509.96	1,845.51	2,181.06	2,516.60	3,019.92
Milton	979.30	1,142.52	1,305.73	1,468.95	1,795.38	2,121.82	2,448.25	2,937.90
Mixbury	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Mollington	1,002.03	1,169.03	1,336.03	1,503.04	1,837.05	2,171.06	2,505.07	3,006.08
Newton Purcell	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Noke	1,000.65	1,167.42	1,334.19	1,500.97	1,834.52	2,168.07	2,501.62	3,001.94
North Aston	986.16	1,150.51	1,314.87	1,479.23	1,807.95	2,136.67	2,465.39	2,958.46
North Newington	996.88	1,163.02	1,329.16	1,495.31	1,827.60	2,159.89	2,492.19	2,990.62
Oddington	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Piddington	1,000.94	1,167.76	1,334.58	1,501.41	1,835.06	2,168.71	2,502.35	3,002.82
Prescote	977.14	1,140.00	1,302.85	1,465.71	1,791.42	2,117.14	2,442.85	2,931.42
Shenington	989.55	1,154.47	1,319.39	1,484.32	1,814.17	2,144.02	2,473.87	2,968.64
Shipton on Cherwell	997.90	1,164.22	1,330.53	1,496.85	1,829.48	2,162.12	2,494.75	2,993.70
Shutford	996.37	1,162.43	1,328.48	1,494.55	1,826.67	2,158.80	2,490.92	2,989.10
Sibford Ferris	1,000.86	1,167.67	1,334.47	1,501.29	1,834.91	2,168.53	2,502.15	3,002.58

Sibford Gower	994.51	1,160.26	1,326.00	1,491.76	1,823.26	2,154.77	2,486.27	2,983.52
Somerton	1,001.22	1,168.09	1,334.95	1,501.83	1,835.57	2,169.31	2,503.05	3,003.66
Souldern	996.14	1,162.16	1,328.18	1,494.21	1,826.26	2,158.31	2,490.35	2,988.42
South Newington	1,001.95	1,168.94	1,335.92	1,502.92	1,836.90	2,170.89	2,504.87	3,005.84
Steeple Aston	1,010.72	1,179.17	1,347.62	1,516.08	1,852.99	2,189.90	2,526.80	3,032.16
Stoke Lyne	994.77	1,160.56	1,326.35	1,492.15	1,823.74	2,155.33	2,486.92	2,984.30
Stratton Audley	995.48	1,161.38	1,327.29	1,493.21	1,825.04	2,156.86	2,488.69	2,986.42
Swalcliffe	1,010.74	1,179.20	1,347.65	1,516.11	1,853.02	2,189.94	2,526.85	3,032.22
Tadmarton	992.61	1,158.04	1,323.47	1,488.91	1,819.78	2,150.65	2,481.52	2,977.82
Upper Heyford	1,003.29	1,170.50	1,337.71	1,504.93	1,839.36	2,173.79	2,508.22	3,009.86
Wardington	1,010.15	1,178.50	1,346.86	1,515.22	1,851.94	2,188.65	2,525.37	3,030.44
Wendlebury	991.73	1,157.01	1,322.30	1,487.59	1,818.17	2,148.74	2,479.32	2,975.18
Weston on the Green	999.18	1,165.71	1,332.23	1,498.77	1,831.83	2,164.89	2,497.95	2,997.54
Wiggington	995.34	1,161.23	1,327.11	1,493.01	1,824.79	2,156.57	2,488.35	2,986.02
Wroxton	991.00	1,156.17	1,321.33	1,486.50	1,816.83	2,147.17	2,477.50	2,973.00
Yarnton	1,012.82	1,181.61	1,350.41	1,519.22	1,856.83	2,194.43	2,532.04	3,038.44

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Council

Community Governance Review 2012

25 February 2013

Report of Chief Executive

PURPOSE OF REPORT

To update Members on progress of the Community Governance Review, and to agree proposals to consult upon.

This report is public

Recommendations

Council is recommended:

- (1) To agree that the principles as set out in appendix 1 should be consulted upon.

Executive Summary

Introduction

- 1.1 Following the resolution made at December Council, a Community Governance Review Working Group was set up and all Town and Parish Councils across the district were invited to submit comments and suggestions for consideration. 19 responses were received, and full details of each response can be seen on file in the Members' Room.
- 1.2 The Working Group met on 4 February, and discussed each of the responses received during the initial consultation period.

Proposals

- 2.1 The Working Group made decisions on each of the suggestions received, and these decisions are included in full at Appendix 1 to this report.

- 2.2 The next stage of the process is to consult on the proposals Council agree. This consultation period will run from 1 March until 28 March 2013, and a meeting of the Working Group will be arranged for early April to discuss responses to the second consultation period.

Conclusion

- 3.1 Officers recommend that the principles as detailed in Appendix 1 to this report are approved as the basis for consultation.

Key Issues for Consideration/Reasons for Decision and Options

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

- | | |
|---------------------|----------------------------------|
| Option One | To agree the recommendations |
| Option Two | Not to agree the recommendations |
| Option Three | To amend the recommendations |

Consultations

- | | |
|--|--|
| All Town and Parish Councils in Cherwell District | All councils were contacted and given until 31 January 2013 to respond. |
| Oxfordshire County Council | Oxfordshire County Council were also invited to submit comments. |
| Electoral Registration Officer | Electoral Registration Officer has been consulted and has no further comments to make. |

Implications

- Financial:** The main costs associated with carrying out a review is in terms of the considerable staff time required, which will mean that the Democratic and Elections team will not be available to support other work areas during the review. Other costs associated with consultation and postage can be met from the existing elections and electoral registration budget.
- Comments checked by Sarah Best, Service Accountant for Resources.

Legal: The above proposals are in accordance with the Local Government and Public Involvement and Health Act 2007 and , if implemented, will also serve to reduce if not eliminate anomalies in community governance that are currently present.

Comments checked by Kevin Lane, Head of Law and Governance

Risk Management: The proposals ensure that the Council is meeting requirements to keep community governance arrangements under regular review and therefore mitigate risk to the council.

Comments checked by Kevin Lane, Head of Law and Governance

Wards Affected

All

Document Information

Appendix No	Title
1	<i>Community Governance Review Working Group Spreadsheet</i>
Background Papers	
Full version of responses received from Town and Parish Councils – available in the Members’ Room.	
Report Author	James Doble, Democratic and Elections Manager
Contact Information	James.doble@cherwellandsouthnorthants.gov.uk 01295 221587

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Parish Council/Meeting Name	Comments received	Analysis of Democratic and Elections Team	Working Group comments	Recommendation to Council?
Adderbury Parish Council	Request to increase number of Parish Councillors from 11 to 14, to improve expertise and knowledge base.	Officers feel that an increase to 14 is too high, and would suggest 12 instead.	Members agree with officers that an increase to 14 would be too high, and would lead to repeated co-options. Members feel consultation on an increase to 12 would be more appropriate	Consult on increase to 12
Ambrosden Parish Council	Submitted a map showing an area that they would like to request be transferred into the Parish.	Officers agree with this proposal for consultation	Members agree with this proposal for consultation	Consult on Incorporating the area highlighted into the Parish
Ardley with Fewcott Parish Council				
Arcott Parish Council				
Banbury Town Council	Amendments to be made to incorporate areas of planned housing growth at Bankside; west of Bretch Hill and north of Hanwell Fields, and also the historic Wykham Farm within the town boundary, in the interests of convenient and effective local government and to reflect the identities and interests of the community, and it seeks to correctly name the Parish Ward of Grimsbury and Castle under the review.	Officers agree with all aspects of this proposal for consultation	Members agree with all aspects of this proposal for consultation.	Consult on all suggestions received, i.e inclusion of development outside of the existing Banbury Town Council boundary.
Barford St John and Barford St Michael Parish Council				
Begbroke Parish Council	At the time of initial letter (April 2012) the PC considered that the status quo should be maintained. Further response received in January 2013 - suggestion received that, as a parish in it's own right, should be included in the name of the current electoral division which is Yarnton Gosford and Water Eaton, e.g. Yarnton, Begbroke, Gosford and Water Eaton.	This query is outside the remit of this particular Review, and needs to be referred to the Boundary Commission as part of the District Review.	Members agree with officer comments.	No action required at this time.
Bicester Town Council	Make a number of suggestions 1. a map was enclosed with the response with an indicative revised boundary 2. the incorporation of the Eco town in to the Town Council area; 3. the SW Bicester, Kingsmere site into Bicester from Chesterton; 4. the Graven Hill site into Bicester; 5. support for the site at RAF Bicester to be developed as a heritage centre; 6. Views on the scope of the revised boundaries are in line with a number of strategic documents already in place; 7. the increased area as outlined should comprise 9 Wards of 3 - 5 elected members each, resulting in a total of 27 - 36 members in total; 8. but prior to 2015 the representation to be increased to 20 members across the 5 existing wards.	1. Officers feel that this is an aspirational outlook and not appropriate at the current time. 2. Officers agree with this element for consultation. 3. Officers also agree with this element for consultation. 4 & 5. Officers feel discussion with the Working Group is necessary for these elements. 6 & 7 Officers feel it is too early for these elements 8. Officers agree with this aspect to the response. In addition, officers feel it would be appropriate to consult on an increase in numbers from 15 to 20, and also from 15 to 25.	Members agree that the Eco Town should be consulted on as part of the Town Council area, as well as the SW Bicester/Kingsmere site. Members feel that Graven Hill should be left out of the consultations at present time. Members agree that it is too early to look at revised boundaries as per the submitted plan. Members agree with the proposal to consult on increasing numbers from 15 to 20.	Consult on Eco Town being included in the Parish, and increasing numbers from 15 to 20
Blackthorn Parish Council				
Bletchingdon Parish Council				

Bloxham Parish Council	Request to increase number of Parish Councillors from 11 to 14 to ease workload on existing Councillors with large planning applications.	Officers feel that an increase to 14 is too high, and would suggest 13 instead	Members agree with officers that an increase to 14 would be too high, and would lead to repeated co-options. Members feel consultation on an increase to 12 would be more appropriate	Consult on increase to 12
Bodicote Parish Council	Concerns about the potential lose of land to the Parish currently earmarked for the Bankside development. Feel that it would be better to wait until development has started before making a decision on warding.	Warding of the Parish has already taken place and is outside of the control of this review. The principle of the inclusion of Bankside within Banbury has already been established and will be consulted on.	Members agree that the consultation should include the principle of Bankside within Banbury.	Consult on principle of Bankside being included within Banbury
Bourton Parish Council				
Broughton Parish Council				
Bucknell Parish Council	Would like the Eco Town to be considered a Ward of Bicester Town Council and not become part of any existing Parish Council. Bucknell Parish Council should keep its current remit.	Officers agree that the Eco Town should be considered as part of Bicester Town Council.	Members agree that the Eco Town should be consulted on as part of Bicester Town Council.	Consult on principle of Eco Town being included within Bicester
Caversfield Parish Council	At the time of initial letter (April 2012) the PC expressed their view that it was extremely important for them to retain their own identity, particularly due to the gaining of residents when 'the Garden Quarter' is completed. They do not want to merge with another parish, or for the Eco Town to become part of their parish.	Officers agree and do not propose any changes to this Parish.		
Charlton-on-Otmoor Parish Council				
Cherwell Parish Council				
Chesterton Parish Council	Would like clarification on when the warding of the parish is to take place; the line of the demarcation; reconsideration of the number of Parish Councillors due to increasing numbers of residents; possible creation of a Little Chesterton ward.	i) - elections would take place in 2014 due to the proposed changes ii) officers support the line of demarcation being Vendee Drive iii) officers note that the Parish currently has 6 Councillors, and agree this should be increased to 7 iv) Warding won't be necessary as changes elsewhere will remove the issues.	Members agree that the line of demarcation should be Vendee Drive, and that the Parish should be increased from 6 to 7.	Consult on dividing line being Vendee Drive, and increasing numbers from 6 to 7.
Claydon with Clattercote Parish Council				
Cottisford Parish Meeting				
Croprey Parish Council	Councillor Atack currently dealing with Prescote Parish meeting transferring to Croprey Parish Council.	Officers support the action currently being taken, and propose to consult at the relevant time on whether the new Parish should still be called Croprey, or be renamed Croprey and Prescote.	Members note the action being taken and agree to consult on the name of the Parish Council at the appropriate time. Since the working group meeting, Councillor Atack has advised that Prescote Parish Meeting wish to continue in their own right.	No action required at this time.

Deddington Parish Council				
Drayton Parish Council	In connection with the proposed planning applications for the Parish but which would be extensions of Banbury, the Parish Council would like to see the sites being moved in the township of Banbury. Boundaries would be tightly drawn around the sites, the parish would expect to retain Drayton Lodge Farm house, the golf course and associated houses. Would also expect to retain Withycombe Farmhouse and adjoining land. It would regret losing the houses and bungalow east of the Warwick Road but see the road as a natural boundary.	Officers agree with this proposal for consultation	Members agree with this proposal for consultation	Consult on principle of moving sites into Banbury Town Council area.
Duns Tew Parish Council				
Epwell Parish Council				
Fencott and Murcott Parish Council				
Finmere Parish Council				
Fringford Parish Council	No comments to add to the Review			
Fritwell Parish Council				
Godington Parish Meeting	Would like to remain as a separate Parish Meeting and not be grouped with any other parish.	Officers note the response and don't propose any changes that affect this Parish meeting.	Members note the response and agree with officers comments.	No action required at this time.
Gosford and Water Eaton Parish Council	At the time of the initial letter (April 2012) the PC requested to be kept informed of all considerations for the review. They also asked about the future role of small parish councils that are 'constantly being regulated and ruled over by government directives'	Officers note the response but this is not in the remit of the current Review.	Members note the response and agree with officers comments.	No action required at this time.
Hampton Gay and Poyle Parish Meeting				
Hanwell Parish Council				
Hardwick with Tusmore Parish Meeting				
Hethe Parish Council				
Hook Norton Parish Council				
Horley Parish Council				
Hornton Parish Council				
Horton-cum-Studley Parish Council				
Islip Parish Council				
Kidlington Parish Council				
Kirtlington Parish Council				
Launton Parish Council				
Lower Heyford Parish Council				
Merton Parish Council	Would like to add to the key questions - how might people be encouraged to become Councillors	Officers note the response but this is not in the remit of the current Review. This particular query needs to be redirected to Government.	Members note the response and agree with officers comments.	No action required at this time.
Middle Aston Parish Meeting				

Middleton Stoney Parish Council	At time of initial letter re review (April 2012), the PC indicated they would like to increase their number of parish councillors from 5 to 7	Officers agree with this proposal for consultation.	Members agree with this proposal for consultation	Consult on principle of increasing to 7.
Milcombe Parish Council				
Milton Parish Meeting				
Mixbury Parish Meeting				
Mollington Parish Council				
Newton Purcell with Shelswell Parish Meeting				
Noke Parish Meeting				
North Aston Parish Meeting				
North Newington Parish Council				
Oddington Parish Meeting				
Piddington Parish Council	Contacted team in early 2012 to say they wanted to increase their numbers. Were advised by Catherine Phythian of impending review, so should be picked up as part of this process.	Officers agree with this proposal and will consult on increasing from 5 to 7 Councillors	Members agree with the proposal of consulting on an increase from 5 to 7 Councillors	Consult on principle of increasing to 7.
Prescote Parish Meeting	Councillor Atack currently dealing with Parish meeting transferring to Cropredy Parish Council.	Officers support the action currently being taken, and propose to consult at the relevant time on whether the new Parish should still be called Cropredy, or be renamed Cropredy and Prescote.	Members note the action being taken and agree to consult on the name of the Parish Council at the appropriate time. Since the working group meeting, Councillor Atack has advised that Prescote Parish Meeting wish to continue in their own right.	No action required at this time.
Shenington with Alkerton Parish Council				
Shipton-on-Cherwell and Thrupp Parish Council				
Shutford Parish Council				
Sibford Ferris Parish Council				
Sibford Gower Parish Council				
Somerton Parish Council				
Souldern Parish Council				
South Newington Parish Council				
Steeple Aston Parish Council				
Stoke Lyne Parish Council				
Stratton Audley Parish Council	No comments to add to the Review			
Swalcliffe Parish Council				
Tadmarton Parish Council				

Upper Heyford Parish Council	At the time of initial letter (April 2012) District Cllr Macnamara raised the issue of the Former RAF base at Upper Heyford and possible separation from the village of Upper Heyford, or at the very least warding. Further response received in January 2013, long term organisation of the Parish is for it to be split into two parishes; Heyford Park to consist of area currently owned and managed by Dorchester Group, the mobile home park to the east of Heyford Park and the housing at Heyford Grange; other parish to consist of the village of Upper Heyford and the remaining rural areas of the current parish and continue to be referred to as Upper Heyford Parish.	Officers feel that at the present time it would be more appropriate to Ward the Parish rather than split it totally. The recommendation for consultation would be two Wards, one with 5 Councillors and the other with 3.	Members agree that Warding would be the best way forward at the present time, and request that the financial implications of splitting the Parish be included in the final report to illustrate the disadvantages to both areas.	Consult on principle of Warding the Parish.
Wardington Parish Council				
Wendlebury Parish Council				
Weston-on-the-Green Parish Council				
Wigginton Parish Council				
Wroxton Parish Council				
Yarnton Parish Council				

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Council

Twelve Month Review of Joint Working Arrangements

25 February 2013

Report of Chief Executive

PURPOSE OF REPORT

The joint working business case referred to a review of joint working after twelve months. The Joint Management team was formed on 1 October 2011 and was followed by other shared services being established in a programme that is on-going. This report reviews the original targets and milestones against actual performance. It also sets out some of the 'softer' issues that have arisen as a consequence of joint working and shared services.

This report is public

Recommendations

Council is recommended to:

- (1) Note the review of performance for the first twelve months of joint working
- (2) Note the progress being made through the Joint Arrangements Steering Group on future joint working initiatives

Executive Summary

Introduction

- 1.1 *"This is not a merger of our two councils but a model that strives to show that working together is the best way we can deliver good quality services to our communities in the years to come. Cherwell and South Northamptonshire will continue to be two sovereign bodies with differences in policy and procedure as now."*

Extract from the foreword by Cllr Mary Clarke and Cllr Barry Wood to the final business case for joint working which was approved by Cherwell District and South Northamptonshire Councils in December

Background and Context

- 1.2 There are numerous examples of shared services in local government. A recent study by the Local Government Association found that 95% are involved in one or more local arrangement with others for the provision of services. There are, however, far fewer currently involved in joint working.
- 1.3 There are 46 councils which have a joint Chief Executive (23 pairs). The majority of the joint Chief Executives work with a joint management team across both authorities. There are also several interim arrangements in place whereby a CEO provides cover to another authority, including a three-way agreement between Luton, South Holland and Breckland Councils.
- 1.4 Most of the 46 councils are districts and boroughs, although there is one pairing of London boroughs - which are unitary councils. Most pairings include councils with a similar political make-up and the majority are pairings within county areas. There are, however, a growing number of cross-regional pairings, such as CDC and SNC.
- 1.5 The number of pairings has not increased recently, although there are suggestions that several councils are talking to neighbours and others and it is generally expected that there will be an increase in activity following the recent announcement of the provisional grant settlements for local government in December.
- 1.6 The Joint Chief Executives are members of a network facilitated by the Local Government Association (LGA) to support those in such posts and to share the learning within the network and beyond. Leaders were also invited to a recent meeting and it was agreed that the LGA should be asked to establish a Special Interest Group for councils that share a CEO, which would then act as a lobby group with the intention of talking to ministers and other councils to spread best practice.

Performance to Date

- 1.7 The business case for joint working included a number of financial targets, which have since been incorporated into the 2011/12 and 2012/13 budgets and the Medium Term Financial Strategy, and also a series of recommendations as shown below. The recommendations are in italics and followed by the performance to date.
 1. *Both SNC and CDC will remain separate councils and will retain their sovereignty. Elected members of both councils will remain in*

charge of decision-making, in line with their visions, strategic aims, objectives and priorities.

Business planning, priority and budget setting are undertaken for each council separately. Although certain parts of each Council's constitution have been combined in the interests of consistency of procedure and risk mitigation (scheme of officer delegations, Contract Procedure Rules and Financial Procedure Rules) the respective governance structures and decision making process remain separate subject to the necessary exception of the Joint Personnel Committee.

- 2. CDC and SNC share a senior management team comprising twelve posts: a Chief Executive, three Directors and eight Heads of Service and that the final structure and responsibilities of the senior management team be agreed between the shared Chief Executive, once appointed, and members of both councils before further appointments are made.*

Appointments have been made to all of the senior management team posts.

- 3. Recruitment to the shared Chief Executive commences immediately, via an open recruitment process which will be supported by recruitment consultants appointed by both councils.* Veredus were appointed to support the process. Recruitment commenced in December 2010.

- 4. The shared Chief Executive is appointed in February 2011 and shared Directors and Heads of Service are appointed by July/August and September respectively, subject to the final structure being approved first by both Councils.*

Sue Smith took up the post in of shared Chief Executive in May 2011. Internal applicants for the director, head of service and three manager posts were appointed in October 2011. The remaining vacancy (Head of Regeneration and Housing) was advertised externally and Chris Stratford took up his post in February 2012. Shortly after the appointments were made, Anne-Marie Scott resigned and the post of Head of Transformation was advertised internally and externally. Jo Pitman took up her post in April 2012.

- 5. Officers appointed as the shared Chief Executive, Directors and Heads of Service be appointed on new terms and conditions to be agreed by the Joint Personnel Committee.*

New terms and conditions for the joint management team were approved by the Joint Personnel Committee in July 2011. All posts advertised after that date i.e. Directors and heads of service, were appointed on the new terms and conditions and the shared Chief Executive, who had been appointed on CDC terms and conditions moved to the new set on 1 October 2011.

- 6. SNC and CDC share three further posts – covering the functions*

of communications, corporate performance and programme management – and that these posts be appointed to as soon as possible after the end of September 2011.

Appointments were made to all three posts in October 2011.

7. *Officers appointed to the three other shared posts retain their current terms and conditions, with further consideration given to the remuneration levels for those roles in recognition of the new requirement to work across both councils.*
The three new posts were evaluated prior to commencement of recruitment and appointments have been made to all of the posts. The post holders remain with their previous employer and retain their previous terms and conditions.
8. *All successful internal candidates remain employed by their original employer, though in exceptional cases they may be employed by the other authority; successful external candidates to be employed by one or other employer on a case-by-case basis.*
All internal candidates have remained with their original employer. The one external candidate appointed in 2010/11 is employed by Cherwell and the two candidates appointed in 2011/12 are employed by South Northamptonshire.
9. *Both councils apply at the appropriate time to the Department of Communities and Local Government for approval to capitalise the costs of creating a shared management team in order to protect revenue resources as far as possible.*
Applications were made by both Councils but neither was successful.
10. *A Joint Personnel Committee be set up, supported by recruitment consultants, to recommend the appointment of the shared Chief Executive to both full councils and appoints to the Directors and Heads of Service.*
The Joint Personnel Committee has been set up and has conducted the recruitment to the new joint management posts, making recommendations to both Councils where appropriate.
11. *A Joint Appeals Committee be set up to hear any appeals related to the shared posts.*
The Joint Appeals Committee has been set up and has met when required.
12. *The Joint Working Group is disbanded and a new Joint Arrangements Steering Group is now set up to oversee the implementation of the above recommendations.*
The Joint Arrangements Steering Group has been set up and meets on a regular basis to review progress on joint working and to consider outline and full businesses cases for further joint working prior to consideration by each Council.

13. *CDC and SNC both sign on 9 December the Section 113 agreement to allow them to share a senior management team (including all statutory officers) and three other posts in the way proposed.*

Completed. In addition, an amendment to the section 113 agreement has been agreed by both Councils to allow for the future sharing of other staff, following the approval of business cases by both councils.

14. *SNC and CDC continue with their existing shared arrangements for service delivery for other local authorities, and these are reviewed either as they come up for renewal or as appropriate.*
Action on this recommendation is on-going and has also included where existing contracts were due for renewal, such as the internal audit contracts which have now been combined and a joint contract awarded to PWC.

15. *Both councils look to build directly on the creation of a shared management team by extending partnership working, creating a confederation of local authorities and other public sector organisations (including health and police) which could collaborate in a model resembling a gateway contract or framework agreement for mutual benefit.*

Discussions have been held with several local authorities to determine their interest in such a model of working. Stratford-on-Avon District Council has expressed an interest in exploring the opportunities for joint working and there have been three joint member meetings to consider proposals. There are currently interim arrangements in place to provide Stratford with Monitoring Officer and Head of Legal services cover, as well as HR support. Outline business cases are being developed and will be presented to members at CDC and SNC in due course.

The Health sector is about to go through extensive organisational change and the potential for closer working will be explored more once the new arrangements are established. The creation of the Police and Crime Commissioner role and the Police and Crime Panel changed the organisational structure of the Police sector. Introductory meetings are being arranged with the two Police and Crime Commissioners, to include discussion on working arrangements.

16. *CDC and SNC agree to consider in due course individual business cases for integrating posts at the tier below Service heads, and teams below that.*

All service areas will be reviewed for the potential for joint working by the end of 2012. The Resources Directorate was considered first, and there are currently joint teams operating in the following service areas:

- Democratic and Elections
- Information Services
- Finance and procurement
- Performance management
- JMT Support
- Building Control

Outline business cases are being prepared for HR, Legal, Environmental Services and Programme Management.

Three member theme groups were established as task and finish groups to consider the potential for joint working in the other two directorates. The outcome from their work is shown below:

- Economic Development and business support – develop a share service business case for environmental health, asset and facilities management, and transport.
- Strategic Housing and Planning – it was agreed that planning and housing services should not pursue a shared arrangement at the moment.
- Community Engagement – develop a shares service business case for waste and recycling, street cleansing, vehicle maintenance and fleet management. Develop a shared business case for customer service once ICT has standardised and there is a common technology platform. Capture the benefits of joint working in relation to street scene/landscaping, fly tipping and leisure services (back office).
- Consider a shared fourth tier for Community Services

17. Once SNC and CDC decide to consider service level business cases, they work towards a common set of terms and conditions for all staff below Service Heads so that these can be put in place early on.

Work has just commenced on this aspect. It is a significant piece of work in terms of the resource required and will take some time to complete.

An invitation to tender has recently been issued to consultancy suppliers with a view to producing an options appraisal report around the potential harmonisation of terms and conditions of employees at both councils based upon the following four possible solutions:

- Harmonisation of Terms and Conditions, including pay for all staff
- As above, but for shared teams only
- Job matching for all staff
- Job matching for shared teams only

The report will address the cost, risks and resource implications of each option. It is anticipated that the work will be completed in

early April.

18. Both councils receive an interim update in September/October 2011 and a post project report in September 2012, reviewing the implementation of these recommendations.

An interim report was presented to the Joint Arrangements Steering Group and to both councils in January 2012 which is later than indicated above, but the implementation of joint working was later than initially intended and this, in turn, delayed the review. The delay was as a consequence of the external recruitment of the shared Chief Executive, which on the original timescale was due to be completed, that is having the post occupied, in February 2011. The recruitment commenced in December, interviews held in February and March and the post was occupied from mid-May.

The joint working business case included financial targets for the savings arising from the reduction in the number of senior officer posts, which in 2010 cost £2,647,000. The target to be achieved was £1,601,000 representing an on-going annual saving of £1,046,000. The cost of the new posts was to be shared 50/50. The annual saving for SNC would be £360,000 and £686,000 for CDC. This gives 5 year savings of £1.8m for SNC and £3.43m for CDC. The target savings have been delivered and exceeded even though the first step, that is the recruitment of the shared Chief Executive, was delayed by three months and this had consequences for later stages which in turn had an impact on the time from when savings would be made during 2011/12. However the annual savings that have been delivered for CDC are £806,000 and for SNC £397,000, giving a combined total of £1,203,000.

The one-off costs of moving to the new structure were estimated as between £817,000 and £1,693,000 with a mid-point of £1,384,000. It is the latter figure, the midpoint, that was used for budget purposes and if achieved would be paid back in 1.54 years for SNC and 1.21 years to CDC. The implementation costs associated vary depending on which staff leave the two organisations. Expenditure to date is £1,282,000.

The business case describes potential further savings from the tier below head of service – referred to as 4th tier, of between 15-25% as “probably achievable” and that they could deliver further annual savings from £168,000 to £280,000 for SNC and £294,000 to £489,000 for CDC. Further savings have been realised but not necessarily from the tier below heads of service. All service areas are being reviewed over a twelve month period ending in December 2012. The annual on-going savings achieved to date through the changes approved by JASG total £1,038,172, split £480,536 for CDC and £557,636 for SNC.

62% of these further savings have been achieved through the implementation of a shared Information Services Team, which through standardising and optimising infrastructure and ICT estate, CDC/SNC have created an important strategic platform that will enable them to start reaping the benefits of optimised future services. The councils can now transform to new ways of working, breaking down older, functional silos in favour of more standard, componentised business 'rules', that enable yet more sharing. The result will be thoroughly modern services that are cheaper, flexible, and citizen-centric.

Additional savings are expected from the business cases currently being developed, subject to their adoption by JASG and by both Councils.

A breakdown of the savings to date is given in Appendix A.

Other Issues and Observations Arising from Joint Working and Shared Services

- 1.8 The move to a joint management team and several shared services has required a change in culture in both organisations, not only for the staff in joint posts, but also for other parts of the organisations. Some staff who work for one council now report to managers in joint posts and, therefore, the manager will not always be on the same site as the employee. Equally, from the management perspective, some joint managers have a single joint team reporting to them whereas others have two separate teams for each service area. Some of these reporting relationships may be resolved in the future through approval of shared service business cases, however, there are some service areas where this will not happen and in this instance a review is being undertaken of the structure immediately below the Head of Service in Community Services, as highlighted by the member theme group.
- 1.9 There are a few posts that are still reporting to two Heads of Service and the reporting lines need to be resolved.
- 1.10 One issue that has arisen as a consequence of the reduction in senior managers and the still relatively high number of single council teams is the frequency and effectiveness of team meetings. Consideration is being given as to how this could be addressed.
- 1.11 During the course of the first twelve months of joint working, technology has been used in the form of teleconferencing to reduce the cost and time of travel, both between the two sites and also with representatives from other organisations and councils. Further usage is being encouraged throughout both organisations. CDC also has video conferencing facilities, although its use is somewhat limited at the moment as it relies on the other party also having access to video

conferencing.

- 1.12 The joint Democratic and Elections team, working with the joint CEO, who is also the Returning Officer (RO) and Electoral Registration Officer for both councils, has demonstrated that it is possible to conduct a canvass for both councils at the same time (and at a different time of year under direction from the Electoral Commission) whilst maintaining high levels of return rates.
- 1.13 The joint team and RO have also administered several by-elections at parish, district and county level, a CDC 1/3 election (May 2012) and also, for the first time ever, Police and Crime Commissioner elections. This was the first occasion in which the RO and joint team have administered two full elections in two places at the same time and with a district by-election in CDC also on the same day. A standard project management approach was taken in the preparation for the elections and the canvasses and, overall, the administration of the elections went smoothly. The Electoral Commission has required the RO to report on a regular basis throughout the lead up to the PCC elections and also to produce a detailed report on performance against nationally set standards. The Electoral Commission has confirmed that all of the reporting standards have been met. The shared team is starting to plan for the implementation of individual electoral registration and Council will recall receiving a report at the December meeting on the potential resource implications of this.
- 1.14 Since the implementation of joint working, there have been some examples whereby it has been possible to do one piece of work for use at both councils. A recent example is initial work arising from the implementation of the Localism Act and the Community Right to Bid, such as the initial advice to members, although the community assets register will be different for each authority. However, in some other work areas, the issue may be the same but the local dimension means that it has to be done separately for each council. A recent example is the approach to business rates pooling and to council tax support, both of which were developed for either CDC or SNC, but the learning on each issue was shared across boundaries.
- 1.15 The Resource Review report, which was presented to both councils in January 2012, highlighted the need with the streamlined management team to have robust project management arrangements in place and to have an appropriate level of resources for each project and for the programmes. This is critical to ensure that both councils stay on track with the significant number of major projects that are currently underway. During the business planning and budget preparation, project sponsors have identified the need for additional resources for 2013/14, some charged to capital, where appropriate.
- 1.16 At the commencement of joint working, attendance at meetings by JMT was one of the issues that was discussed and agreed with members and a schedule produced indicating expected attendance at each of

the formal meetings of both organisations. Given that joint working has been operational for over twelve months, it would be appropriate to review the arrangements in consultation with the Leaders and the Chairmen of the relevant committees and groups, with the intention of reducing the time commitment on officers as far as is possible. Other revisions to working arrangements are also being made and with the welcome addition of the JMT Support Team, which has been gradually put in place from 1 September 2012, it is anticipated that the current culture of excessive working hours can be reduced to a manageable and sustainable level.

Performance at Both to Year End and to Date

- 1.17 There is always a concern that when embarking on a major change programme, such as the introduction of joint working and a significant reduction in the number of management posts, that there will be a drop in performance during and shortly after the period of change. The end of year performance reports for both councils have not identified such a dip, nor have performance reports for the first half of 2012/13. In addition, the customer satisfaction levels for CDC, which had dropped in 2011, have returned to, or exceeded, the pre-2011 levels. The annual audit letters for both councils were 'clean' and the Investor in People review report for CDC in the summer noted that the organisation had undergone 'huge changes, to both practice and culture, over the last year ... it is impressive how they have kept up the principles of Investors in People in all areas but one ... and this is more a matter of time than a failure to understand the need to address this.'
- 1.18 National recognition has also been achieved. Cherwell District Council won the Innovation category at the 2012 Local Government Chronicle Awards and South Northamptonshire Council won the Finance Team of the Year in the same Awards. The two councils working jointly have been shortlisted in two categories for the LGC 2013 Awards, namely Business Transformation and Central Services Team of the Year, the final outcome of which will be known in March.

Future Direction for Joint Working and Shared Services

- 1.19 The joint working business case referred to the creation of a confederation of public sector organisations as an extension of joint working. The current discussions and early working with Stratford can be seen as a step in this direction. However, the three-way discussions have highlighted the need to review and potentially revise the current model of joint working so that it is fit for purpose going forward. The two-way working is providing a strong base and has generated significant efficiencies, but the financial context for both councils has changed significantly from when the two-way working was first developed for SNC and CDC and now there is even more emphasis on generating efficiencies, innovative approaches and sharing best practice.

Background Information

2.1 None

Key Issues for Consideration/Reasons for Decision

3.1 None. This report is for information only.

Financial:

There are no direct financial implications of this report. The savings delivered as a result of joint working are detailed in Appendix 1 and have been built into the Council's revenue budgets. It is expected that further joint working will deliver more efficiencies which will help address the medium term financial deficit that will arise as a result of demand for services and reductions in government funding detailed in the latest financial settlement.

Comments checked by Karen Curtin, Head of Finance and Procurement, 0300 003 0106.

Legal:

The joint working arrangements are based upon an agreement between the two Councils pursuant to section 113 of the Local Government Act 1972. This report fulfils the contractual commitment to review the implementation of joint working during year 2 of its operation.

Comments checked by Kevin Lane, Head of Law and Governance, 0300 003 0107

Wards Affected

All

Document Information

Appendix No	Title
Appendix A	Savings to Date
Background Papers	
None	
Report Author	Sue Smith, Joint Chief Executive
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APPENDIX A - JOINT WORKING SAVINGS UPDATE

Business Cases	CDC	SNC	COMBIN ED	CDC	SNC	COMBIN ED
	Estimate d	Estimate d	Estimate d	Actual	Actual	Actual
JMT	686,000	360,000	1,046,000	806,000	397,000	1,203,000
	686,000	360,000	1,046,000	806,000	397,000	1,203,000
Building Control - Joint Working	75,000	75,000	150,000	132,000	67,000	199,000
Democratic Services and Elections	7,286	5,386	12,672	7,286	5,386	12,672
Finance and Procurement	90,000	60,000	150,000	75,000	75,000	150,000
Corporate Performance	19,250	15,750	35,000	19,250	15,750	35,000
ICT Phase 1	209,000	343,000	552,000	247,000	394,500	641,500
	400,536	499,136	899,672	480,536	557,636	1,038,172
Total Other savings from Joint Working	1,086,536	859,136	1,945,672	1,286,536	954,636	2,241,172
Fraud support to SNC	22,800	5,000	27,800	20,100	6,850	26,950
Health and Safety	23,950	20,000	43,950	22,400	7,700	30,100
Monitoring Officer Support to SDC	16,000	16,000	32,000	12,100	12,100	24,200
HR Support to SDC	-	12,000	12,000		12,000	12,000
Total	62,750	53,000	115,750	54,600	38,650	93,250
Procurement Savings - collaboration						
Recyclable's Contract	577,000	149,000	726,000	Volume discount & market forces		
Internal Audit	28,400	30,000	58,400	Actual		
Other - various	25,000	15,000	40,000	Estimate - ICT , Maintenance		
Identified to date	630,400	194,000	824,400			

