

Meeting of Council

Monday 20 February 2017

Members of Cherwell District Council,

A meeting of Council will be held at Bodicote House, Bodicote, Banbury, OX15 4AA on Monday 20 February 2017 at 6.30 pm, and you are hereby summoned to attend.



Sue Smith
Chief Executive

Friday 10 February
2017

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 - 12)

To confirm as a correct record the Minutes of Council held on 19 December 2016.

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 of Council held on 19 December 2016, one decision has been taken by the Executive which was not included in the 28 day notice relating to

- Build! Award of Contract

- 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 Allowances 2017/2018 (Pages 13 - 32)

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 2017/2018 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP)

Recommendations

The meeting is recommended to:

- 1.1 Consider the levels of allowances to be included in the 2017/2018 Members' Allowances Scheme, and whether the Panel's recommendations should be adopted or modified in any way
- 1.2 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 2017.
- 1.3 Authorise the Head of Law and Governance to take all necessary action to revoke the current (2016/2017) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- 1.4 Thank the Independent Remuneration Panel (IRP) for its report and note that in accordance with the fees for IRP Members agreed at the 8 November 2016 Special Council meeting, a fee of £300 would be paid to Panel Members for the work carried out on this consultation.

11 Budget, Corporate Business Plan and Cycle of Growth 2017/18 (Pages 33 - 166)

Report of Chief Finance Officer

Purpose of report

The purpose of this report is to set the Council's General Fund Budget and to seek formal adoption of all parts of the Council's financial plans for the 2017/18 budget year.

The report also details the proposed strategic priorities, the underpinning key objectives and outcomes for 2017/18 which have now been converted into a proposed business plan for the Council, and the proposed new cycle of growth strategies.

The proposed business plan and cycle of growth strategies sit alongside the proposed budget for 2017/18 to demonstrate that the Council adopts a strategic and integrated approach to managing all of its resources by aligning the development and delivery of the Council's strategic business priorities and key outcomes to the proposed budget.

Recommendations

The meeting is recommended:

- 1.1 To consider the contents of this report in approving the General Fund Revenue Budget and Capital Programme for 2017/18 and to formally record that consideration.
- 1.2 To approve the 2017/18 General Fund Budget (table 1) and 2017/18 Capital Programme (in Appendices 2 and 3).
- 1.3 To approve the Collection Fund Estimates contained in Appendix 4
- 1.4 To approve 2017/18 business plan, public pledges and joint cycle of growth strategies (detailed in Appendices 7 and 8) and to delegate authority to the Director of Operational Delivery, in consultation with the Leader of the Council to make any minor amendments to the strategies and corporate values as required before final publication in March 2017.
- 1.5 To note the contents of the section 25 statement from the Chief Finance Officer contained in paragraphs 2.1 to 2.7 in relation to the robustness of the estimates and the adequacy of reserves.
- 1.6 To note the impact of the proposed budget on reserves, including the use of reserves to fund a one-off pension fund contribution, and approve the list of reserves, Appendix 5
- 1.7 To approve the Treasury Management Strategy as detailed in Appendix 6 including the Capital Prudential Indicators 2017/18 – 2019/20
- 1.8 To approve the appended statement of pay policy for 2017/18 as required by the Localism Act and detailed in Appendix 9.
- 1.9 To note that there is no change to the level of Empty Homes Premium for 2017/18 as set out in table 4, which will form a recommendation in the Council Tax Setting report.

- 1.10 To note that there is no change to the council tax discounts for 2017/18 set out in table 4 below, which will form part of the Council Tax setting report.
- 1.11 To Opt-in to the LGA national Sector Led Body in order to negotiate a new External Audit Contract as detailed in Appendix 10
- 1.12 To approve the Business Rates 100% Rural Rate Relief Policy as set out at Appendix 11 and the formal resolutions that underpin the policy:
- The Council award 100% rural rate relief to eligible ratepayers from 1 April 2017.
 - The Council through the National Non-Domestic Rate return process seeks full reimbursement of the actual cost under the rates retention scheme of granting this relief.
- 1.13 To approve the Local Newspapers Policy as set out in Appendix 12 and the formal resolutions that underpin the policy:
- The Council award a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, up to state aid limits for 2 years from 1 April 2017.
 - The Council through the National Non-Domestic Rate return process seeks full reimbursement of the actual cost under the rates retention scheme of granting this relief.
- 1.14 To approve the Discretionary Rate Relief Policy, effective from 1 April 2017, as set out in Appendix 13.

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 2017/18 and setting the Council Tax for 2017/18 (Pages 167 - 172)

** Please note that the appendices to this report will follow as they are currently being reviewed and finalised **

Report of Chief Finance Officer

Purpose of report

To detail the Calculations for the amounts of Council Tax for 2017/18 and the setting of Council Tax for 2017/18.

Recommendations

It is recommended that the Council resolves:-

- (1) That it be noted that at the Executive meeting held on 9 January 2017 the Council calculated the Council Tax Base 2017/18:

- a) for the whole Council area as 51,639.5 [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 2017/18 (excluding Parish Precepts and Special Expenses) is £6,377,478.
- (3) That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:-
- a) £79,667,229 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) £68,589,401 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

£11,077,828 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(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).
 - c) £214.52 being the amount at 3(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);
 - d) £4,700,350 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.
 - e) £123.50 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T(1(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 2017/18 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>	<u>Oxfordshire County Council</u> £	<u>Police and Crime Commissioner for Thames Valley</u> £
A	897.06	113.52
B	1,046.57	132.44
C	1,196.08	151.36
D	1,345.59	170.28
E	1,644.61	208.12
F	1,943.63	245.96
G	2,242.65	283.80
H	2,691.18	340.56

- (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 2017/18 for each part of its area and for each of the categories of dwellings.
- (6) The Council's basic amount of Council Tax for 2017/18 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.
- (7) To approve the discounts and exemption set out below:
- 1 Agree that in respect of properties within Class A and B as defined by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (furnished chargeable dwelling that are not the sole or a main residence of an individual) the discount provided by Section 11a of the Local Government Finance Act 1992 shall be zero.
 - 2 Agree that in respect of properties within Class C as defined by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (a property that is unoccupied and substantially unfurnished) the discount provided by the Section 11A of the said Act shall be 25% for a period of 6 months and thereafter zero.
 - 3 Agree that in respect of properties within Class D as defined by the said Regulations (chargeable dwellings that are vacant and undergoing major repair work to render them habitable) the discount provided by Section 11A of the said Act shall be 25%
 - 4 Agree no council tax discount shall be applied to dwellings that are unoccupied and unfurnished for more than two years and that council tax payable on such properties is 150% (except for those properties which fall into prescribed Classes E and F).

14 Appointment of Interim Head of Paid Service, Returning Officer and Electoral Registration Officer (Pages 173 - 178)

Report of Chief Executive

Purpose of report

To appoint an Interim Head of Paid Service, Interim Returning Officer and Interim Electoral Registration Officer.

Recommendations

The meeting is recommended:

- 1.1 That in accordance with Section 4 of the Local Government and Housing Act 1989 Ian Davies be appointed as Interim Head of Paid Service for Cherwell District and South Northamptonshire Councils with effect from 13 March 2017.
- 1.2 That, in accordance with Section 8 of the Representation of the People Act 1983 and all related legislation, and with effect from 13 March 2017, Paul Sutton be appointed as Interim Electoral Registration Officer for Cherwell District and South Northamptonshire Councils;
- 1.3 That, in accordance with Section 35 of the Representation of the People Act 1983 and all related legislation, and with effect from 13 March 2017, Paul Sutton be appointed as Interim Returning Officer for Cherwell District and South Northamptonshire Councils with authority to act in that capacity for elections to the Council and all parish and town councils within the area of both councils;
- 1.4 That Paul Sutton be also appointed or authorised to act in respect of all related electoral, polling or referendum duties, including in relation to County Council elections, elections to the European Parliament, and for national and regional polls or referendums and be authorised to exercise all delegated powers of the Returning Officer and Electoral Registration Officer as set out in the constitution;
- 1.5 That, in relation to the duties of Returning Officer or any other electoral, referendum or polling duties arising from such appointment, the Returning Officer shall be entitled to be remunerated in accordance with the scale of fees approved from time to time by Council for local elections, or the relevant scale of fees prescribed by a Fees Order in respect of national, regional or European Parliament elections, polls or referendums;
- 1.6 That in all cases where it is a legal requirement or normal practice to do so, the Returning Officer may elect for such fees to be superannuable, and the Council shall pay the appropriate employer's contribution to the superannuation fund, recovering such employer's contributions from central government or other local authorities or agencies where this can be done;
- 1.7 That, in relation to the conduct of local authority elections and polls, and elections to the United Kingdom Parliament, and all other electoral duties where the Councils are entitled by law to do so, they shall take out and maintain in force insurance indemnifying the Councils, the Electoral Registration Officer and the Returning Officer against legal expenses reasonably incurred in connection with the defence of any proceedings brought against the Councils, Electoral Registration Officer or the Returning Officer and/or the cost of holding another election in the event of the original

election being declared invalid (provided that such proceedings or invalidation are the result of the inadvertent contravention of the Representation of the People Acts or other legislation governing the electoral process, and (provided that, in the case of the Electoral Registration Officer and the Returning Officer, such proceedings or invalidation arise from an act or omission which the Officer reasonably believes is within the Officer's powers).

- 1.8 That, in the event of such insurance carrying an 'excess' clause by which an initial portion of risk is not insured, the Councils, through their internal insurance fund or otherwise, will indemnify the Electoral Registration Officer and Returning Officer up to the value of such excess.
- 1.9 That the Councils note their duty to provide support to the Electoral Registration Officer and Returning Officer
- 1.10 That the Joint Commissioning Committee be asked to consider the payment of an honorarium to the interim Chief Executive, in recognition of the additional responsibilities and duties of the role.

15 Community Governance Review Update (Pages 179 - 182)

Report of Chief Executive

Purpose of report

To provide an update on the Community Governance Review (CGR) being undertaken.

Recommendations

The meeting is recommended:

- 1.1 To note the update.

16 Exclusion of the Press and Public

The following items contain exempt information as defined in the following paragraphs of Part 1, Schedule 12A of Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5 – Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider it in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

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

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraphs 3 and 5 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

17 Questions on Exempt Minutes

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

18 Castle Quay Phase Two Redevelopment - Funding Requirements (Pages 183 - 328)

** Please note that one of the annexes to the appendix will follow **

Exempt report of Chief Finance Officer

19 Responding to Local Healthcare Changes (Pages 329 - 332)

Exempt report of Director of Operational Delivery

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 natasha.clark@cherwellandsouthnorthants.gov.uk or 01295 221589 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 Natasha Clark, Democratic and Elections
natasha.clark@cherwellandsouthnorthants.gov.uk, 01295 221589

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EVENTS ATTENDED BY THE CHAIRMAN AND VICE CHAIRMAN

From 18 December 2016 – 19 February 2017

Saturday 11 January

The Chairman, together with other local civic dignitaries attended a 'Winter Open House' at the home of Col. Eric and Mrs Patricia Oliver, Commander of 422d Air Base Group at RAF Croughton.

Saturday 28 January

The Chairman attended the official opening of the Woodgreen Leisure Centre and Library following its recent modernisation. Cherwell District Council has invested over £2.5 million in creating an enhanced and new look facility dedicated to providing a healthy leisure environment for the local community.

Thursday 2 February

The Chairman attended the funeral of Mr Jim Flux MBE, a former Chairman and member of Deddington Parish Council. Jim Flux was a valued member of Cherwell's LSP Board, representing the interests of the voluntary sector organisations and also a member of the Independent Remuneration Panel. The funeral service was held at Deddington Parish Church.

Friday 3 February

The Chairman and Vice Chairman attended a Winter Reception at RAF Croughton hosted by Col. Kevin Cullen, Commander 501st Combat Support Wing which is based at RAF Alconbury and Col. Eric Oliver, Commander 422d Air Base Group based at Croughton. This was an opportunity to meet USAF personnel and senior leadership, and learn about activities at RAF Croughton and to welcome the Honorary Commanders for 2017.

Correct at time of printing.

A date for your diary:

The Chairman's Charity Dinner is being held on Saturday 8 April 2017. Please contact Liz Matthews, the Chairman's PA, on 01295 227967, liz.matthews@cherwell-dc.gov.uk to reserve your place.

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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 19 December 2016 at 6.30 pm

Present: Councillor Chris Heath (Chairman)
Councillor Maurice Billington (Vice-Chairman)

Councillor David Anderson
Councillor Ken Attack
Councillor Hannah Banfield
Councillor Andrew Beere
Councillor Mike Bishop
Councillor Hugo Brown
Councillor Mark Cherry
Councillor Colin Clarke
Councillor Ian Corkin
Councillor Surinder Dhesi
Councillor John Donaldson
Councillor Sean Gaul
Councillor Timothy Hallchurch MBE
Councillor Simon Holland
Councillor David Hughes
Councillor Shaida Hussain
Councillor Tony Ilott
Councillor Mike Kerford-Byrnes
Councillor Jolanta Lis
Councillor James Macnamara
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Andrew McHugh
Councillor Alastair Milne-Home
Councillor Nigel Morris
Councillor Richard Mould
Councillor Lynn Pratt
Councillor Neil Prestidge
Councillor G A Reynolds
Councillor Sandra Rhodes
Councillor Barry Richards
Councillor Dan Sames
Councillor Les Sibley
Councillor Nicholas Turner
Councillor Douglas Webb
Councillor Bryn Williams
Councillor Barry Wood
Councillor Sean Woodcock

Apologies for Councillor Claire Bell
Councillor Nick Cotter

absence: Councillor Carmen Griffiths
Councillor D M Pickford
Councillor Nigel Simpson
Councillor Jason Slaymaker
Councillor Tom Wallis

Officers: Sue Smith, Chief Executive
Scott Barnes, Director of Strategy and Commissioning
Karen Curtin, Commercial Director
Ian Davies, Director of Operational Delivery
Paul Sutton, Chief Finance Officer / Section 151 Officer
Kevin Lane, Head of Law and Governance / Monitoring Officer
Natasha Clark, Interim Democratic and Elections Manager

64 **Declarations of Interest**

There were no declarations of interest.

65 **Communications**

Former Councillor George Parish

The Chairman referred to former Cllr Parish who had sadly passed away on Saturday 26 November.

George served as a Labour member for the Banbury Ruscote ward between May 1990 and October 2012 when he stood down and was Chairman of Cherwell District Council for the municipal year 2010/11. George was also a Banbury Town councillor and served as Banbury Town Mayor in 1995 to 1996.

It was however probably his work outside of public office for which he was so well known. George was Chairman of the Keep the Horton General campaign leading the campaign against the downgrading of services at the Horton Hospital.

Councillor Woodcock, Leader of the Labour Group, Councillor Wood, Leader of the Council and Leader of the Conservative Group and a number of other members paid tribute to former Councillor Parish.

The meeting observed a period of silence.

Recording at meetings

The Chairman advised that members of the public were permitted to film, broadcast and report on the meeting, subject to the efficient running of the meeting not being affected.

Chairman's Engagements

The Chairman advised Council that a copy of the events attended by myself or the Vice-Chairman was published as supplement to the main agenda pack.

Post

The Chairman reminded Members to collect any post from pigeon holes. The last post of 2016 would be sent out this Friday and no further mail would be sent out until the first week of January.

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

The Chairman advised Members that there no petition but one request to address the meeting had been received, from Mr John Broad, on agenda item 13, Re-adoption of Policy Bicester 13 of the Cherwell Local Plan 2011-2031 and he would be called to speak at the start of that item.

67 **Urgent Business**

There were no items of urgent business.

68 **Minutes of Council**

The minutes of the meeting held on 17 October 2016 and the special meeting held on 8 November 2016 were agreed as correct records and signed by the Chairman.

69 **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 to report that since the last meeting of Council on 17 October 2016, one decision has been taken by the Executive which was not included in the 28 day notice on the following item: Banbury Business Improvement District (BID)

b) **Minutes of Committees**

Resolved

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

70 **Questions**

a) **Written Questions**

The Chairman advised Council that one written question had been submitted with advance notice in accordance with the Constitution. The question was from Councillor Woodcock and addressed to the Lead Member for Estates and the Economy, Councillor Pratt, and was in relation to the Solihull Partnership. A written answer had been tabled at the meeting (annex to the Minutes as set out in the Minute Book).

By way of a supplementary question, Councillor Woodcock asked if the Lead Member for Estates and the Economy could confirm that there is a contract with penalty clauses in place with the Partnership.

In response, the Lead Member for Estates and the Economy advised that she would send a written response to Councillor Woodcock.

b) Questions to the Leader of the Council

Questions were asked and answers received on the following issues:

Councillor Beere: Clause 4 of Neighbourhood Planning Bill currently going through Parliament

Councillor Dhesi: leaves blocking drains

Councillor Banfield: Rough sleepers in Banbury

Councillor Hussain: Health inequalities in Oxfordshire, teenage drinking in Banbury, any plans to introduce recommendation, reinforce policy

Councillor Richards: Car parking

Councillor Cherry: Possibility for payment for collection of garden waste

c) Questions to Committee Chairmen on the minutes

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

71

Motions

a) Parking at the John Radcliffe (JR) Hospital in Oxford

It was moved by Councillor Mallon, and seconded by Councillor Woodcock, that the following motion be adopted:

“Council notes the recent media coverage and casework of Councillors concerning the pressures on parking at the John Radcliffe (JR) Hospital in Oxford. Council finds the present situation unacceptable and is dismayed at the knock-on effect this is having on those who need to visit the JR. Council further notes that these pressures have already been, and will be further exasperated by the centralisation of services from local hospitals, such as maternity services from the Horton Hospital in Banbury to the JR. Cherwell District Council demands that no further services are centralised from any local hospitals across the county due to the distressing parking circumstances. Council further calls on the County Council the Health Overview Scrutiny Committee and the Clinical Commissioning Group to take this into account in their deliberations and outcomes.”

The motion was debated and subsequently agreed.

b) Oxfordshire Unitary Authority

It was moved by Councillor Wood, and seconded by Councillor Reynolds, that the following motion be adopted:

“This Council believes that Cherwell District Council has an excellent record of serving the residents of North Oxfordshire. The Council notes that Buckinghamshire County Council has written to the Secretary of State looking to dissolve Bucks Districts in favour of a County Unitary. The Council therefore RESOLVES to instruct the Chief Executive to write to the Secretary of State and the Permanent Secretary at DCLG making it clear that Cherwell District Council would not support a move to an Oxfordshire Unitary Council.

The letter can however indicate a willingness to consider a change in the status of the Oxfordshire Growth Board into a Combined Authority (with an elected Mayor if that is required by Government) so long as this can be linked to a meaningful “devolution deal” that has clear benefits for the District.

The letter should go on to detail the joint arrangements between Cherwell and South Northants, the benefits achieved, and the complexities and costs of unravelling them.”

The motion was debated and subsequently agreed.

Resolved

- (1) That the following motion, relating to parking at the John Radcliffe (JR) Hospital in Oxford, be adopted:

“Council notes the recent media coverage and casework of Councillors concerning the pressures on parking at the John Radcliffe (JR) Hospital in Oxford. Council finds the present situation unacceptable and is dismayed at the knock-on effect this is having on those who need to visit the JR. Council further notes that these pressures have already been, and will be further exasperated by the centralisation of services from local hospitals, such as maternity services from the Horton Hospital in Banbury to the JR. Cherwell District Council demands that no further services are centralised from any local hospitals across the county due to the distressing parking circumstances. Council further calls on the County Council the Health Overview Scrutiny Committee and the Clinical Commissioning Group to take this into account in their deliberations and outcomes.”

- (2) That the following motion, relating to an Oxfordshire Unitary Council, be adopted:

“This Council believes that Cherwell District Council has an excellent record of serving the residents of North Oxfordshire. The Council notes that Buckinghamshire County Council has written to the Secretary of State looking to dissolve Bucks Districts in favour of a County Unitary. The Council therefore RESOLVES to instruct the Chief Executive to

write to the Secretary of State and the Permanent Secretary at DCLG making it clear that Cherwell District Council would not support a move to an Oxfordshire Unitary Council.

The letter can however indicate a willingness to consider a change in the status of the Oxfordshire Growth Board into a Combined Authority (with an elected Mayor if that is required by Government) so long as this can be linked to a meaningful “devolution deal” that has clear benefits for the District.

The letter should go on to detail the joint arrangements between Cherwell and South Northants, the benefits achieved, and the complexities and costs of unravelling them.”

72 **'Making'(Adoption) of the Bloxham Neighbourhood Plan**

The Head of Strategic Planning and the Economy submitted a report to propose the Council ‘makes’ (adopts) the Bloxham Neighbourhood Plan following a recommendation to make the Neighbourhood Plan by the Executive at its meeting on 5 December 2016.

Resolved

- (1) That the referendum result of the 3 November 2016 where 97% of those who voted were in favour of the Bloxham Neighbourhood Plan which is above the required 50% be noted.
- (2) That it be resolved that Cherwell District Council as the local planning authority ‘make’ the Bloxham Neighbourhood Plan so that it is part of the statutory Development Plan for the District.
- (3) That the issuing and publication of a decision statement stating that Cherwell District Council has resolved to make the Bloxham Neighbourhood Plan be approved.
- (4) That authorisation be given to the Head of Strategic Planning and the Economy for the correction of any spelling, grammatical or typographical errors, and the undertaking of any minor presentational improvements, prior to the Plan being published by Council.

73 **Adoption of the Banbury Vision and Masterplan Supplementary Planning Document (SPD)**

The Head of Strategic Planning and the Economy submitted a report which proposed the Council adopts the Banbury Vision & Masterplan Supplementary Planning Document (SPD) following a recommendation to adopt the Banbury Vision & Masterplan by the Executive at its meeting on 5 December 2016.

Resolved

- (1) That the Banbury Vision and Masterplan (annex to the Minutes as set out in the Minute Book) be adopted.
- (2) That the Head of Strategic Planning and the Economy be authorised to publish an Adoption Statement and if necessary to make any further minor changes to the Masterplan before it is published.

74 **Kidlington Framework Masterplan**

The Head of Strategic Planning and the Economy submitted a report to seek adoption of the Kidlington Framework Masterplan.

Resolved

- (1) That the Kidlington Framework Masterplan (annex to the Minutes as set out in the Minute Book) be adopted as a Supplementary Planning Document in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012 subject to any necessary minor and presentational changes authority for which is delegated to the Head of Strategic Planning and the Economy.
- (2) That the Head of Strategic Planning and the Economy be authorised to publish an Adoption Statement.

75 **Re-adoption of Policy Bicester 13 of the Cherwell Local Plan 2011-2031**

Prior to consideration of the item, Mr John Broad, on behalf of the Save Gavray Meadows Campaign, addressed the meeting.

The Head of Strategic Planning and the Economy submitted a report to seek re-adoption of Policy Bicester 13 of the Cherwell Local Plan 2011-2031 in accordance with a Court Order and an associated addendum to the Local Plan Inspector's Report.

Resolved

- (1) That the Court Judgment, Court Order and addendum to the Local Plan Inspector's report (annexes to the Minutes as set out in the Minute Book) be noted.
- (2) That the Council adopts Policy Bicester 13 of the Cherwell Local Plan 2011-2031 (Part 1) (annex to the Minutes as set out in the Minute Book) in precise accordance with the addendum to the Local Plan Inspector's Report dated 18 May 2016 and the Court Order dated 19 February 2016 (annexes to the Minutes as set out in the Minute Book).
- (3) That, upon adoption by the Council, Policy Bicester 13 be inserted as modified into the published Cherwell Local Plan 2011-2031 (Part 1).

76 **Council Tax Reduction Scheme 2017-2018 and Council Tax Discounts 2017-2018**

The Chief Finance Officer submitted a report to provide members with an update on the consultation process that has taken place on the proposals for a Council Tax Reduction Scheme for 2017-2018 and to seek approval for a Council Tax Reduction Scheme for the year 2017-2018 on the recommendation of the Executive and Budget Planning Committee.

The report also provided members with an update of Council Tax discounts and seek approval for the Council Tax discounts for the year 2017-18.

Resolved

- (1) That a Council Tax Reduction Scheme (CTRS) for the year 1 April 2017 to 31 March 2018 as set out in the annex to the Minutes (as set out in the Minute Book) be approved and implemented with effect from 1 April 2017.
- (2) That delegated authority be granted to the Section 151 Officer to make further amendments to the Council Tax Reduction Scheme Regulations up to and including 31 January 2017 in consultation with the Lead Member for Financial Management.
- (3) That, having given due consideration, the following level of Council Tax discounts for 2017-2018 be approved:
 - Retain the discount for second homes at zero
 - Retain the discount for empty homes (unoccupied and substantially unfurnished) at 25% for 6 months and thereafter at zero.
 - Retain the discount for empty homes undergoing major repair at 25% for 12 months and thereafter at zero.
 - Retain the empty homes premium of an additional 50% for properties that have remained empty for more than 2 years.

77 **Community Governance Review Update**

The Chief Executive submitted a report which provided an update on the Community Governance Review (CGR) to be undertaken and requested that an amended Terms of Reference document be approved.

Resolved

- (1) That the amended Terms of Reference for the Community Governance Review (annex to the Minutes as set out in the Minute Book) be approved.
- (2) That authority be delegated to the Chief Executive to amend the timetable for the Review, if required

78 **Calendar of Meetings 2017-2018 and Draft Calendar of Meetings 2018-2019**

The Head of Law and Governance submitted a report to consider the calendars of meetings for the municipal year 2017/18 and draft calendars for the municipal year 2018/19.

Resolved

- (1) That the calendar of meetings for Cherwell District Council (CDC) for the municipal year 2017/18 (annex to the Minutes as set out in the Minute Book) and the draft calendar of meetings for the municipal year 2018/19 (annex to the Minutes as set out in the Minute Book) be approved.
- (2) That, subject to similar agreement by South Northamptonshire Council, the joint committees calendar of meetings for the municipal year 2017/18 (annex to the Minutes as set out in the Minute Book) and the draft joint committees calendar of meetings for the municipal year 2018/19 (annex to the Minutes as set out in the Minute Book) be approved.

79 **Amendments to Committee Membership**

Council was asked to note amendment to Committee membership made by the Conservative Group.

Resolved

- (1) That the following amendments to Committee membership made by the Conservative Group be noted:

Joint Commissioning Committee

Remove Councillor Nicholas Turner, add Councillor Mike Kerford-Byrnes

Joint Councils Employee Engagement Committee

Remove Councillor Nicholas Turner, add Councillor Mike Kerford-Byrnes

80 **Exclusion of the Press and Public**

There being no questions on exempt minutes it was not necessary to exclude the press and public.

81 **Questions on Exempt Minutes**

There were no questions on exempt minutes.

Council - 19 December 2016
The meeting ended at 9.15 pm

Chairman:

Date:

Cherwell District Council

Council

20 February 2017

Members Allowances 2017/2018

Report of Head of Law and Governance

This report is public

Purpose of report

To determine the levels of the allowances to be paid to Members for the forthcoming 2017/2018 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP)

1.0 Recommendations

The meeting is recommended to:

- 1.1 Consider the levels of allowances to be included in the 2017/2018 Members' Allowances Scheme, and whether the Panel's recommendations should be adopted or modified in any way
- 1.2 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 2017.
- 1.3 Authorise the Head of Law and Governance to take all necessary action to revoke the current (2016/2017) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- 1.4 Thank the Independent Remuneration Panel (IRP) for its report and note that in accordance with the fees for IRP Members agreed at the 8 November 2016 Special Council meeting, a fee of £300 would be paid to Panel Members for the work carried out on this consultation.

2.0 Introduction

- 2.1 The Council's Independent Remuneration Panel has met to review the current (2016/2017) Members' Allowances Scheme and its report on the recommended levels of the allowance payments for the 2017/2018 financial year is attached as appendix 1.

2.2 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 the 2017/2018 (either up or down) as is considered appropriate.

3.0 Report Details

Members' Allowances

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

(a) the basic allowance is increased by 1.25% and rounded either up or down to 12 equal payments

	2016/17	2017/18
Basic Allowance	£4,152.00 p.a.	£4,200.00 p.a.

(b) an increase should be made to the Special Responsibility Allowance to the Chairman of the Accounts Audit and Risk Committee as the workload for this Committee and the responsibilities of the Chairman have increased and the Panel agreed that the allowance should mirror that of the Chairman of the Budget Planning Committee.

(c) the following rates should apply for the financial year 2017/18.

	2016/17	2017/18
Leader of the Council	£7,212.00 p.a.	£7,296.00 p.a.
Executive Members Holding a Portfolio	£6,300.00 p.a.	£6,372.00 p.a.
Chairman of the Overview and Scrutiny Committee	£3,504.00 p.a.	£3,552.00 p.a.
Chairman of Budget Planning Committee	£3,504.00 p.a.	£3,552.00 p.a.
Chairman of the Planning Committee	£4,200.00 p.a.	£4,248.00 p.a.

Chairman of the Accounts, Audit and Risk Committee	£1,800.00 p.a.	£3,552.00 p.a.
Chairman of the Personnel Committee	£1,008.00 p.a.	£253 SRA plus £253 per meeting to a capped limit of £1012 p.a.
Chairman of the Licensing Committee	£250 SRA plus £250 per full meeting to a capped limit of £1000pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Chairman of the Standards Committee	£250 SRA plus £250 per meeting to a capped limit of £1000 p.a.	£253 SRA plus £253 per meeting to a capped limit of £1012 p.a.
Chairman of the Appeals Panel	£250 SRA plus £250 per full meeting to a capped limit of £1000pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Leader of the Opposition	£2,904.00 p.a.	£2,940.00 p.a.
Deputy Leader of the Council	£2,484.00 p.a.	£2,520.00 p.a.
Co-optee Allowance	£708	£720

Remuneration of Directors of Council Owned Companies

- 3.2 In November 2016 Council agreed that an allowance be paid to elected members who are appointed as Non-Executive Directors of Graven Hill Companies. It was also agreed that remuneration would increase in line with Member Allowances. Therefore, all allowances should also be increased by 1.25% as follows:

- (a) the following rates which are comparable to that of the Chairman of Planning Committee should have the following comparable increase of 1.25%:

	2016/17	2017/18
Non-Executive Directors Graven Hill Village Holding Company Limited (HOLDCO)	£4200.00	£4248.00
Non-Executive Directors Graven Hill Village Development Company Limited (DEVCO)	£4200.00	£4248.00

- (b) the following rates, which are comparable to that of an Executive member holding a portfolio, should have the following comparable increase of 1.25%:

Non-Executive Director appointed to both HOLDCO and DEVCO	£6300.00	£6372.00
Non-Executive Director of either HOLDCO or DEVCO who is also Chairman of the Board	£6300.00	£6372.00

- (c) the following allowance should also receive an increase of 1.25%

Chairman of one company who is a Non-Executive Director of the other	£8400.00	£8496.00
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Dependent Carers, Childcare, Travel and Subsistence Allowances for both Elected Members and Elected Members as Non-Executive Directors.

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

- (a) there be; no increase in the Dependent Carers' and Childcare Allowances:

Childcare	£10 per hour	£10 per hour
Dependent Relative Care	£20 per hour	£20 per hour

- (b) 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
Evening Meal Allowance	£10.29 per meal

(c) Democratic Services should continue to book overnight accommodation

3.4 All Non-Executive Director allowances should be re-charged to the appropriate Graven Hill Company.

4.0 Conclusion and Reasons for Recommendations

- 4.1 There has been no increase in members' basic allowance for a number of years. Although an increase of 1% had been recommended in 2016/17, Council voted against an increase. The Panel retains the same reasoning for proposing an increase for 2017/18, namely it noted that staff had received a cost of living increase in recent years and concluded that regular smaller increases would be more acceptable than a one off large increase. An increase of 1.25% was therefore recommended to the basic allowance rounded either up or down to give 12 equal payments. An Increase of 1.25% rounded either up or down to give 12 equal payments, was recommended to Special Responsibility Allowances including those paid on a meeting by meeting basis.
- 4.2 An increase to the Special Responsibility Allowance for the Chairman of the Accounts Audit and Risk Chairman was recommended as the workload and responsibility had increased and it was thought it should be brought into line with that of the Budget Planning Chairman allowance.
- 4.3 In line with the decision taken at the 8 November 2016 Council meeting, allowance to councillors appointed as Non-Executive Directors on Graven Hill Companies should be increased in line with Member Allowances.
- 4.4 Travel allowances continue to reflect HMRC rates and there should be no increase to these or subsistence allowances. Any travel, subsistence and dependent carers or Childcare allowances paid to elected member appointed as a Non-Executive Director will be recharged to the relevant company to which they relate.
- 4.5 It is the view of the Independent Remuneration Panel that the proposals represent realistic and fair levels of allowance for 2017/2018 and recommend adoption.

- 4.6 Since the meeting of the Panel at which these recommendations were agreed, Mr Jim Flux has sadly passed away. Mr Flux had been a Panel Member since its formation in 2001. The Panel and the council passes on its condolences to Mr Flux's family and places on record its gratitude for his work on the Panel.

5.0 Consultation

- 5.1 Details set out in appendix 1, Panels Report.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To accept the Panel's recommendations

Option 2: To modify the Panel's recommendations. This is within the Council's discretion as the Panel recommendations are not binding. However it is not recommended as the Panel has considered and justified the recommendations that they have made.

7.0 Implications

7.1 Financial and Resource Implications

Provision has been included in the draft 2017/2018 budget for the proposed increase to 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 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:

Paul Sutton, Chief Finance Officer & S151 Officer,

Paul.sutton@cherwellandsouthnorthants.gov.uk Telephone 0300 003 0106

7.2 Legal Implications

It is a legal requirement of the Council to consider the recommendations of the Independent Remuneration Panel before setting the level of allowances. The legal restrictions in respect of councillor director remuneration are contained in the Local Authorities (Companies) Order 1995 and the relevant Panel recommendations are considered to be compliant.

Comments checked by:

Kevin Lane, Head of Law and Governance,
kevin.lane@cherwellandsouthnorthants.gov.uk, Telephone: 0300 003 0107

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Value for Money Cherwell

Lead Councillor

None

Document Information

Appendix No	Title
1	Report of the Independent and Parish Remuneration Panel on the Review of Members' Allowances for the 2017/2018 Financial Year
Background Papers	
None	
Report Author	Lesley Farrell, Democratic and Elections Officer
Contact Information	01295 221591 lesley.farrell@cherwellandsouthnorthants.gov.uk

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DISTRICT COUNCIL
NORTH OXFORDSHIRE

Report
of the Independent and Parish
Remuneration Panel
on the Review of Members' Allowances for the
2017/2018 Financial Year

For

Cherwell District Council

December 2016

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT AND PARISH REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2017/2018 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 2016. This Scheme has remained in force throughout the 2016/17 financial 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 2017/18 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
Mr David Shelmerdine
Mr Christopher White
- 2.3 The Panel met on 6 December 2016 to consider and agree its recommendations for the 2017/18 municipal year. Mr Christopher White was appointed as Chairman of the Panel.
- 2.4 Natasha Clark (Democratic and Elections Manager) and Lesley Farrell (Democratic and Elections Officer) provided the Panel with administrative advice and support.
- 2.6 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 and independent persons (Standards) allowances to be paid.

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) 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;

- (e) 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
- (f) 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
- (g) 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 2016/17;
 - (b) a comparison between Cherwell District Council and South Northamptonshire Council Members Allowances.
 - (c) 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.

- (d) a summary of Members responses to the 'Activity Questionnaire'.
- (e) the general economic climate.
- (f) the overall financial position of the Council.
- (g) the level of recent and anticipated pay awards for Council staff and management.
- (h) any recent changes in the roles, responsibilities and workload of specific member posts.
- (i) Any additional comments members wished to make in respect of the current allowance scheme.

- 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 17 completed questionnaires were returned, representing 35.4% of its membership.
- 5.7 The Panel were once again disappointed by the low return of questionnaires as this forms a large part of their decision making process and they could only surmise that those who did not return the questionnaire were happy with the current allowance scheme.
- 5.8 The Panel were very grateful to those members who returned the questionnaire and also to those who agreed to give their time to speak to the Panel.
- 5.9 The Panel proposes to repeat this exercise again next year as it firmly believes that the information requested is vital to its efforts in undertaking proper and meaningful reviews.
- 5.10 The Panel hopes that next year will result in a greater number of responses from Councillors to inform its work, in particular, given that the number of Councillors reduced from 50 to 48 in 2016 and all members are now part of 3 Member wards representing amended warding arrangements in accordance with the outcomes of the Local Government Boundary Commission for England Cherwell boundary review. The Panel will be interested to know how or if this has affected the Members role.
- 5.11 The Panel noted that those Members who 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 14 to 170 hours per month.
- 5.12 The Panel noted that those Members who responded spent an average of 59 hours per month on council duties, which was the same as last year.

5.13 Other conclusions arising from the questionnaires were that:

- (a) three respondents explicitly stated that no changes should be made to the level of Members allowances and expenses for 2017/18.
- (b) five respondents proposed varying increases in the level of Members allowances and expenses for 2017/18.
- (c) On a scale of 1 (very generous) to 4 (totally inadequate), three respondents rated the basic allowance as 1, seven as 2 and four as 3. There was no comment from the remainder of respondents.
- (d) On the same scale of 1 to 4, five respondents rated the special responsibility allowance as 1, four as 2 and three as 3. There was no comment from the remainder of respondents.
- (e) On the same scale of 1 to 4, five respondents rated the level of travel and subsistence allowances as 1 and six as 2. There was no comment from the remainder of respondents

Unfortunately, these numbers cannot be seen as representative due to the small number of questionnaire returns and not every return answering these specific questions.

6 Basic Allowance

- 6.1 The Panel was requested to review the current level of the Basic Allowance.
- 6.2 The Panel had recommended a 1% increase for 2016/17 but the Council had voted not to accept the increase in allowance.
- 6.3 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.
- 6.4 The Council and Unison entered into a collective agreement which set out the local pay award for 2016/2017 at 1.25%. The Joint Management Team/Shared Managers have a separate agreement and for 2016/2017 the pay award was 1.25%.
- 6.5 At the time of the meeting of the Independent Remuneration Panel, pay negotiations had not yet commenced for 2017/2018.
- 6.6 The Panel received comparative data from a significant number of local authorities and noted that the basic allowance payable to Council Members was comparable to the allowances paid by neighbouring authorities in the South East region.
- 6.7 The Panel acknowledged that there had been a cost of living increase for staff in 2016/2017 and, notwithstanding that the level for 2017/18 was not known at the

time of the meeting, was minded to recommend an increase of 1.25% to Members' Basic Allowance rounded either up or down, whichever is closest, to produce 12 equal payments. As there had been no increase for a number of years, it was considered that a small increase now and any subsequent small increases in the future would be more favourable than one large increase.

7 Special Responsibility Allowances

- 7.1 The Panel was requested to review the current level of Special Responsibility Allowances and in particular the level of payment to the Chairman of the Accounts, Audit and Risk Committee.
- 7.2 The Panel was advised that the role of the Accounts Audit and Risk Committee Chairman had increased substantially with a much more rigorous examination of the accounts and mandatory training for all Accounts Audit and Risk Committee members being introduced.
- 7.3 The Panel agreed that the allowance for the Account Audit and Risk Committee Chairman should be increased to match that of the Budget Planning Committee Chairman.
- 7.4 The Panel also agreed to recommend a 1.25% increase rounded either up or down, whichever is closest, to 12 equal monthly payments for all Special Responsibility Allowances in line with the increase in Basic Allowance.
- 7.5 The Panel further agreed to recommend that the Co-optee and Independent Persons allowance also be increased by 1.25% rounded either up or down, whichever is closest, to 12 equal monthly payments.
- 7.6 In November 2016 allowances were agreed for members who are Non-Executive Directors of Graven Hill Companies with an assumption that these would increase in line with members' allowances. The Panel therefore agreed that these would also increase by 1.25%.

8.0 Travelling and Subsistence Allowances

- 8.1 The Panel was requested to review the current level of Travelling and Subsistence Allowances.
- 8.2 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.
- 8.3 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 Prices Index (excluding mortgages).

- 8.4 However, the National Joint Council for Officers ceased to produce nationally agreed subsistence rate for local government staff in 1996.
- 8.5 Since that time, subsistence rates have been a subject for local determination and the Council has based its rates on Local Government Association rates.
- 8.6 The panel considered the travelling and subsistence allowances and agreed there should be no increase at this time.

Dependent Carers' and Childcare Allowance

9

The panel considered the dependent carers' and childcare allowances. The Panel noted that the allowances had been increased last year and agreed that they should remain at the same level.

9.1

10 Recommendations to Council

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

- (a) That the basic allowance be increased by 1.25% rounded either up or down, whichever is closest, to 12 equal payments

	2016/17	2017/18
Basic Allowance	£4,152.00 p.a.	£4,200.00 p.a.

- (b) An increase is recommended to the Chairman of the Account Audit and Risk Committee to bring in line with that of the Budget Planning Committee Chairman.

- (c) That the following rates should apply for the financial year 2015/16.

	2016/17	2017/18
Leader of the Council	£7,212.00 p.a.	£7,296.00 p.a.
Executive Members Holding a Portfolio	£6,300.00 p.a.	£6,372.00 p.a.
Chairman of the Overview and Scrutiny Committee	£3,504.00 p.a.	£3,552.00 p.a.

Chairman of Budget Planning Committee	£3,504.00 p.a.	£3,552.00 p.a.
Chairman of the Planning Committee	£4,200.00 p.a.	£4,248.00 p.a.
Chairman of the Accounts, Audit and Risk Committee	£1,800.00 p.a.	£3,552.00 p.a.
Chairman of the Personnel Committee	£1,008.00 p.a.	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Chairman of the Licensing Committee	£250 SRA plus £250 per full meeting to a capped limit of £1000pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Chairman of the Standards Committee	£250 SRA plus £250 per full meeting to a capped limit of £1000pa	£253 SRA plus £253 per meeting to a capped limit of £1012pa
Chairman of the Appeals Panel	£250 SRA plus £250 per full meeting to a capped limit of £1000pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Leader of the Opposition	£2,904.00 p.a.	£2,940.00 p.a.
Deputy Leader of the Council	£2,484.00 p.a.	£2, 520.00 p.a.
Co-optee Allowance	£708	£720

- (d) there be no increase in the Dependent Carers' and Childcare Allowances:

Childcare	£10 per hour	£10 per hour
Dependent Relative Care	£20 per hour	£20 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
Evening Meal Allowance	£10.29 per meal

- (f) Democratic Services should continue to book overnight accommodation.

11 Remuneration of Directors of Council Owned Companies

- 11.1 In November 2016 remuneration was agreed for members who were Directors of Graven Hill Companies. It was also agreed that any increase in member allowances would be reflected in remuneration for Directors of Council owned companies.

- (a) the following rates which are comparable to that of the Chairman of Planning Committee should have the following comparable increase:

	2016/17	2017/18
Non-Executive Directors Graven Hill Village Holding Company Limited (HOLDCO)	£4200.00	£4248.00
Non-Executive Directors Graven Hill Village Development Company Limited (DEVCO)	£4200.00	£4248.00

- (b) the following rates which are comparable to that of an Executive Lead Member, should have the following comparable increase:

Non-Executive Director appointed to both HOLDCO and DEVCO	£6300.00	£6372.00
Non-Executive Director of either HOLDCO or DEVCO who is also Chairman of the Board	£6300.00	£6372.00

- (c) the following rate which is comparable to that of an Executive Member holding portfolio who holds more than one responsibility should have the following comparable increase:

Chairman of one company who is a Non-Executive Director of the other	£8400.00	£8496.00
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12.0 Findings of the Panel

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

- (a) there had been no increase to members basic allowance for a number of years and regular smaller increases would be more acceptable than a one off large increase. An increase was recommended to the basic allowance of 1.25% (the level awarded to staff in 2016/17) rounded up or down to give 12 equal payments. This increase of 1.25% should also apply to the allowances paid to co-opted members and Independent Persons
- (b) that the workload and responsibility of the Account, Audit and Risk Committee Chairman had increased and the Chairman's allowance should be increased to match that of the Budget Planning Committee Chairman.

- (c) there should be an increase to all Special Responsibility Allowances of 1.25% rounded up or down to ensure 12 equal payments.
- (d) the increasing complexity, responsibilities and burden of local government made it imperative for able individuals representing all of society to be able to stand for election as Councillors, but the absence of a national baseline for Member remuneration did not help efforts to attract candidates in the local community with the professional qualities needed for the role.
- (e) as local government became increasingly 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, resulting in negative implications for local democracy.
- (f) a comparison of joint working remuneration at other councils with shared services and joint committees, including remuneration for those members sitting on joint committees should be take place and be reviewed in 2017.

Mr Christopher White
Chairman
Independent Remuneration Panel
December 2016

Cherwell District Council

Council

20 February 2017

<p>Revenue and Capital Budget , Corporate Business Plan and Cycle of Growth 2017/18</p>
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Report of Chief Finance Officer

This report is public

Purpose of report

The purpose of this report is to set the Council's General Fund Budget and to seek formal adoption of all parts of the Council's financial plans for the 2017/18 budget year.

The report also details the proposed strategic priorities, the underpinning key objectives and outcomes for 2017/18 which have now been converted into a proposed business plan for the Council, and the proposed new cycle of growth strategies.

The proposed business plan and cycle of growth strategies sit alongside the proposed budget for 2017/18 to demonstrate that the Council adopts a strategic and integrated approach to managing all of its resources by aligning the development and delivery of the Council's strategic business priorities and key outcomes to the proposed budget.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the contents of this report in approving the General Fund Revenue Budget and Capital Programme for 2017/18 and to formally record that consideration.
- 1.2 To approve the 2017/18 General Fund Budget (in **table 1**) and 2017/18 Capital Programme (in **Appendices 2 and 3**).
- 1.3 To approve the Collection Fund Estimates contained in **Appendix 4**
- 1.4 To approve 2017/18 business plan, public pledges and joint cycle of growth strategies (detailed in **Appendices 7 and 8**) and to delegate authority to the Director of Operational Delivery, in consultation with the Leader of the Council to make any minor amendments to the strategies and corporate values as required before final publication in March 2017.

- 1.5 To note the contents of the section 25 statement from the Chief Finance Officer contained in paragraphs 2.1 to 2.7 in relation to the robustness of the estimates and the adequacy of reserves.
- 1.6 To note the impact of the proposed budget on reserves, including the use of reserves to fund a one-off pension fund contribution, and approve the list of reserves, **Appendix 5**
- 1.7 To approve the Treasury Management Strategy as detailed in **Appendix 6** including the Capital Prudential Indicators 2017/18 – 2019/20
- 1.8 To approve the appended statement of pay policy for 2017/18 as required by the Localism Act and detailed in **Appendix 9**.
- 1.9 To note that there is no change to the level of Empty Homes Premium for 2017/18 as set out in table 4, below, which will form a recommendation in the Council Tax Setting report.
- 1.10 To note that there is no change to the council tax discounts for 2017/18 set out in table 4 below, which will form part of the Council Tax setting report.
- 1.11 To Opt-in to the LGA national Sector Led Body in order to negotiate a new External Audit Contract as detailed in **Appendix 10**
- 1.12 To approve the Business Rates 100% Rural Rate Relief Policy as set out at **Appendix 11** and the formal resolutions that underpin the policy:
- The Council award 100% rural rate relief to eligible ratepayers from 1 April 2017.
 - The Council through the National Non-Domestic Rate return process seeks full reimbursement of the actual cost under the rates retention scheme of granting this relief.
- 1.13 To approve the Local Newspapers Policy as set out in **Appendix 12** and the formal resolutions that underpin the policy:
- The Council award a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, up to state aid limits for 2 years from 1 April 2017.
 - The Council through the National Non-Domestic Rate return process seeks full reimbursement of the actual cost under the rates retention scheme of granting this relief.
- 1.14 To approve the Discretionary Rate Relief Policy, effective from 1 April 2017, as set out in **Appendix 13**.

2.0 Introduction

- 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 fall

back 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 2004/05.
- 2.4 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
- 2.5 Under the Act, Members must have regard to the contents of this report when making their decisions on the budget.
- 2.6 It is proposed that Members consider the contents of this report when making their decisions on the Council’s budgets at this meeting.
- 2.7 The conclusion is that the processes followed have been 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 2017/18.

3.0 Report Details

Five Year Business Strategy, 2017/18 Business Plan, Performance Pledges and Cycle of Growth

- 3.1 Whilst Appendix 7 sets out the corporate business plan and performance pledges following consultation with the Overview and Scrutiny Committee, Appendix 8 clearly illustrates the joint cycle of growth strategies for 2017/18 arising from the Council’s five year strategy. These inform the development of the annual budget and direct operational business plans for all services.
- 3.2 After the budget, five year strategy, business plan, pledges and joint cycle of growth strategies have been considered and agreed by Full Council they will be published in March 2016 and will form the basis of the Council’s performance management framework.

Budget Process 2017/18

- 3.3 The budget for 2017/18 includes a further cut in government Revenue Support. The reduction in grant funding compared to 2016/17 equates to £677,000 - a drop of 12.7%.

- 3.4 The budget process formally began with the Executive agreeing Budget Guidelines at their meeting on 3 October 2016. These guidelines included the decision that any service growth should be self-funding via efficiencies and that the council tax should not be increased.
- 3.5 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 at which council tax should be set.
- 3.6 The Joint Management Team received regular updates on the overall budget position from September 2016 through to January 2017 and managed the overall process. The Executive received regular reports detailing the service and financial planning process. The revenue and capital budget proposals were reported to Executive on 6 February 2017, outlining the latest position regarding efficiencies identified and remaining sums required to balance the budget.
- 3.7 The Budget Planning Committee reviewed a number of components of the 2017/18 budget. These focused primarily on the proposed capital project schemes and reserves. This work was carried out from October 2016 until January 2017. The recommendations of this committee were taken to the Executive for consideration on 6 February 2017 and these were included in the final budget proposal. The Executive concluded its budget deliberations on 6 February. .
- 3.8 The draft revenue budget is set out in Table 1.

Table 1: Revenue Budget 2017-18	Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Movement Movement £'000	Movement %
Chief Executive	173	187	14	8%
Commercial Development				
Bicester Regeneration Project	1,163	1,190	27	2%
Regeneration & Housing	1,642	2,263	621	38%
Human Resources	524	555	31	6%
Information Services	1,497	1,637	140	9%
Business Transformation	278	300	22	8%
Sub Total	5,104	5,945	841	16%
Finance and Procurement	1,148	1,398	250	22%
Strategy & Commissioning				
Strategic Planning Economy	1,124	1,201	77	7%
Development Management	296	585	289	98%
Communications & Corp Perf	295	318	23	8%
Business Support Unit	87	90	3	3%
Performance	197	180	(17)	-9%
Law and Governance	1,040	1,093	53	5%
Sub Total	3,038	3,467	429	14%
Community and Environment				
Community Services	5,162	5,176	14	0%
Environmental Services	4,913	5,454	541	11%
Sub Total	10,075	10,630	555	6%
NET COST OF SERVICES	19,538	21,627	2,089	11%
Transfers to/from Reserves NHB	2,030	2,373	343	17%
Transfers to/from reserves	(1,924)	(4,850)	(2,926)	-152%
Transfers to General Fund Balance	688	590	(98)	-14%
Interest on Investments (including Graven Hill)	(150)	(1,954)	(1,804)	-1203%
Pension Fund - Historic Costs	1,847	4,985	3,138	170%
Depreciation adjustment	(4,002)	(4,002)	0	0%
NET BUDGET REQUIREMENT	18,027	18,769	742	4%
CDC: FUNDING				
Formula Grant Equivalent				
Business Rates Baseline	(3,495)	(3,564)	(69)	-2%
Revenue Support Grant	(1,851)	(1,105)	746	40%
Sub Total	(5,346)	(4,669)	677	-13%
Grants Awarded				
Transfer to Parish Councils for CTRS	349	349	0	0%
New Homes Bonus	(3,851)	(4,468)	(617)	-16%
Sub Total	(3,502)	(4,119)	(617)	18%
Business Rates Growth				
Retained Business Rates	(2,114)	(2,231)	(117)	-6%
Pooling Gain	(1,869)	(1,562)	307	16%
Renewable Energy	(244)	(213)	31	13%
S31 Inflation Cap	(108)	0	108	100%
NNDR Collection Fund Deficit	1,555	648	(907)	58%
Sub Total	(2,780)	(3,358)	(578)	-21%
Council Tax Income				
Baseline	(6,219)	(6,219)	0	0%
Taxbase increase	0	(158)	(158)	0%
Council Tax Increase by £5	0	0	0	0%
Collection Fund	(180)	(246)	(66)	37%
Sub Total	(6,399)	(6,623)	(224)	-4%
TOTAL INCOME	(18,027)	(18,769)	(742)	-4%
(SURPLUS) / DEFICIT	0	0	0	
Tax Base	51,506	51,639.5	2,133	-4%
Band D Council Tax	£123.50	£123.50	£0.00	0%

- 3.9 The budget will form the financial expression of the Council's service delivery plans for 2017/18; the allocation of resources against agreed service priorities is necessary in order to achieve its strategic priorities.
- 3.10 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.

Proposed Council Tax 2017/18

- 3.11 The level of council tax being proposed is £123.50 per year at Band D and this is in line with Council commitment to a zero increase in 2017/18. This is the eighth year that Council Tax has been frozen. This compares to a CPI rate at December 2016 of 0.5% and RPI of 1.6%.

Local Government Finance Settlement

- 3.12 On the 15 December 2016, the Secretary of State for Communities and Local Government, the Rt Hon Sajid Javid MP made a statement on the provisional local government finance settlement for 2017/18. The final settlement has been delayed and is now likely to be announced on 22 February 2017, see **Appendix 14**. The best information available at this stage is the interim settlement, which has been used in **table 1**. Any significant change from this figure will require an adjustment to reserves to maintain a balanced budget, the level of council tax will remain unchanged.
- 3.13 The Council's efficiency plan was accepted by the Government and the figures for Grant, Business Rates and New Homes Bonus are in line with the four year settlement originally proposed in December 2015.
- 3.14 The settlement proposes RSG, Business Rates Baseline Funding and New Homes Bonus (NHB) for the next three years, until the revised Business Rates Scheme can be introduced, when local authorities may retain more of the business rates collected.

Table 2: Grant Figures for the four year settlement, with estimated figures for 2020/21 and 2021/22

Formula Grant	Four Year Settlement				100% Business Rates Retention	
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Business Rates Baseline	3,495	3,564	3,669	3,786	0	0
Business Rates Retention	0	0	0	0	3,900	4,017
Revenue Support Grant	1,851	1,105	637	114	0	0
Total	5,346	4,669	4,306	3,900	3,900	4,017
Percentage Change		-13%	-8%	-9%	0%	3%

3.15 The settlement maintained the four year settlement that had been promised and also set out the outcomes from the New Homes Bonus consultation, which had been outstanding since March.

The main changes to New Homes Bonus (NHB) are set out below:

- The Government is implementing its preferred option: to reduce legacy payments from 6 years to 5 years in 2017/18 and then to 4 years in 2018/19.
- A “deadweight” factor will also be introduced, so that no NHB payments will be made to a local authority whose housing growth is less than 0.4%. The baseline for Cherwell in 2017/18 is 236 band D equivalent properties, a loss in NHB payments of £290k, or £1.16m over 4 years. The consultation included a baseline of 0.25%, the increase to 0.4% requires a further 88 band d D properties to be built in 2017/18 before NHB is paid.
- The Government will review the 0.4% baseline annually to ensure that the cost of NHB to the Treasury is affordable.
- Furthermore, from 2018/19 the Government could withhold payments from authorities not supporting housing growth (appeals, local plan); there will be a further consultation on these elements.

Table 3: New Homes Bonus

New Homes Bonus	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Without baseline	4,755	4,629	5,827	6,226	5,990
Baseline at 0.25%	4,576	4,265	5,229	5,438	5,188
Baseline at 0.4%	4,468	4,046	4,870	4,965	4,706
Reduced NHB @ 0.25%	179	364	598	788	803
Further reduction to 0.4%	108	219	359	473	482
Total reduction	287	583	957	1,261	1,284

Treasury Management Strategy 2017/18

3.16 There is a significant increase in interest on balances as a result of the Council's decision to set up, and invest in the Graven Hill Company. Interest payable by Graven Hill to the Council in 2017/18 is estimated at £1.249m. In addition a commitment fee of £0.661m is also payable, giving total income of £1.91m from the project in 2017/18.

3.17 The Council's investment income budget for 2017/18 has been compiled on the basis of close tracking of actual and likely interest rates and with the help of external advice. The emphasis has been on investments with the least risk for the Council's money and this, along with the continued low interest rates on offer and the agreed use of capital receipts has led to continuing low levels of investment income built into the budget. In budgetary terms this is prudent and places the Council at less risk of exposure in-year. A revised Treasury Management Strategy will be recommended to Full Council in February 2017 by the Accounts, Audit and Risk Committee.

Business Rates Pooling and Growth

- 3.18 Three years ago, the decision was taken to form a pool with Oxfordshire County Council and West Oxfordshire District Council. The calculations are still being made and will only be finalised when the 2017/18 NNDR1 return is made to the Government by the 31 January 2017.
- 3.19 However there will be a significant benefit to Cherwell as a result of the pooling arrangements. The budget anticipates £3.35m growth in business rates for the Council, a significant proportion, as a result of pooling. This estimate is deliberately prudent given the turbulence and uncertainty still associated with the scheme.
- 3.20 In the Autumn Statement on 23 November 2016 the Chancellor of the Exchequer confirmed that rural rate relief will double from 50% to 100% from 1 April 2017.
- 3.21 The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief to take effect from 1 April 2018. However, before the grant mandatory relief comes into force the Government expects local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017.
- 3.22 The Government announced in the Budget on 16 March 2016 that it will provide relief of up to £1,500 to all office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.
- 3.23 This is a temporary measure to support local newspapers in adapting to technological changes within the industry. The relief is intended to be specifically for local newspapers.

Discretionary Rate Relief

- 3.24 The Discretionary Rate Relief Policy, attached as **Appendix 13**, outlines the areas of local discretion and the Council's approach to the various discretionary awards. This has been prepared having regard to the impact:
- of granting discretionary relief on the Council's wider financial position and Council taxpayers;
 - on the organisations and businesses that currently receive or may apply for relief in the future;
 - for residents and council taxpayers of the Cherwell district;
- 3.25 The legislation governing the granting of discretionary rate relief is found in Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation. The qualifying conditions are one or more of the following:
- the ratepayer is a charity or trustees for a charity and the hereditament ('liable property') is wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);

- the hereditament is not an excepted hereditament, and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science literature or the fine arts;
- the hereditament is not an excepted hereditament, it is wholly or mainly used for the purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

3.26 In addition to this, the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount scheme.

3.27 The legislation also allows the Council to exercise its discretion to grant relief from rates in respect of those ratepayers suffering hardship as well as those occupying only parts of a property for a short period of time only.

3.28 Due to the on-going financial impact of granting discretionary rate relief it is recommended that a formal policy, incorporating guidelines for the assessment of applications, is introduced and that the policy at **Appendix 13** is considered and recommended for adoption from 1 April 2017.

Collection Fund

3.29 The Collection Fund estimates have been finalised and are detailed in **Appendix 4**. The surplus is currently projected to be £245,661, and this has been included as funding for 2017/18.

3.30 The Council is also required to approve any Empty Homes Premium it wishes to charge for the forthcoming year. This has been set at 150%, as recommended by the Executive Committee at a meeting on 7 September 2015, see table 3 below.

3.31 The Council is required to set discount rates for unoccupied properties. The Executive Committee reviewed the rates for 2015/16 and recommended the rates shown in table 3 below for 2016/17 at a meeting on 1 February 2016.

Table 4. Discounts and Premiums 2017/18

Discount Description		Rate 2016/17	Rate 2017/18
Properties within Class A and B as defined by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (furnished chargeable dwelling that are not the sole or a main residence of an individual).		0%	0%
Properties within Class C as defined by the Council TAX (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (a property that is unoccupied and substantially unfurnished).	First three months	50%	50%
	Over three months	0%	0%
Properties within Class D as defined by the said Regulations (chargeable dwellings that are vacant and undergoing major repair work to render them habitable).		0%	0%
Premium Description		Rate 2015/16	Rate 2016/17
Dwellings that are unoccupied and unfurnished for more than two years		50%	50%

Capital Programme 2017/18

- 3.32 The Budget Planning Committee reviewed all of the capital bids at the November and January meetings and made recommendations to the Executive at its meeting of 6 February 2017. The new capital schemes for 2017/18 supported by Budget Planning Committee and Executive Committee totalling £1.704 million are set out at **Appendix 2** It should also be noted that there are seven ongoing capital projects, and the capital programme shown in **Appendix 3**, includes £7.04m for the period 2018/19 to 2021/22.
- 3.33 This capital programme budget is summarised in table 5 below and the capital bids are listed in **Appendix 2**. The Capital programme is shown in **Appendix 3**.

Table 5: Capital Programme and Finance:	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

In Year Spend - Capital Programme	72,149	3,770	1,880	1,650	1,730	1,780	82,959
Financed By:							
External Grant Funding - DFG	-375	-375	-375	-375	-375	-375	-2,250
External Grant Funding - Bicester Sports Village	-260	0	0	0	0	0	-260
Borrowing - Build Programme	-11,531	0	0	0	0	0	-11,531
Borrowing - Graven Hill	-44,428	0	0	0	0	0	-44,428
In Year - use of Capital Receipts	-15,555	-3,395	-1,505	-1,275	-1,355	-1,405	-24,490
	0	0	0	0	0	0	0

Capital Receipts	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts balance brought forward	-3,161	0	-4,507	-4,082	-3,887	-7,107	-3,161
VAT Shelter and Right to Buy	-580	-580	-580	-580	-580	-580	-3,480
Other In Year Capital Receipts	0	-19,136	-500	-500	-3,995	-500	-24,631
In Year - use of Capital Receipts	15,555	3,395	1,505	1,275	1,355	1,405	24,490
Internal borrowing	-11,814	11,814	0	0	0	0	0
Capital Receipts balance carried forward	0	-4,507	-4,082	-3,887	-7,107	-6,782	-6,782

- 3.34 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.
- 3.35 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
 - 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.
- 3.36 The above issues are also of relevance when evaluating the robustness of the budget.

Reserves

- 3.37 The rationale for each of the Council's reserves and the level required in each has been reviewed by the Leader, the Lead Member for Financial Management, The Budget Planning Committee and the Chief Finance Officer. The reserves are considered to be both necessary and at adequate levels.
- 3.38 Reserves can be held for two 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.
- 3.39 These reserves are in the region of £20m but will be subject to change as a result of year-end adjustments and formulating the statutory accounts. A list of current reserves is shown at **Appendix 5.**

Pension Fund – Lump Sum Contributions

- 3.40 The triennial review of the Council's pension fund has been completed. There are three elements of pension contributions that the Council has to make:

1. A percentage which is added to employee costs, which is to fund the future cost of pensions for current employees. This percentage has increased from 13.9% to 14.9%.
2. A lump sum to fund historic pension costs for former employees. A schedule of payments for the next three years is shown in table 6 below.
3. An annual payment, currently £275,000 per year to fund the additional cost of employees who have been allowed to retire early, usually through ill-health.

3.41 Following discussion with the pension fund actuary, there is an opportunity for the Council to use reserves to make a one-off payment to fund 2 above. The one-off payment would be £4.71m and this would achieve a saving of £282,000 or 7.5% over the three annual payments.

Table 6: Pension Fund Contributions

Year	Original Proposed Schedule	Alternative One-off Option	Saving
	£'000	£'000	£'000
2017/18	1,657	4,710	3,053
2018/19	1,697	0	-1,697
2019/10	1,738	0	-1,738
Total	5,092	4,710	-382

3.42 Executive Committee approved the use of reserves to fund the initial one-off payment of £3.053m. The impact on reserves is shown in **Appendix 10**.

3.43 The additional £3.053m could be funded up-front from reserves, and the amount repaid into reserves over the following two years.

Five Year Business Strategy, 2017/18 Business Plan, Performance Pledges and Cycle of Growth

3.44 Appendix 7 sets out the corporate business plan, including the performance pledges for 2017/18 arising from the Council's five year strategy. These inform the development of the annual budget and direct operational business plans for all services. This plan was considered and supported by the Overview and Scrutiny Committee on 10 January 2017.

3.45 The five year Business Strategy, the Medium-term Financial Strategy, the Annual Business Plan, individual service business plans and ultimately the appraisal targets of all individual employees demonstrate that the council has a clear and robust "golden thread" between resource availability and delivery of the council's agreed strategic priorities. This is, in times of austerity, fundamental and will help us to provide effective leadership to all of our residents and businesses. It will also demonstrate that we are adopting a more mature and commercially aware approach to running our council.

3.46 The four strategic priorities of the five year strategic business strategy remain:

- District of Opportunity
- Safe, Green, Clean
- A Thriving Community
- Sound Budgets and Customer Focused Council

Cycle of Growth

3.47 With a strong focus on the strategic priority of growth, we have now developed a suite of three new joint corporate strategies for Cherwell District Council and South Northamptonshire Council to sit alongside the respective strategic business plans. Those three corporate strategies are:

- Operational excellence strategy
- Commissioning strategy
- Commercial development and innovation strategy

They are attached as **Appendix 8**.

A key element of the operational excellence strategy is the introduction of a set of joint corporate values to add to the new organisational culture. They are values that we expect to be demonstrated by everyone within the council and from our new partners and suppliers.

Individually and collectively the three new corporate strategies represent the councils' cycle of growth, and will lead us towards financial independence, growth and sustainability. They will operate in tandem with one another to ensure the outcomes required in the strategic business plans and medium term revenue plans are achieved.

Operational excellence will be enhanced by our attitude to commercial awareness. Commercial success will be underpinned by the delivery of operational excellence. And they will be bound together by our approach to commissioning services.

Ultimately, the financial growth achieved through the successful delivery of these three strategies will enable further investment to improve the quality of life of our residents and economic growth of both areas.

The proposed joint corporate values, using the acronym of "P.R.I.D.E" have been subject to consultation with JMT, the Manager's Forum and Unison.

Strategic budget issues to evaluate for robustness

Inflationary Pressures

3.48 The approved budget guidelines recommended the inclusion of 1.5% inflation to be incorporated within expenditure budgets, other than payroll which has been estimated at 2%. 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.

- 3.49 The Localism Act requires the Council to approve a statement of pay policy by 31 March each year. The Act prescribes the mandatory components of this document and these are contained in the statement of policy contained at **Appendix 8**. It should be noted that a shared policy statement has been created with South Northamptonshire Council to reflect 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

- 3.50 The revenue budget includes all revenue effects of capital schemes. Assumptions of new capital receipts in 2017/18 are based on realistic estimates received from the relevant officers in the Council.

Treatment of demand-led pressures and efficiencies

- 3.51 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.

Capacity to manage in-year budget pressures

- 3.52 The Council has a record of maintaining good financial and budgetary discipline in the face of in-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.
- 3.53 Managers with budgetary responsibility receive financial training and support. The Executive receives quarterly budgetary control reports, including proposed actions to deal with any variances from budget.

Risk Management and Insurance Arrangements

- 3.54 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. The Authority has a low record of claims against its insurance policies.

Longer-Term Considerations

- 3.55 Although this report has the 2017/18 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.
- 3.56 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.

- 3.57 The Medium Term Revenue Plan, covering the years 2017/18 to 2021/22 is attached at **Appendix 1** and will be developed by the Budget Planning Committee throughout the coming year. Although managerial action will be required during the 2017/18 budget year to deal with the likely budget deficit from 2018/19 onwards there are currently no plans which will affect the 2017/18 budget itself.
- 3.58 The preparation of the Medium Term Revenue Plan has been made easier and more important by the four year financial settlement announced by the Government in December 2015.

Specific Service Budget Risk Considerations

- 3.59 Estimates for Housing Benefit payments, related Government subsidy and administration 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 few years which may 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.
- 3.60 The income from car parking will be closely monitored, as it is demand led and we need to see if the impact of fee changes.
- 3.61 Planning fee income increased in the last two years prior to 2016/17. Income has dropped in the current year and the 2017/18 budget has been adjusted to reflect this. As this area of income is volatile and may fluctuate, the sums included will be closely monitored during the year.
- 3.62 Rental income from the Council's property portfolio is again subject to market forces and best estimates from officers concerned have been used to reflect current occupancy levels. This area will be monitored closely.
- 3.63 The homelessness budget is demand-led and therefore difficult to accurately estimate. It will be closely monitored as there is increasing pressure on this service at present.

Treasury Strategy 2017/18

- 3.64 The Treasury Management Strategy is the cornerstone of proper treasury management, and is central to the operation, management reporting and performance assessment.
- 3.65 The proposed strategy for 2017/18 is attached in **Appendix 7** and is based upon the views of the Chief Finance Officer and the Council's Treasury Management Team. This is informed by market forecasts provided by the Council's treasury advisor, Capita Asset Services (formerly Sector).
- 3.66 In consultation with Capita Asset Services 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.

3.67 The strategy detailed in **Appendix 7** covers:

- The Current Treasury Position
- Prospects for interest rates
- The borrowing strategy
- Prudential Indicators
- The investment strategy
- Creditworthiness policy

3.68 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.

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

3.70 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.

3.71 This Council adopts the reporting arrangements outlined in the attached Strategy.

Minimum Revenue Provision (MRP) Policy

3.72 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 includes the Council's Minimum Revenue Provision Statement.

3.73 This MRP Statement is being submitted before the start of the 2017/18 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 at that time.

Key Issues for Consideration and Options

3.74 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.

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

3.76 The production of the Treasury Management and Investment Strategy is a requirement of the CIPFA Code of Practice for Treasury Management.

3.77 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 “Authorised Borrowing Limit”.

3.78 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.

3.79 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.

4.0 Conclusion and Reasons for Recommendations

4.1 The above narrative alongside the appendices represents the draft budget, strategic priorities and annual business plan for Council to consider alongside the setting of the 2017/18 Council Tax.

5.0 Consultation

5.1 The Executive has considered and recommended the budget, strategic business plan and cycle of growth strategies (including the proposed corporate values) at the meeting held on 6 February 2017.

5.2 The Budget Planning Committee has considered the budget through its meetings during October to January.

5.3 The Overview and Scrutiny Committee considered the proposed strategic priorities, key objectives and key outcomes for 2017/18 at its meeting on 10 January 2017 and did not wish to recommend any changes for the Executive to consider ahead of finalising its proposals for Full Council to consider at this meeting.

5.4 The Executive has consulted on its proposed budget and also used both the annual customer satisfaction survey and the Citizen’s panel to look at budget issues and develop the annual business plan and the specific outcomes required for the Council and our residents / stakeholders for the year ahead.

5.5 The draft budget has also been on the Council’s consultation portal. The proposed joint corporate values, forming part of the operational excellence strategy have been the subject of consultation with the Managers’ Forum and Unison.

6.0 Alternative Options and Reasons for Rejection

6.1 This report presents a final analysis of the Council’s draft 2017/18 revenue and capital budget. This will be presented to Council on the 20 February to support the setting of the Council Tax.

6.2 It is a legal requirement to set a balanced budget and the recommendations as set out represent what is believed to be the best way of achieving this. Alternative options are:

To reject the current proposals and to make alternative recommendations or ask officers for further information.

7.0 Implications

Financial and Resource Implications

- 7.1 The financial effects of the revenue budget are identified in the report. Any decisions made in relation to on-going expenditure or income in the budget for 2017/18 will have repercussions in future years when current forecasts indicate the financial environment is likely to become increasingly difficult. The Council has a statutory duty to set a balanced budget and could incur the intervention of the Secretary of State if it failed to do so.

Comments checked by:

George Hill, Corporate Finance Manager, 01295 221731
george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 The Council is legally required to set a balanced budget which the recommendations will achieve if approved by Executive and Council. Due consideration of external responses to consultation is also required and has taken place as part of the budget process. The decision of the Council to set an annual budget and a level of Council Tax must be made by a recorded vote.

Comments checked by:

Kevin Lane, Head of Law and Governance
0300 0030107 kevin.lane@cherwellsouthnorthants.gov.uk

Risk Management

- 7.3 The purpose of the Performance Management Framework is to enable the Council to deliver its strategic priorities and key outcomes. All managers are required to identify and manage the risks associated with achieving this. All risks are logged on the Risk Register and reported quarterly to the Accounts, Audit and Risk Committee.

Comments checked by:

Ed Bailey, Corporate Performance Manager, 01295 221605
edward.bailey@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 The proposed budget, business plan and cycle of growth strategies have all been subject to equality impact assessments with no recommendations for action.

Comments checked by:

Caroline French, Business Transformation Project Officer, 01295 221586
caroline.french@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillors

Councillor Barry Wood – Leader of the Council

Councillor Ken Atack – Lead Member for Financial Management

Document Information

Appendix No	Title
Appendix 1	MTRP 2016/17 to 2021/22
Appendix 2	Capital Bids 2017/18
Appendix 3	Capital Programme 2016/17 to 2021/22
Appendix 4	Collection Fund Estimates
Appendix 5	Proposed Reserves 2017/18
Appendix 6	Treasury Strategy 2017/18
Appendix 7	Business Plan and Pledges 2017/18
Appendix 8	Cycle of Growth Strategies: i. Operational Excellence ii. Commercial Development and Innovation iii. Commissioning.
Appendix 9	Pay Policy
Appendix 10	Arrangements for the Appointment of External Audit – Council Report 17/10/16
Appendix 11	Rural Rate Relief Policy
Appendix 12	Policy on Rate Relief for Local Newspapers
Appendix 13	Discretionary Rate Relief Policy
Background Papers	
None	
Report Authors	Paul Sutton, Chief Finance Officer, Scott Barnes, Director – Strategy and Commissioning and , Joanne Pitman, Head of Transformation
Contact Information	0300 003 0106 paul.sutton@cherwellandsouthnorthants.gov.uk scott.barnes@cherwellandsouthnorthants.gov.uk jo.pitman@cherwellandsouthnorthants.gov.uk

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**CHERWELL DISTRICT COUNCIL
MEDIUM TERM REVENUE PLAN ASSUMPTIONS - 2016/17 - 2021/22**

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021/22 £000
EXPENDITURE						
Approved base budget	18,260	19,538	21,627	20,386	21,201	21,875
Unavoidable pressures						
Contract Inflation	0	64	68	70	72	74
Demand led increases	0	56	56	56	56	56
Pay inflation	0	250	255	260	265	270
Pay increments	0	175	177	179	181	183
Pension Costs - Current	0	226	0	0	100	100
Apprenticeship Levy	0	40	0	0	0	0
Waste & Recycling	125	0	0	250	0	0
Total budget pressures	125	811	556	815	674	683
Additional Income & One-off Items						
Leisure Contract Savings	(276)	0	0	0	0	0
Bicester Projects (Funded from Reserve)	1,110	857	(1,076)	0	0	0
Local Plan (Funded from Reserve)	370	0	(370)	0	0	0
Planning Salaries (Funded from Reserves)	98	94	(94)	0	0	0
Revenues & Benefits (Funded from Reserves)	0	200	(200)	0	0	0
Other items (Funded from Reserves)	0	57	(57)	0	0	0
Total Budget Changes	1,302	1,208	(1,797)	0	0	0
Joint Business Case Changes						
Customer Services	(31)	(10)	0	0	0	0
Public Protection	(118)	(11)	0	0	0	0
ICT - 3-way to 2-way (available Dec)		120	0	0	0	0
Legal - 3-way to 2-way (available Dec)		0	0	0	0	0
Revenues & Benefits		(134)	0	0	0	0
Community & Leisure Services		(44)	0	0	0	0
Property & Investment		149	0	0	0	0
Housing & Planning (available Dec)			0	0	0	0
Total Joint Business Case Savings	(149)	70	0	0	0	0
NET COST OF SERVICES	19,538	21,627	20,386	21,201	21,875	22,558
Transfers to/from reserves (NHB)	2,030	2,373	2,090	2,480	2,510	2,350
Transfers to/from reserves (Pension)	0	0	1,527	1,526	0	0
Transfers to/from reserves	(1,924)	(4,850)	0	0	0	0
Transfers to General Fund Balance	688	590	0	0	0	0
Interest on Investments	(150)	(1,954)	(2,000)	(2,000)	(2,000)	(2,000)
Pension Costs - Historic	1,847	4,985	275	275	2,000	2,000
Depreciation Adjustment	(4,002)	(4,002)	(4,002)	(4,002)	(4,002)	(4,002)
NET BUDGET REQUIREMENT	18,027	18,769	18,276	19,480	20,383	20,906
FUNDING						
Business Rates Baseline	(3,495)	(3,564)	(3,669)	(3,786)	(3,900)	(4,017)
Revenue Support Grant	(1,851)	(1,105)	(637)	(114)	0	0
Formula grant equivalent	(5,346)	(4,669)	(4,306)	(3,900)	(3,900)	(4,017)
Transfer to Parish Councils - CTRS	349	349	349	349	349	349
New Homes Bonus	(3,851)	(4,468)	(4,046)	(4,871)	(4,965)	(4,706)
	(3,502)	(4,119)	(3,697)	(4,522)	(4,616)	(4,357)
Business Rates:						
Retained Business Rates	(2,114)	(2,231)	(2,021)	(1,815)	(1,730)	(1,735)
Pooling Gain	(1,869)	(1,562)	(1,415)	(1,141)	(1,181)	(1,215)
Renewable Energy	(244)	(213)	(299)	(314)	(330)	(346)
S.31 Inflation Cap	(108)	0	0	0	0	0
NNDR Collection Fund Deficit	1,555	648	548	0	0	0
	(2,780)	(3,358)	(3,187)	(3,270)	(3,241)	(3,296)
	(11,628)	(12,146)	(11,190)	(11,692)	(11,757)	(11,670)
Council Tax income						
Baseline	(6,219)	(6,219)	(6,377)	(6,488)	(6,601)	(6,716)
Taxbase increase	0	(158)	(111)	(113)	(115)	(117)
Council Tax Increase	0	0	0	0	0	0
Collection Fund	(180)	(246)	(150)	(150)	(150)	(150)
TOTAL INCOME	(18,027)	(18,769)	(17,828)	(18,443)	(18,623)	(18,653)
FUNDING GAP	0	(0)	448	1,037	1,760	2,253

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Ref	Project	Portfolio Holder	Service Head	Service Manager	Total Project Cost	Spend Profile						Annual Revenue Cost				
						2017/18				2018/19	2019/20	2020/21	Savings	Cost	Capital Cost	Total
						Q.1	Q.2	Q.3	Q.4							
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
1	Bicester Leisure Centre - Access Road Improvements	Cllr George Reynolds	Ian Davies	Sharon Bolton	33		33						0	0	2	2
2	Cooper School Performance hall - Roof, Floor & Seating	Cllr George Reynolds	Ian Davies	Sharon Bolton	136		136						0	0	7	7
3	North Oxfordshire Academy - Astro Turf Pitch Replacement	Cllr George Reynolds	Ian Davies	Sharon Bolton	340		340						0	0	17	17
4	North Oxfordshire Academy - Replacement Floodlights	Cllr George Reynolds	Ian Davies	Sharon Bolton	95		95						0	0	5	5
5	North Oxfordshire Academy - Sports Pavilion Improvements	Cllr George Reynolds	Ian Davies	Sharon Bolton	20	20							0	0	1	1
6	Replacement Booking System	Cllr George Reynolds	Ian Davies	Sharon Bolton	60	60							0	12	3	15
7	Car Parks Improvement Project	-	Ian Davies	-	650	650							0	0	33	33
	Community Services				1,334	730	604	0	0	0	0	0	0	12	68	80
8	Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	Cllr Lynn Pratt	Chris Stratford	Louisa Butters	270	65	65	70	70				0	0	14	14
9	Thorpe Way Industrial estate - Roof & Roof Lights	Cllr Lynn Pratt	Chris Stratford	Louisa Butters	100		50	50					0	0	5	5
	Regeneration & Housing				370	65	115	120	70	0	0	0	0	0	19	19
	Total				1,704	795	719	120	70	0	0	0	0	12	87	99

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Cherwell District Council																
Proposed Capital Programme - 2017/18																
Project Description	Year Approved	Project Owner	2016/17					2017/18				2018/19	2019/20	2020/21	2021/22	Total
			Slippage B/Fwd	New Projects	Total Approved	Adjustments	Total	Existing Capital Projects	New Bids	Adjustments	Total					
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
South West Bicester Sports Village	2011/12	Phil Rolls	955	0	955	-955	0									0
Bicester Sports Village	2015/16	Phil Rolls	790	45	835	-835	0									0
Whitelands Farm Sports Village	-	Sharon Bolton				1,790	1,790									1,790
Biomass Heating for Bicester Leisure Centre	2012/13	Sharon Bolton	84	0	84		84									84
Community Centre Refurbishments	2013/14	Phil Rolls	84	0	84		84									84
Solar Photovoltaics at Sports Centre	2013/14	Sharon Bolton	80	0	80		80									80
Football Development Plan in Banbury	2013/14	Phil Rolls	20	0	20		20									20
Car Park Refurbishments	2013/14	Natasha Barnes	5	0	5		5									5
Implementing Vehicle Parks Proposals	2013/14	Natasha Barnes	17	0	17		17									17
Cooper Sports Hall Roof	2014/15	Sharon Bolton	100	0	100		100									100
Customer Self-Service Portal and CRM Solution	2014/15	Natasha Barnes	80	0	80		80									80
North Oxfordshire Academy AstroTurf	2014/15	Sharon Bolton	150	0	150		150									150
Stratfield Brake Repair Works	2014/15	Sharon Bolton	22	0	22		22									22
The Hill Youth & Community Centre	2015/16	Nicola Riley	400	450	850		850									850
WGLC Dry Side Refurbishment	2016/17	Sharon Bolton	100	1,200	1,300		1,300									1,300
Bicester Leisure Centre Extension	2016/17	Sharon Bolton	0	150	150		150									150
Spiceball Leisure Centre Bridge Re-surfacing	2016/17	Sharon Bolton	0	30	30		30									30
Bicester Leisure Centre - Access Road Improvements	2017/18	Sharon Bolton					0		33							33
Cooper School Performance Hall - Roof, Floor & Seating	2017/18	Sharon Bolton					0		136							136
North Oxfordshire Academy - Astro Turf Pitch Replacement	2017/18	Sharon Bolton					0		340							340
North Oxfordshire Academy - Replacement Floodlights	2017/18	Sharon Bolton					0		95							95
North Oxfordshire Academy - Sports Pavilion Improvements	2017/18	Sharon Bolton					0		20							20
Replacement Booking System	2017/18	Sharon Bolton					0		60							60
Car Parks Improvement Project	2017/18	Ian Davies					0		650							650
Community Services			2,887	1,875	4,762	0	4,762	0	1,334	0	1,334	0	0	0	0	6,096
Glass Bank Recycling Scheme	2012/13	Ed Potter	8	0	8		8									8
Energy Efficiency Projects	2014/15	Ed Potter	24	0	24		24									24
Recycling Bank Scheme	2014/15	Ed Potter	5	0	5		5									5
Public Conveniences	2015/16	Ed Potter	25	0	25		25									25
Off Road Parking Facilities	2015/16	Ed Potter	18	0	18		18									18
Wheeled Bin Replacement Scheme	2016/17	Ed Potter	0	240	240		240									240
Urban Centre Electricity Installations	2016/17	Ed Potter	0	30	30		30									30
Vehicle Replacement Programme	Annual	Ed Potter	15	933	948		948	959				740	620	700	750	4,717
Environmental Services			95	1,203	1,298	0	1,298	959	0	0	959	740	620	700	750	5,067
Extended Contract for Website Hosting	2012/13	Tim Spiers	36	0	36	-36	0									0
Visualfiles Upgrade	2013/14	Tim Spiers	32	0	32		32									32
Corporate Bookings System	2014/15	Tim Spiers	8	0	8		8									8
Land & Property Harmonisation	2014/15	Tim Spiers	77	0	77		77	77								154
Microsoft Licensing Agreement	2015/16	Tim Spiers	39	0	39		39					110				149
VMware Virtual Centre Disaster Recovery Manager	2015/16	Tim Spiers	35	0	35		35									35
Sharepoint - Joint Bid with SNC (split 50:50)	2015/16	Tim Spiers	0	0	0		0									0
Website Redevelopment	2016/17	Tim Spiers	0	66	66	36	102									102
5 Year Rolling HW / SW Replacement Prog	Annual	Tim Spiers	0	50	50		50	50				50	50	50	50	300
Business Systems Harmonisation Programme	Annual	Tim Spiers	0	40	40		40	40				40	40	40	40	240
Transformation			227	156	383	0	383	167	0	0	167	200	90	90	90	1,020
HR / Payroll System replacement	2015/16	Paul Sutton	38	0	38		38									38
Revenues and Benefits ICT Implementation	2016/17	Paul Sutton				125	125									125
Finance & Procurement			38	0	38	125	163	0	0	0	0	0	0	0	0	163
Improvements to Amenities to Orchard Way Shops - Solihull	2011/12	John Slack	25	0	25		25									25
Bicester Cattle Market Car Park Phase 2	2011/12	Linda Barlow	90	0	90		90									90
Old Bodicote House	2011/12	Linda Barlow	73	0	73		73									73
Bicester Town Centre Redevelopment	2011/12	Karen Curtin	99	0	99		99									99
Kidlington High Street Pedestrianisation	2011/12	Karen Curtin	2	0	2		2									2
Build Programme	2012/13	Chris Stratford	11,531	0	11,531		11,531									11,531
23&24 Thorpe Place Roof Lights	2013/14	Linda Barlow	4	0	4		4									4
Condition Survey Works - Solihull	2013/14	Linda Barlow	176	0	176		176									176
Bradley Arcade Roof Repairs - Solihull	2014/15	Linda Barlow	98	0	98		98									98
Upgrade to Uninterrupted Power Supply & Back up - Solihull	2014/15	Linda Barlow	337	0	337		337									337
Empty Homes - Work-in-default (Recoverable)	2014/15	Tim Mills	100	0	100		100									100
East West Railways	2015/16	Scott Barnes	290	290	580		580	290				290	290	290	290	2,030
Woodgreen - Condition Survey Works	2015/16	Linda Barlow	30	0	30		30									30
Banbury Museum - Emergency Lighting Replacement	2015/16	Linda Barlow	70	0	70		70									70
Orchard Way Shopping Arcade - front service area - Solihull	2015/16	John Slack	300	0	300		300									300
Units 21 & 23 Thorpe Place - Replacement of Roof Lights	2015/16	Linda Barlow	45	0	45		45									45
Bodicote House - Access Control System	2015/16	Linda Barlow	27	0	27		27									27
Thorpe Lane Depot - CCTV Replacement - Solihull	2015/16	Linda Barlow	40	0	40		40									40
Bodicote House - CCTV Upgrade - Solihull	2015/16	Linda Barlow	15	0	15		15									15
Banbury Bus Station - Refurbishment - Solihull	2016/17	Linda Barlow	0	90	90		90									90

Cherwell District Council																
Proposed Capital Programme - 2017/18																
Project Description	Year Approved	Project Owner	2016/17					2017/18				2018/19	2019/20	2020/21	2021/22	Total
			Slippage B/Fwd	New Projects	Total Approved	Adjustments	Total	Existing Capital Projects	New Bids	Adjustments	Total					
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Banbury Museum - Refurbishment Programme - Solihull	2016/17	Linda Barlow	0	250	250		250									250
Community Buildings - Remedial Works - Solihull	2016/17	Linda Barlow	0	150	150		150									150
Car Parks Resurfacing - Solihull	2016/17	Linda Barlow	0	100	100		100									100
Ferriston Shopping Parade - Resurface Car park - Solihull	2016/17	Linda Barlow	0	40	40		40									40
Spiceball Riverbank Reinstatement	2016/17	Linda Barlow	0	50	50		50									50
Bolton Road Car Park	2016/17	Jane Norman	0	0	0	700	700									700
Disabled Facilities Grants	Annual	Tim Mills	81	750	831		831	375			375	375	375	375		2,706
Discretionary Grants for Domestic Properties	Annual	Tim Mills	229	275	504		504	275			275	275	275	275		1,879
Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	2017/18	Louisa Butters					0		270		270					270
Thorpe Way Industrial estate - Roof & Roof Lights	2017/18	Louisa Butters					0		100		100					100
Regeneration & Housing			13,662	1,995	15,657	700	16,357	940	370	0	1,310	940	940	940	940	21,427
Bicester Community Building	-	Karen Curtin	758	0	758		758				0					758
Graven Hill		Karen Curtin	23,328	21,100	44,428		44,428				0					44,428
NW Bicester Eco Business Centre	2016/17	Karen Curtin	0	4,000	4,000		4,000				0					4,000
Bicester Regeneration Projects			24,086	25,100	49,186	0	49,186	0	0	0	0	0	0	0	0	49,186
Total			40,995	30,329	71,324	825	72,149	2,066	1,704	0	3,770	1,880	1,650	1,730	1,780	82,959

APPENDIX 4

CHERWELL DISTRICT COUNCIL COLLECTION FUND : REVISED ESTIMATES 2016-17

COUNCIL TAX:

£.pp

(SURPLUS)/ DEFICIT AS AT 1 APRIL 2016

Oxfordshire County Council	(1,715,656.85)
Police and Crime Commissioner for Thames Valley	(226,216.85)
Cherwell District Council	(287,464.18)
	<u>(2,229,337.88)</u>

DISTRIBUTION OF SURPLUS/ (DEFICIT) FOR PREVIOUS YEAR(S):

Re: Revised Estimates

Oxfordshire County Council	1,064,240.84
Police and Crime Commissioner for Thames Valley	141,356.49
Cherwell District Council	179,733.14
	<u>1,385,330.47</u>

INCOME FOR THE YEAR:

Income From Council Tax	(85,011,716.45)
-------------------------	-----------------

TOTAL INCOME FOR THE YEAR

(85,011,716.45)

EXPENDITURE FOR THE YEAR:

Precepts and Demands:

Oxfordshire County Council	64,539,673.64
Police and Crime Commissioner for Thames Valley	8,407,621.00
Cherwell District Council: General Purposes	6,219,101.85
Cherwell District Council: Town & Parish Council Precepts	4,455,075.30
	<u>83,621,471.79</u>

Provision For Appeals and Non-collection

185,847.41

Write off of Bad Debts

123,898.27

TOTAL EXPENDITURE FOR THE YEAR

83,931,217.47

(SURPLUS)/ DEFICIT FOR THE YEAR

(1,080,498.98)

DIVISION OF (SURPLUS)/ DEFICIT FOR THE YEAR

Oxfordshire County Council	(833,937.15)
Police and Crime Commissioner for Thames Valley	(108,637.48)
Cherwell District Council	(137,924.35)
	<u>(1,080,498.98)</u>

(SURPLUS)/ DEFICIT AS AT 31 MARCH 2017

(1,924,506.39)

DIVISION OF (SURPLUS)/ DEFICIT AS AT 31 MARCH

Oxfordshire County Council	(1,485,348.35)
Police and Crime Commissioner for Thames Valley	(193,497.20)
Cherwell District Council	(245,660.85)
	<u>(1,924,506.39)</u>

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**Cherwell District Council
Reserves - 2017/18 Budget**

Reserve	Service Owner	Statutory Accounts Balance 31-Mar-16	Transfer In	Transfer Out	Year End Review of Reserves	Estimated Balance 31-Mar-2017 Post Review	Draft Budget Use of Reserves 2017/18	Draft Budget Cont'ns to Reserves 2017/18	Estimated Balance 31-Mar-18
		£000	£000	£000	£000	£000	£000	£000	£000
General Fund:									
Building Control	Andy Kidd	(100)				(100)			(100)
Capacity Funding	Karen Curtin	(88)	(217)	148		(157)	157		0
Car Park Studies	Ian Davies	(185)		50	135	0			0
Corporate IT	Tim Spiers	(143)				(143)			(143)
Corporate Transformation	Paul Sutton	(866)				(866)			(866)
Country Park Reserve	Kevin Larnar	(100)				(100)			(100)
Elections	James Doble	(109)				(109)			(109)
Environmental Warranties	Paul Sutton	(1,000)				(1,000)			(1,000)
General Fund Items	Paul Sutton	(270)				(270)			(270)
Graven Hill Equalisation Reserve	Paul Sutton	(3,396)			2,336	(1,060)			(1,060)
Hanwell Fields Open Space	Andy Preston / Lewis Bankes-Hughes	(79)				(79)			(79)
Housing Reserve	Marianne North	(220)	100			(120)	46		(74)
Work in Default reserve	Tim Mills		(100)			(100)			(100)
Joint External Bid-writer	Karen Curtin	(30)		11		(19)	11		(8)
Licensing	Nicolas Sutcliffe	(146)				(146)			(146)
Local Plan Charges	Adrian Colwell	(512)	(400)	370		(542)	370		(172)
NHB - Affordable Housing	Chris Stratford	(415)	(381)			(796)		(278)	(1,074)
NHB - Economic Development	Adrian Colwell	(1,428)	(1,650)			(3,078)		(2,095)	(5,173)
NHB - Superfast Broadband	Adrian Colwell	(727)				(727)			(727)
Planning Control	Andy Preston	(750)		142		(608)	94		(514)
Corporate Projects	Paul Sutton	(674)				(674)			(674)
Retained Business Rates	Mandy Anderson	(2,205)				(2,205)			(2,205)
Sainsbury's Primary Authority	Jackie Fitzsimons	(55)		20		(35)			(35)
Self Insurance	Paul Sutton	(160)				(160)			(160)
VAT Deminimus	Paul Sutton	(500)				(500)			(500)
Welfare Reform	Belinda Green	(99)				(99)			(99)
Wheeled Bin Replacements	Ed Potter	(111)				(111)			(111)
NEW Queens 90th Birthday Grants (From general Fund)	Kevin Larnar	0	(40)			(40)			(40)
NEW Devolution Viability Work (From General Fund)	James Doble	0	(50)			(50)			(50)
NEW Joint Revenues & Benefits (From General Fund)	Belinda Green	0	(200)			(200)	200		0
NEW Healthy New Towns (From General Fund)	Ian Davies	0	(20)			(20)	7		(13)
NEW Horton General Towns (From General Fund)	Ian Davies	0	(50)			(50)			(50)
NEW Museum development (From General Fund)	Ian Davies	0	(30)			(30)			(30)
NEW Joint Regeneration & Housing Service (From General Fund)	Chris Stratford	0	(90)			(90)			(90)
Pension Contributions	Paul Sutton	0		3,053	(3,053)	0			0
General Fund Earmarked Reserves		(14,368)	(3,128)	3,794	(582)	(14,284)	885	(2,373)	(15,772)

**Cherwell District Council
Reserves - 2017/18 Budget**

Reserve	Service Owner	Statutory Accounts Balance Mar-16	Transfer In	Transfer Out	Year End Review of Reserves	Estimated Balance 31-Mar-2017 Review	Draft Budget Use of Reserves 2017/18	Draft Budget Cont'ns to Reserves 2017/18	Estimated Balance Mar-18
		31- £000	£000	£000	£000	£000	£000	£000	£000

Earmarked Reserves from Grants & Contributions									
Active Women Grant	Sharon Bolton	(22)				(22)			(22)
Area Based Grant	Ed Bailey (Performance)	(83)				(83)			(83)
Bicester Fields Main Park	Andy Preston / Lewis Bankes-Hughes	(97)				(97)			(97)
Brighter Futures - Skills Reward Grant	Nicola Riley	(95)				(95)			(95)
Bicester Garden Town	Karen Curtin	(1,521)		638		(883)	629		(254)
Bicester Youth Bus	Mike Grant	(65)				(65)			(65)
Broadfield Road Yarnton Sports	Andy Preston / Lewis Bankes-Hughes	(4)				(4)			(4)
Corporate Training	Paula Goodwin	(48)				(48)			(48)
Courtyard Youth Arts	Nicola Riley	(39)				(39)			(39)
Credit Union Development Officer	Belinda Green/Marianne North	(23)				(23)			(23)
Dovecote Milcombe	Andy Preston / Lewis Bankes-Hughes	(56)				(56)			(56)
Eco Town Revenue	Karen Curtin	(592)	(15)	324		(283)	283		0
Emergency Planning	Jackie Fitzsimons	(40)				(40)			(40)
Green Deal Pioneer Places	Karen Curtin	(69)				(69)			(69)
Home Improvement Agency	Tim Mills	(234)				(234)			(234)
Homelessness Prevention	Marianne North	(70)				(70)			(70)
Housing and Planning Initiatives	Andy Preston / Adrian Colwell / Chris Stratford	(322)		13		(309)			(309)
Laburnham Cres Ambrosden	Andy Preston / Lewis Bankes-Hughes	(38)				(38)			(38)
New Burdens Grant	Paul Sutton	(248)				(248)			(248)
PCT Contributions to Health Bus	Nicola Riley	(40)				(40)			(40)
Performance Reward Grant ABG	Mike Grant	(21)				(21)			(21)
Police & Crime Commissioner - Community Safety Grant	Mike Grant	(64)				(64)			(64)
Thames Vally Police	Mike Grant	(61)				(61)			(61)
Sportivate Grant	Sharon Bolton	(33)				(33)			(33)
Reserves from Grants & Contributions		(3,885)	(15)	975	0	(2,925)	912	0	(2,013)
Total Earmarked Reserves		(18,253)	(3,143)	4,769	(582)	(17,209)	1,797	(2,373)	(17,785)
General Fund		(3,517)	(688)	480	717	(3,008)	0	(590)	(3,598)
Total Reserves		(21,770)	(3,831)	5,249	135	(20,217)	1,797	(2,963)	(21,383)

CHERWELL DISTRICT COUNCIL

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2017/18

INDEX

1	INTRODUCTION	
1.1	Background	3
1.2	Reporting requirements	3
1.3	Treasury Management Strategy for 2017/18	4
1.4	Training	4
1.5	Treasury management consultants	4
2	THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20	
2.1	Capital expenditure	5
2.2	The Council's borrowing need (the Capital Financing Requirement)	5
2.3	Core funds and expected investment balances	6
3	BORROWING	
3.1	Current portfolio position	7
3.2	Treasury Indicators: limits to borrowing activity	8
3.3	Prospects for interest rates	8
3.4	Borrowing strategy	11
3.5	Policy on borrowing in advance of need	11
3.6	Municipal Bond Agency	12
4	ANNUAL INVESTMENT STRATEGY	
4.1	Investment policy	13
4.2	Creditworthiness policy	13
4.3	Country limits	16
4.4	Investment strategy	16
4.5	End of year investment report	17
4.6	Icelandic bank investments	17
5	APPENDICES	
5.1	The capital prudential and treasury indicators 2017/18 – 2019/20 and MRP statement	18
5.2	Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management	21
5.3	Approved countries for investments	24
5.4	Treasury management scheme of delegation	25
5.5	The treasury management role of the section 151 officer	25

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.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- 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).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, the Accounts Audit and Risk Committee will receive quarterly update reports.

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.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Accounts Audit and Risk Committee.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

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

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, Treasury solutions 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 THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Total	17,424	72,149	3,770	1,880	1,650

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure £'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Expenditure	17,424	72,149	3,770	1,880	1,650
Financed by:					
Capital Receipts	-16,962	-580	-3,395	-1,505	-1,275
Capital Grants	-462	-375	-375	-375	-375
Capital Reserves	0	0	0	0	0
Revenue	0	0	0	0	0
Net financing need for the year	0	71,194	0	0	0

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the

Council is not required to separately borrow for these schemes. The Council currently has £0 of such schemes within the CFR

The Council is asked to approve the CFR projections below:

Borrowing Need £'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital Financing Requirement					
Total CFR	-5,880	65,314	48,743	47,990	47,435
Movement in CFR		71,194	-16,571	-753	-555

Movement in CFR represented by					
Net financing need for the year	0	71,194	0	0	0
Less MRP/VFRP and other financing movements	0	0	-16,571	-753	-555
Movements in CFR		71,194	-16,571	-753	-555

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with 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.

3.1 Current portfolio position

The council is currently debt free however the capital programme as detailed in section 2 demonstrates that capital resources are diminishing. Future projects may require the need to borrow and for the council to enter into long term debt arrangements.

The Chief Finance Officer will monitor this situation and if and when there is a requirement to borrow outside of the operational and authorised limits as detailed below an updated version of this strategy will be prepared for member approval.

The Council's treasury portfolio position at 31 March 2016, with projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR).

Within the prudential indicators there are a number of key indicators to ensure that the Council's activities are within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	£70m	£70m	£70m	£70m
Other long term liabilities	0	0	0	0
Total	£70m	£70m	£70m	£70m

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	£75m	£75m	£75m	£75m
Other long term liabilities	0	0	0	0
Total	£75m	£75m	£75m	£75m

3.3 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp

fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields.

The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets.

The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established.

The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging

market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
 - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
 - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
 - Dutch general election 15.3.17;
 - French presidential election April/May 2017;
 - French National Assembly election June 2017;
 - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for **upside risks to current forecasts** for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.

- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority will consider making use of this new source of borrowing as and when appropriate, along with other organisations.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 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 guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; 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.

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.

Investment instruments identified for use in the financial year are listed in appendix 5.2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. 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 suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)

- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit					
Banks *	yellow	£15m	5 yrs					
Banks	purple	£15m	2 yrs					
Banks	orange	£15m	1 yr					
Banks – part nationalised	blue	£15m	1 yr					
Banks	red	£15m	6 mths					
Banks	green	£15m	100 days					
Banks	No colour	Not to be used	-					
Council's banker (not meeting above ratings)	-	£5m	1 day					
Other institutions limit	-	£15m	5 yrs					
DMADF	AAA	unlimited	6 months					
Local authorities	n/a	£5m per auth	5 years					
	Fund rating	Money and/or % Limit	Time Limit					
Money market funds	AAA	£10m per fund	liquid					
Enhanced money market funds with a credit score of 1.25	Dark pink / AAA	£10m per fund	liquid					
Enhanced money market funds with a credit score of 1.5	Light pink / AAA	£10m per fund	liquid					

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see appendix 5.2.

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

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. 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 Capita Asset Services' 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 spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. 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 any external support for banks to help support its decision making process.

4.3 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). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 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).

Investment returns expectations. Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

	Now
2016/17	0.25%
2017/18	0.25%
2018/19	0.25%
2019/20	0.50%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	2017/18	2018/19	2019/20
Principal sums invested > 364 days	£15m	£15m	£15m

For its cash flow generated balances, the Council will seek to utilise instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 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.

4.6 Icelandic bank investments

The Council no longer holds any investments with Icelandic banks. The remaining principal plus interest, adjusted for exchange rates, was received in June 2016.

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2017/18 – 2019/20 AND MRP STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital expenditure

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital expenditure £'000	17,424	72,149	3,770	1,880	1,650

5.1.2 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

These options provide for a reduction in the borrowing need over approximately the asset's life.

Repayments included in annual PFI or finance leases are applied as MRP.

The Council has established a company to which it is providing loans on a commercial basis. The cash advances will be used by the company to fund capital expenditure and should therefore be treated as capital expenditure and a loan to a third party by the Council.

The Capital Financing Requirement (CFR) will increase by the amount of loans advanced and, under the terms of contractual loan agreements, are due to be returned in full by 2026, with interest paid as shown in the contract.

Once funds are returned to the Council, the returned funds are classed as a capital receipt, off-set against the CFR, which will reduce accordingly. As this is a temporary (10 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The outstanding loan/CFR position will be reviewed on an annual basis and if the likelihood of default increases, a prudent MRP policy will commence.

To ensure that any required changes to this approach can be addressed promptly and prudently the Council has adopted a policy providing delegated authority to the

Chief Finance Officer to defer the charging of MRP in accordance with the Prudential Code and current accounting regulations in the following circumstances:

- There is a separately identifiable project with quantified borrowing costs.
- The period from the projects inception to it becoming operational is significantly in excess of 12 months.
- A business case has been produced incorporating the deferred MRP and capitalised interest which demonstrates that the project is prudent and affordable over its whole life.
- The borrowing and MRP amounts are material, in excess of £250,000 annually.
- The deferred MRP and accumulated interest will be charged to the appropriate revenue account on a prudent basis, once the project is operational.

5.1.3 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Ratio	0%	0%	0%	0%	0%

The estimates of financing costs include current commitments and the proposals in this budget report.

b. Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

c. Incremental impact of capital investment decisions on the band D council tax

£	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council tax - band D	0.00	0.00	0.00	0.00	0.00

5.1.4 Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£'000	2017/18	2018/19	2019/20
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2017/18 (if required)			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maturity structure of variable interest rate borrowing 2017/18			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	

5.2 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT OPTION 1

SPECIFIED INVESTMENTS: *(please select from table below)*

(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 with nationalised banks and banks and building societies

	* Minimum Credit Criteria	Use	*** Max % of total investments	Max. maturity period
UK part nationalised banks	Blue	In-house	£15m	5 yrs

Collateralised deposit	UK sovereign rating	In-house
UK Government Gilts	UK sovereign rating	In-house buy and hold
Bonds issued by multilateral development banks	AA-	In-house buy and hold
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	In-house buy and hold
Sovereign bond issues (other than the UK govt)	AA-	In-house buy and hold
Corporate Bonds – secured	A	In-house
Corporate Bonds – unsecured	AA-	In-house
Certificates of deposit issued by banks and building societies	A-	In-house
Treasury Bills	UK sovereign rating	In house
Instant Access Deposit Accounts	AA	In-house

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	AAA	In-house
2. Money Market Funds	AAA	In-house
3. Enhanced Cash Funds	AA	In-house
4. Pooled Funds, such as those investing in sovereign bonds, corporate bonds, property funds, equity funds	AA-	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 40% will be held in aggregate in non-specified investment

Maturities of ANY period

Where applicable limits are per Bank Group and not individual Banks within a Group	* 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 Fund Manager	15%	270 days
Commercial paper other	Short-term F1, Long-term A, Viability BB+	In- house and Fund Manager	15%	270 days
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	Short-term F1, Long-term A, Viability BB+	In- house and Fund Manager	15%	2 years
	* Minimum Credit Criteria	Use	Max % of fund	Max. maturity period
Bonds – Secured (i.e. with collateral or other cover)	Short-term F1, Long-term A, Viability BB+	In- house and Fund Manager	15%	2 years
Bonds – Unsecured	Short-term F1, Long-term AA-, Viability BB+	In- house and Fund Manager	15%	2 years

Term Deposits with Banks and Building Societies which meet the Specified Investments criteria	Purple	In- house and Fund Manager	15%	2 years
Term Deposits with Banks and Building Societies which fall in the Non- Specified Investments criteria	Green	In- house and Fund Manager	15%	100 days
Term Deposits with Local Authorities	-	In- house and Fund Manager	10%	2 years
Gilts	UK Sovereign rating	In- house and Fund Manager	25%	10 years
Bonds issued by multilateral development banks	Short-term F1, Long-term AA, Viability BB+	In- house and Fund Manager	15%	5 years
Money Market Funds (MMF) operating on Constant Net Asset Value (CNAV) basis if not credit rated – up to value of 10% of total investment portfolio per MMF	Short-term F1, Long-term AA+, Viability BB	In- house and Fund Manager	20%	-
Enhanced Money Market Funds - up to value of 10% of total investment portfolio per MMF	Short-term F1, Long-term AA+, Viability BB	In- house and Fund Manager	40%	-
Pooled Funds such those investing in sovereign bonds, corporate bonds, property funds, equity funds	Short-term F1, Long-term AA-, Viability BB+	In- house and Fund Manager	15%	2 years
Investment in Share Capital of a wholly owned and /or subsidiary company of the Council	Not applicable	In- house	Not applicable	Not applicable
Investments with other organisations**	Not applicable	In house	Not applicable	Not applicable

** Investments with other organisations have been included as a non-specified investment category for 2017/18. This would include investment opportunities with small and medium sized enterprises (SMEs) and other businesses and entities across the UK. Because of the higher perceived credit risk of SMEs, such investments may provide considerably higher rates of return. An external credit assessment will be undertaken and advice from Capita will be sought (where available) before any investment decision is made.

Delegated authority is granted to the Chief Finance Officer, in consultation with the Lead Member for Financial Management and the Chairman of Accounts, Audit and Risk

Committee, to amend the lending criteria and counterparty limits detailed above as required to ensure that investments can continue to be made in a rapidly changing financial environment and the security of investments are maximised if this is deemed by him to be the most appropriate course of action.

5.3 APPROVED COUNTRIES FOR INVESTMENTS

AAA

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

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

AA-

- Belgium

5.4 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full council

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

(ii) 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.

(iii) Accounts Audit and Risk Committee

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

5.5 THE TREASURY MANAGEMENT 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.

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Business Plan 2017-18



Cherwell:
a district of
opportunity

Cherwell:
safe, green,
clean

Cherwell:
a thriving
community

Cherwell:
sound budgets
and customer
focused council

Foreword

Welcome to Cherwell District Council’s business plan for 2017–18. This plan is about our priorities for the district in the coming year. The council is here to serve the people of the district and therefore our plan aims to support those who live, work and visit this district which has a lot to offer. Our plan is based on an understanding of the challenges and opportunities facing our district and consultation with local businesses and residents to determine local requirements.

We will make sure the council operates efficiently, and work towards long term solutions to deal with the cuts we face. We have already been proactive working with our partner, South Northamptonshire Council, developing shared working and looking at new ways of delivering services for our communities. Financial savings have been made over the past years and we will continue to be as innovative as possible to ensure the council manages its day to day business even more effectively and transparently.

We recognise that a strong local economy is essential for a strong local community. We will continue to promote economic growth by helping local companies to expand, securing high quality and high value jobs, with increased opportunities for all, and supporting more affordable homes for local people. The above is supported by the Cherwell Local Plan 2011-2031 which ensures that growth is targeted and investment made whilst still respecting the character and beauty of our rural areas.

This business plan, based around four key themes, also outlines our performance pledges for the year and we remain committed to working effectively with our partners to ensure high quality services are delivered in times of financial constraint.

We want Cherwell to be a district where people want to live and work and we think we are moving in the right direction.

If you would like any more information about the priorities of this council please get in touch using the details on the back of this document.



Councillor Barry Wood

A handwritten signature in black ink that reads "Barry Wood".

Leader of Cherwell District Council



Sue Smith

A handwritten signature in black ink that reads "Sue Smith".

Joint Chief Executive, Cherwell District and South Northamptonshire Councils



An overview of Cherwell

Named after the River Cherwell which flows through it, the district is located between London and Birmingham, at the most northern point of the South East region, where it meets the West Midlands and East Midlands. Cherwell borders Oxford City, South Oxfordshire, Vale of White Horse, West Oxfordshire, Aylesbury Vale, South Northamptonshire and Stratford on Avon districts. The M40 passes through Cherwell and there are good rail connections to both London and Birmingham.

One of the council’s main strategic challenges is to ensure that the district grows in a sustainable way; one that delivers a prosperous economy and thriving communities. The adopted Local Plan sets the framework for the growth of the district. The Local Plan will lead to over 22,800 new houses in the district at a range of development sites around Bicester, Banbury and Upper Heyford, together with the new employment sites to ensure that our towns grow in a sustainable way. Delivering the adopted Local Plan will play a key role in this, as will implementing the Masterplans for Banbury, Bicester and Kidlington to secure new housing, retail, development and leisure opportunities. The council is working with its partners to ensure that this growth is delivered while protecting and enhancing the character of our urban centres, villages and landscapes.

The district is growing with over half of the population living in the principal centres of Banbury, Bicester and Kidlington. The remainder live in more than 70 smaller settlements. Cherwell’s population has increased significantly over the past 20 years and this trend is set to continue with the population predicted to reach 155,650 by 2021.

Therefore a key challenge for the district will be responding to population changes. The population of Cherwell is continuing to age, with the number of residents aged 60 and above predicted to increase

by over 7,000 between 2011 and 2021. By 2021, nearly a quarter of Cherwell’s population will be aged 60 or over. This rate of increase will provide challenges and the council will have to continue to anticipate the future services required by our older population, building on our strong track record of ensuring the needs of older residents are met. The council is focused on ensuring that our services are accessible to all people living in the district.

Another of the council’s key challenges will be to ensure that communities across the district continue to thrive. As part of this commitment, the council will be working with partners to increase the affordable housing options across the district, whilst continuing to work with partners to support financial inclusion, help local people into employment and work with local businesses to help them grow.



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Cherwell - Outlook for the next five years

Our vision for our district is to create and sustain the best conditions for businesses to grow, people to live and communities to thrive. Our business plan reflects what we will do to achieve this vision. However, there are international, national and local factors that will set the context for how we plan and deliver services over the next five years. Whilst some of these factors are outside of our control, we must be aware of them and be able to respond to them in our business planning and service delivery.

Brexit and the EU

UK 'Brexit', or departure of the UK from the EU, triggered by Article 50 of the Treaty of Rome in March 2017 means the future relationship between the UK and the EU will remain unclear until the negotiations are completed in 2019. The Great Reform Bill will adopt EU treaties into UK law to provide policy continuity in the medium term and policy reform over the long term. This could change patterns of investment by Government and commerce which may start to filter in from 2020.

Whilst Brexit has introduced a note of uncertainty, it is clear that for most UK economic sectors investment is continuing and consumer spending remains high in contrast to that experienced in the rest of the EU.

The National Economy

The government is expected to continue its policy of austerity and not reach a budget surplus until at least 2020/21. Interest rates are expected to remain low for the foreseeable future as increased global oil prices and lower sterling exchange rates drive up the cost of imports and introduce a measure of inflation back into the UK economy.

However a fall in sterling is reducing the global cost of UK manufactured goods and services. Together with the Brexit emphasis on reaching new trade agreements, this could provide a significant stimulus to our economy as new markets focused on non-EU trade growth are sought, meaning that economic growth could outstrip that of the EU or even OECD. The election of President Trump in the USA brings proposals to change some features of international trade away from multilateral trade agreements to unilateral trade deals. The UK is, at the same time, pursuing the same approach post Brexit.

Local growth, housing and the economy

In the UK the 2016 Autumn Statement proposed increasing investment to improve our own national infrastructure and the establishment of the National Industrial Strategy during 2017 can be anticipated to positively impact key sectors across our district including High Performance Engineering and Motorsport, Manufacturing, Food and Drink and Logistics. Preparations for the national rollout of the next generation of Digital infrastructure of 5G will also take shape in this period, in addition to the current roll-out of Superfast Broadband to secure improved digital connections to the more remote parts of our district.

The National Infrastructure Commission (NIC) has proposed a Cambridge to Oxford infrastructure corridor through an Expressway and East-West rail link. Our district, which sits within the corridor, is preparing to capitalise on this by ensuring that connections to the proposed transport links around Bicester and Banbury, to support planned growth, are made or improved.

House prices are anticipated to continue the trends of the past few years with annual increases in the South East. A Housing White Paper is anticipated in 2017 proposing housing reforms as well as the latest set of changes to the planning system. It is expected to support increasing the volume of affordable housing and introduce housing supply innovations for more self-build and starter homes.

We recognise the need to balance the demands for housing growth with the pressures and increase in demand for services that growth brings. Our strategy will continue to be set by the adopted Local Plan Part 1. It will be complemented by the completion of the Local Plan Part 2 to set new town centre boundaries and the completion of a Partial Review of the Part 1 plan to locate a proportion of the unmet housing need from Oxford into the district. This will also secure a number of opportunities for the communities living in the southern part of the Cherwell District including affordable housing, new transport, community and leisure facilities and new employment.

Introduction of a Community Infrastructure Levy (CIL) and revised Section 106 conditions as part of a suite up to date policies for developer contributions will

ensure the impact of growth is offset and high quality of life for residents is maintained.

Our capital programme to regenerate the two market towns of Banbury and Bicester and investment of significant resources across the rest of the district for the people who live and work here will continue. The approved major housing development sites at Banbury, Bicester and Upper Heyford are progressing. This will be supported by economic development and jobs growth across the district with consents already in place for new major employment sites in these locations. These employment sites are being promoted nationally to attract companies to locate to them.

More funding is available for apprenticeships through a levy to be introduced from 2017 and the district has extensive apprenticeship provision in the private sector to build upon. Wages for the lowest paid in the district will rise as the ‘national living wage’ sees the statutory minimum wage levels increased.

The state of public sector finance

Local authorities’ income is traditionally reliant on a large injection coming from central government in the form of a revenue support grant, together with business rates and council tax collected within district and new homes bonus to drive housing growth. The revenue support grant is reducing in size during 2017-2018 and will be withdrawn altogether by 2019. There is also uncertainty around the future shape of new homes bonus and when 100% business rates retention will be applied. Our council must find a way of recovering this funding gap if it is to continue to deliver the current scale of frontline services.

Our district is currently well placed financially, compared with many other local authorities, but if we do not take action now then our situation will deteriorate in 2019, impacting frontline services. This business plan makes reference to how the council must and will find operating efficiencies and alternative revenue streams by utilising its local knowledge and the skills and resources of its staff to remain financially sustainable and protect and enhance frontline services.

The future of local government

The debate on further devolution of powers to local government will continue, with reform of public services and how they are delivered in a financially sustainable way key to that agenda. The issues with NHS service delivery and specifically adult social care funding are currently driving this debate, with pressure on public sector finances to continue to deliver frontline health and social care services and further pressure on the county to provide education and infrastructure services. There is increasing importance now being attached to wellbeing across the public sector manifested in local plans for health and social care sustainability and transformation where increasing emphasis is placed on ill health prevention, early intervention and healthy lifestyle choices. Integrated working across our housing, leisure, community, planning and environmental health services will become even more important.

Summary

In summary, whilst internationally there is some uncertainty due to Brexit and at national level there is concern with the state of the economy and its impact on local authorities across the country, at a local level our financial position remains strong and our district investment and growth outlook remain positive.

Our business planning will continue to be based on providing the best conditions for businesses to grow, people to live and communities to thrive. Even with uncertainty around the future shape of local government, our council will continue to strive to find and support a solution that maximises the best interests of the people and businesses in our district to support growth, have a good quality of life and develop our communities.

Our strategic approach to business planning: Performance, accountability and transparency

Five Year Business Strategy - Priorities for the five year strategy

The table below presents the council’s strategic priorities for its five year business strategy. This strategy sits alongside the council’s Medium-term Financial Strategy and is underpinned by an annual

business plan, budget and performance management framework that sets out the milestones, performance measures and budget that will drive the council’s delivery of services and major projects.

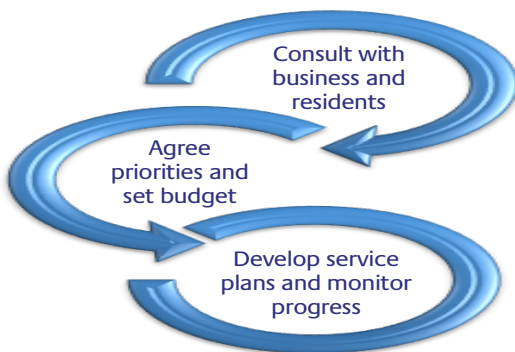
Cherwell: a district of opportunity	Cherwell: safe, green, clean	Cherwell: a thriving community	Cherwell: sound budgets and customer focused council
Manage growth of the district.	Provide high quality recycling and waste services, helping residents recycle.	Deliver affordable housing and work with private sector landlords to help improve affordable housing options.	Reduce the cost of our services through efficiencies.
Deliver the growth plans for Bicester.	Provide high quality street cleansing service and tackle environmental crime (littering, fly tipping, graffiti) where it arises.	Work with partners to support financial inclusion.	Communicate effectively with local residents and businesses and increase access to services on line.
Complete and implement the Masterplan for Banbury.	Work with partners to help ensure the district remains a low crime area.	Provide high quality housing options advice and support to prevent homelessness.	Deliver the five year financial strategy.
		Work to provide and support health and wellbeing across the district.	
Promote inward investment and support business growth within the district.	Reduce our carbon footprint and protect the natural environment.	Provide high quality and accessible leisure opportunities.	Deliver the key outcomes of the Commercial Strategy to reduce the funding gap in the Medium Term Revenue Plan.
		Provide support to the voluntary and community sector.	
Develop and implement a “One Council” offer of support to local businesses including regulatory services.		Protect our built heritage.	Ensure effective governance and performance management arrangements are in place.
Consider steps to support the visitor economy and the well-being of town centres as part of our approach to economic growth in the district.		Work to ensure rural areas are connected to local services.	

How we will manage the performance of our plan

Implementing our Strategy

Our annual business plan outlines the key actions we will take to meet the outcomes we have set. Performance measures will enable us to demonstrate that we align our resources to the delivery of the business plan in the most effective way possible. This is also a transparent way for us to show progress to the council, its employees, everyone in our district and those who read this document.

Our business planning cycle is underpinned by budget reviews aimed at identifying opportunities for increased efficiency and performance. This process is led by locally elected members. Consultation with residents and businesses also contributes to the development of the plan including our annual customer satisfaction survey.



Improvement and Innovation

The council has robust plans to deliver improvement and increased efficiency given the challenging national economic circumstances currently being faced.

With a strong focus upon the strategic priority of growth we have developed a suite of three new joint corporate strategies to sit alongside the respective strategic business plans of Cherwell District Council and its partner, South Northamptonshire Council.

The new corporate strategies, collectively known as our “**Cycle of growth**”, add weight to the business plans by articulating and providing transparency to how we intend to deliver our plans for the future.

They are focused upon delivering **Operational Excellence** in services, a renewed approach to how we **Commission** services based on need and by bringing about **Commercial Development** through innovation.

Our Operational Excellence Strategy introduces a set of joint corporate values based upon the principle of wanting to create a forward thinking, enabling culture, and seeing that reflected in the PRIDE and energy

amongst our dynamic workforce. They are values that we expect to be demonstrated by everyone working for the council and also from our partners and suppliers.

Our Commissioning Strategy will assess the needs of our residents and businesses and use this to specify and employ effective services that provide the best outcomes whilst ensuring value for money.

In order to continue to deliver more improved and quality frontline services, our Commercial Strategy sets out the activities we aim to undertake in order to replace the funding that is set to be withdrawn.

Ultimately, through the financial independence and growth achieved through the successful delivery of these strategies we will enable further investment to improve the quality of life of our residents, promote economic growth of the district and build thriving communities, bringing real meaning to the description “cycle of growth”. They will operate side by side to ensure the outcomes required in the strategic business plans and medium-term financial plans are achieved.

Managing and Reporting our Performance

The overarching five year Business Strategy, Medium-term Financial Plan, annual business plan, service plans and the appraisal targets of individual employees all demonstrate that the council has a clear and robust “golden thread” between resource availability and delivery of the council’s agreed priorities. This approach helps us to provide effective community leadership and will demonstrate that we are utilising public resources in the most effective way possible.

Performance management represents an essential part of our assurance and accountability process. It ensures that we are focused on the delivery of our strategic and operational objectives and demonstrates our achievements to local residents whilst also being transparent about the issues or challenges that we are facing.

We report our performance on a quarterly basis and it is reviewed by the Executive. Where performance issues and challenges are identified the joint management team and lead elected members work together to deliver improvement.

Both the revenue budget for 2017–18 and our performance results can be found on our website

www.cherwell.gov.uk

Cherwell: a district of opportunity

Supporting economic development, employment, conservation, regeneration and development of the district

Manage growth of the district

- Consult on the Proposed Submission Local Plan Part 2 and partial review of Local Plan Part 1 and submit to the Secretary of State
- Monitor the delivery of the five year land supply and work with Development Management on appropriate responses as this supply changes
- Engage with all neighbouring councils and other public bodies on planning matters affecting Cherwell from other Districts and public bodies under the duty to co-operate
- Support parish teams preparing neighbourhood plans for their community

Deliver the growth plans for Bicester

- Northwest Bicester: continue to facilitate the planning applications for the site
- Northwest Bicester: Delivery of the Eco - Bicester business centre
- Adoption of the Masterplan document to assist revitalisation of town centre
- Market Bicester's employment and investment opportunities
- Deliver, in partnership, the Healthy New Town programme for Bicester

Complete and implement the Masterplan for Banbury

- Review strategic development plan for Bolton Road site. Consult with local businesses and develop preferred option for redevelopment.
- Take steps to develop a Masterplan of Canalside in Banbury Town Centre for redevelopment
- Secure start on Castle Quay 2
- Maximise the council's income from Castle Quay
- Support The Mill & Museum Trust as the primary town centre arts and cultural provision in their development activity
- Proceed with the preparation of a Business Improvement District (BID) for Banbury

Promote inward investment and support business growth within the district

- Support business growth, skills & employment in local companies and the visitor economy
- Continue to use the Cherwell Investment Partnership (CHIP) as a hub for inward investment
- Ensure that available land and premises for business are promoted locally and nationally
- Work with OXLEP and SEMLEP to ensure the work of each Local Enterprise Partnership (LEP) supports the development of the economy of Cherwell district
- Support skills development to keep unemployment at a low level

Develop and implement a 'One Council' offer of support to local businesses including regulatory services

- Review and simplify the planning pre-application process
- Improve customer satisfaction with regulatory services
- Continue working with agents / developers to ensure excellent working relationships

Consider steps to support the visitor economy and the well-being of town centres as part of our approach to economic growth in the district

- Implement an Action Plan with key attractions and town centres to promote the district to visitors

Cherwell: safe, green, clean

Working to ensure the district has high standards of environmental cleanliness, great recycling and waste management, tackling crime and supporting energy efficiency

Provide high quality recycling & waste services, helping residents recycle

- Increase recycling and reduce residual waste per household
- Maintain high customer satisfaction with recycling and waste service

Provide high quality street cleansing services and tackle environmental crime

- Maintain high customer satisfaction with street cleansing
- Maintain a programme of high profile neighbourhood blitzes and pursue a hard enforcement and conviction line to environmental crime
- Provide a fast response time in dealing with fly tip incidents

Work with partners to help ensure the district remains a low crime area

- Continue to work with Thames Valley Police to maintain an effective CCTV operational system for our urban areas
- Continue working with local police & licence holders to ensure town centres remain safe

Reduce our carbon footprint and protect the natural environment

- Deliver the council's Biodiversity Action Plan
- Reduction of two per cent in council's carbon emissions
- Establish multi-agency Air Quality Management Action Plans as required

Cherwell: a thriving community

Providing affordable housing, leisure and sports facilities and activities, working with partners to improve access to health services, providing arts, cultural and community services

Deliver affordable housing & work with private sector landlords

- The council to deliver at least 190 units of affordable housing
- Monitor the number of affordable housing units in the district that are delivered via negotiations on new development proposals
- Promote an off-site construction factory in Bicester
- Secure additional nomination rights into the private sector through landlords home improvement grants

Work with partners to support financial inclusion

- Conclude negotiation for a new debt, money and housing advice service through a third party contract
- Maintain performance on payment of Housing Benefit

Provide high quality housing options advice & support to prevent homelessness

- Reduce the number of households living in temporary accommodation
- Through Housing Advice team reduce the number of repeat homelessness cases presented to the council
- Use the Housing Advice Service to prevent people from becoming homeless
- Improve energy efficiency through CHEEP grants (The CHEEP grant is an energy efficiency grant available to private sector landlords)

Work to provide and support health and wellbeing across the district

- Support the Community Partnership Network with financial, clinical & technological changes in the health and social care sector
- With partners help improve lives of most vulnerable from Brighter Futures initiative
- Work with partners to maintain the widest level of health care provision at the Horton General Hospital
- Promote good health and wellbeing to residents and workers through the provision of active lifestyle opportunities plus advice on community engagement and healthy eating

Provide high quality & accessible leisure opportunities

- Undertake feasibility studies of extended and new indoor leisure facilities in Banbury and Bicester to meet additional demand from local growth
- Complete works for Whitelands Farm Sports Ground, SW Bicester to enable the outdoor sports pitches to operate from September 2017
- Commence, with the aid of external funding, the redevelopment of The Hill in Banbury
- Establish sports pitch and facilities strategies for the district

Provide support to the voluntary & community sector

- Support the development of neighbourhood community associations in areas of new large scale housing development
- Undertake new commissioning arrangements for promoting volunteering and the placement of volunteers.
- Support the Local Strategic Partnership in addressing the key issues in the district

Protect our built heritage

- Continue the programme of Conservation Area Reviews
- Provide design guidance on major developments
- Process planning applications and defend the council's position at appeals, in accordance with planning policies and guidance

Work to ensure rural areas are connected to local services

- Work with BT/BDUK & Oxfordshire County Council to extend Superfast Broadband district-wide

Cherwell: sound budgets and customer focused council

Ensuring the council is run as efficiently as possible, consulting with local people, helping vulnerable people to access our services, and the provision of council tax and housing benefits.

Reduce the cost of our services through efficiencies

- Identify and deliver on-going efficiencies and savings to reduce the cost of running our services
- Implement the shared corporate IT strategy including a new council website
- Increase in Council Tax base
- Increase in NNDR (business rates) base

Communicate effectively with local residents & businesses and increase access to services online

- Continue to increase use of social media to communicate with residents & local businesses
- Continue to develop our business focused communications
- Increase the number of services that can be accessed and paid for on line

Deliver the five year financial strategy

- Deliver annual balanced budget setting out five year financial plan (Medium-term Revenue Plan)

Deliver the key outcomes of the commercial strategy to reduce the funding gap in the MTRP

- Grow existing income for services we currently trade
- Deliver a jointly owned company (with SNC) for Revenues and Benefits services
- Undertake feasibility studies for the delivery of new commercial services and projects
- Implement the actions set out in the new Asset Management Strategy

Ensure there are effective governance and performance management arrangements in place for all council-owned companies and/or alternative service delivery vehicles

- Formation of sound business and financial plans
- Delivery of specific key performance indicators (KPI) from agreed service level agreements (SLA)
- Compliance with company law and relevant legislation
- Introduce quality management models in all services

Performance Pledges 2017–18

Every year from the key objectives and actions detailed across our strategic priorities several are highlighted as performance pledges. They are key activities that reflect local priorities and these pledges demonstrate our commitment to the delivery of important local services and new projects to help make Cherwell a great place to live.

For 2017–18 our pledges are:

Cherwell: a district of opportunity



- Deliver, in partnership, the **Healthy New Town** programme for Bicester.
- Deliver the Banbury Business Improvement District to **support local businesses**.
- Develop and implement a **'One Council' offer** to support local businesses including regulatory services.





Cherwell: safe, green, clean

- Undertake **neighbourhood blitzes** with community involvement and pursue a hard enforcement line on environmental crime.
- Work with the local police and licence holders to ensure our town centres remain **clean, safe and vibrant** at all times.
- Provide a **fast response time** in dealing with fly tip incidents.






Cherwell: a thriving community

- With our partners help to **improve the lives** of the most vulnerable from the Brighter Futures initiative.
- Deliver at least 190 units of **affordable housing**.
- **Complete the phase 2 pavilion** and car park works for Whitelands Farm Sports Ground.






Cherwell: sound budgets and customer focused council

- **Reduce the cost** of providing our services through partnerships, joint working and other service delivery models.
- Ease of communication – with **more services available online**.
- Continue to increase use of social media to **communicate with residents and local businesses**. Continue to develop our business focused communications.





Appendix – How we will show our performance

The following tables show the measures and actions we will use to report and manage the performance of the business plan. Progress is monitored on a regular basis by both members and officers with any issues being highlighted and acted upon.

Cherwell: a district of opportunity	
Our objective is:	We will show our performance through:
Manage growth of the district	Meeting key dates for the proposed submission of Local Plan Part 2
	Delivery against five year land supply targets
	Engaging with all neighbouring councils under the duty to co-operate
	Preparation of neighbourhood plans to timetables set in regulations
Deliver the growth plans for Bicester	Continuing to facilitate the planning applications for Northwest Bicester
	Delivery of the Eco-Bicester business centre
	Adoption of the Masterplan document to assist revitalisation of Bicester town centre
	Marketing Bicester's employment and investment opportunities
	Delivering, in partnership, the Healthy New Town programme for Bicester
Complete and implement the Masterplan for Banbury	Reviewing the strategic development plan for the Bolton Road site
	Adopting Masterplan for Canalside in 2017-18
	Securing start on Castle Quay 2
	Attending FM meeting, improving financial reporting and reviewing investment with Aberdeen Investment Properties
	Supporting The Mill & Museum Trust as the primary town centre arts and cultural provision in their development activity
	Completing 2nd stage assessment of the Business Improvement District (BID) for Banbury by October 2017
Promote inward investment and support business growth within the district.	Number of businesses who have received advice
	An increase in NNDR base
	Increased take up of LEP services - reported in Annual Business Survey
	Unemployment rate and take up of Job Clubs/Job Fairs by companies
Develop and implement a 'One Council' offer of support to local businesses including regulatory services.	A review of the planning pre-application process by June 2017
	Carrying out a survey and establishing baseline satisfaction with services
	Developing an action plan for improvement
	Attendance numbers and feedback /satisfaction from Agents' forums
Consider steps to support the visitor economy and the well-being of town centres as part of our approach to economic growth in the district.	Updates on the Action Plan to Executive in 2016/17 and report on implementation

Cherwell: safe, green, clean

Our objective is:	We will show our performance through:
Provide high quality recycling & waste services, helping residents recycle	Achieving a 56% recycling rate
	Residual household waste per household
	Amount of waste sent to energy recovery
	Maintaining high customer satisfaction with recycling and waste service (80%)
Provide high quality street cleansing services and tackle environmental crime	Maintaining high customer satisfaction with street cleansing (80%)
	Number of neighbourhood blitzes
	Number of enforcement actions
	Success of fly-tip enforcement
	Investigating incidents within 24 hrs from report
	Cleaning up within 48 hrs from investigation
Work with partners to help ensure the district remains a low crime area	Maintaining CCTV in all urban areas
	Reducing the number of anti-social behaviour incidents
	Carrying out operations and initiatives in accordance with the joint CDC /TVP night-safe plan
	Reducing incidents of drunkenness, begging and rough sleeping by carrying out proportionate interventions in the Banbury Public Spaces Protection Order (PSPO) area
	Embedding the new CDC Taxi Policy including implementing safeguarding awareness training for licensed taxi drivers
	Responding to incidents / complaints regarding licensed premises
	Undertaking routine food/health and safety inspections as per programme.
	To investigate and respond to complaints/accidents as required
Reduce our carbon footprint and protect the natural environment	Implementing agreed action plans including the promotion of cycling and walking
	Reviewing progress of the actions in the Air Quality Action Plans with partner agencies responsible for their implementation

Cherwell: a thriving community

Our objective is:	We will show our performance through:
Deliver affordable housing & work with private sector landlords	Delivering homes throughout the year that are designated for affordable housing
	Number of other affordable housing units
	Creating at least an additional 10 units of accommodation for nomination by the council
Work with partners to support financial inclusion	Average time taken to process new Housing Benefit claims
	Average time taken to process change in circumstances
	Average time taken to process new claims and changes for Housing Benefit
	Customer satisfaction with benefits process
Provide high quality housing options advice & support to prevent homelessness	Maintaining a target of no more than 41 properties allocated for temporary accommodation
	Tracking repeat homeless presentations and developing an action plan and initiatives following the new Homelessness Prevention Act coming into law.
	Allocating 10 CHEEP Energy Efficiency Grants in 2017–18
Work to provide and support health and wellbeing across the district.	Promoting the Workplace Wellbeing Charter to obtain commitment from five local businesses to work towards accreditation.
	Undertaking a feasibility study for introducing the Eat Out Eat Well Award for food businesses in Cherwell

Cherwell: a thriving community

Our objective is:	We will show our performance through:
Provide high quality & accessible leisure opportunities	New facility models in Banbury and Bicester (to be considered in Summer 2017)
	Whitelands Farm Sports Ground outdoor sports pitches being operational from September 2017
	Commencing construction on the redevelopment of The Hill in Banbury during the second half of 2017–18
	Agreeing sports pitch and facilities strategies for the district in the first half of 2017–18
Provide support to the voluntary & community sector	Providing support for two new neighbourhood community associations
	Putting in place a partner organisation with new commissioning arrangements for promoting volunteering and the placement of volunteers in first half of 2017–18
Protect our built heritage	Completing five Conservation Area Reviews
	Responding to consultations from Development Management with design guidance on major developments within the prescribed timescale
	Processing major planning applications within 13 weeks
	Processing minor planning applications within eight weeks
	Processing other planning applications within eight weeks
The percentage of planning appeals allowed	
Work to ensure rural areas are connected to local services	Reporting every six months on progress of extending Superfast Broadband district-wide to show where has been connected and the forward programme

Cherwell: sound budgets and customer focused council

Our objective is:	We will show our performance through:
Reduce the cost of our services through efficiencies	Completion of efficiency reviews and £ savings delivered
	Implementing the shared Corporate IT Strategy including a new council website
	Percentage of Council Tax collected
	Percentage of Business Rates collected
Communicate effectively with local residents & businesses and increase access to services online	Social media ratings: Number of Facebook likes
	Social media ratings: Number of Twitter followers
	Making five more services available online
	Reducing face to face contact time
Deliver the five year financial strategy	Budget variance on capital within 2 per cent (Annually reported)
	Budget variance on revenue within 2 per cent (Annually reported)
Deliver the key outcomes of the commercial strategy to reduce the funding gap in the MTRP	Growing existing income for services we currently trade
	Delivering a jointly owned company (with SNC) for Revenues and Benefits services
	Undertaking feasibility studies for the delivery of new commercial services and projects
	Implementing the actions set out in the new Asset Management Strategy

Cherwell: sound budgets and customer focused council

Our objective is:	We will show our performance through:
Ensure there are effective governance and performance management arrangements in place for all council owned companies and/or alternative service delivery vehicles	Delivering specific Key Performance Indicators from agreed Service Level Agreements with council-owned companies
	Including full legal implications confirming relevant statutory powers and compliance with legal requirements in all reports to members on establishment of companies/entities
	Incorporating each approved company entity in accordance with project plan timescale
	Introducing quality management models in all services

Getting in touch

Throughout the year the council provides opportunities for local people to have their say. Whether this be through customer satisfaction surveys, budget consultation, consultation on new projects and services, talking to local business organisations or feedback via our link-points or website, we are keen to listen to what you like and what needs to be improved.

However, if you would like to provide feedback about any other matter you can do so using the contact details on this page.

Email: consultation@cherwell-dc.gov.uk

To find and email your ward councillor:
<http://modgov.cherwell.gov.uk/mgFindCouncillor.aspx>

Call the Performance and Insight Team:
01295 221605

Customer Services: 01295 227001

Write:

The Performance and Insight Team
Bodicote House
Bodicote
Banbury
Oxfordshire, OX15 4AA

For general enquiries visit www.cherwell.gov.uk
or contact the customer service team
01295 227001.

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Operational Excellence Strategy

2017 – 2020

Leadership
Process
Excellence
Culture
Agile
Growth
Improvement
Pride & Energy
Standards
Strategy
Improvement
Values



Contents

Our operational excellence goal	3
Our operational excellence strategy	3
Our values	4
Our culture	5
Our five point business operating model	5
Our excellence model	6
Our excellence standards	6
Key components of an operational excellence plan	7
Implementation	9

Our operational excellence goal

To create a blueprint for the **delivery of leading edge public services to customers** and prepare services to transition into the confederation model, including opening up new markets/territories.

Our operational excellence strategy

Our strategy for business success is:

- To create and implement a **culture** driven by customer experience, operational excellence, continuous learning and added value.
- To ensure **continuous improvement** sits at the heart of all operational services.
- To remove all barriers that get in the way of providing a **whole council approach to service delivery**.
- To focus on a dual strategy of delivering core operational services that **meet local community and business demand** and transferring our sector expertise into our new **commercial operating model**.
- To continually **develop and grow our core services**, working effectively with our communities/customers, partners, suppliers, stakeholders and our people by integrating “**excellence in operation**” and customer feedback into everything we do.
- To create a **culture of pride and energy** amongst our workforce.
- To build an **agile** workforce and adopt a **matrix management** operating principle.
- To **recruit** and **retain** a workforce that blends **the best of private and public sector expertise** and to **develop** them to excel in all that they do, such that they can leave us, but choose not to.

Our values

Our values set out what it is like to work for the councils and how we attain excellence in the delivery of our services. They describe how we conduct ourselves every day. We are proud of them.



We **continuously develop** our knowledge to apply the highest level of **professional standards**, conduct and outcomes.

We are **polite** and **respectful** at all times to each other and to everyone we come into contact with.

We are **reliable**.

We are **flexible** and **agile**.

We work beyond usual boundaries.

We demonstrate **accountability** for our actions.

We take **pride** in our personal image.

We deliver **seamless services**.

We use **creativity, innovation** and new ideas to achieve our goals.

Managed risk taking is expected.

Risks are **well managed**, well reported and always owned.

We are willing to fail from time to time, in **pursuit of excellence**.

We do not confuse risk taking with being reckless.

We all lead by example; with **integrity, trust** and **respect**.

We are **honest**.

We are **ethical**.

We **keep our promises**.

When we have got something wrong, we take **responsibility**. We put it right. We are upfront and we learn from it.

We hold difficult conversations **respectfully**.

We take pleasure in working to **provide innovative solutions** for our customers when things become difficult.

We work tirelessly to **exceed expectations**.

We show **care and consideration** for all of our customers.

We will never **deliver a service** that we wouldn't accept for ourselves.

We actively **seek feedback** from our customers and act on it where there is something to learn.

We work as '**One Council**'.

We communicate in a **clear** and **customer friendly** way.

We believe excellence is inspired by positive leadership and **continuous improvement**.

We **lead developments** in our sector.

We **learn from each other** and from other sectors.

We conduct **quality assurance** checks against all our outputs.

We are **rigorous** in reviewing our processes to remove waste and duplication.

We all take **personal responsibility** for putting things right when they are wrong.

We don't make the same mistake twice.

We challenge and confront anything that does not represent our **standard of excellence**.

Our culture

At the heart of our culture is a commitment to operational excellence in all our services. This is achieved through the highest levels of measurable performance, customer satisfaction and continuous improvement.

We believe that with the right support and encouragement every one of our employees has the

potential to excel in their working lives by pushing boundaries and seeking out the art of the possible in whatever they do.

We have a shared belief that excellence can be found in every corner of the two organisations and that it is our people who take pride in making that happen.

Our five point business operating model

Customer experience; excellence in delivery; seamless services.

Operational excellence	Our people	Business insight	Collaboration and partnership	Growth and sustainability
Customer experience	Work together	Customer feedback	Communities	Economic growth of our areas
Customer satisfaction; creating a lasting impact and positive memory	Can do attitude	Complaints	Businesses	Financial independence
Service Level Agreements / Contract management	Commercially minded	Performance metrics	Suppliers	Procurement
Performance indicators	Commercially skilled	Legislation	Local authorities	Commercial Development and Innovation strategy
Quality services and products	Innovative	Environment	Public service agencies	New markets and clients
Continuous learning and innovation	Take personal responsibility	Benchmarking (private and public sector)	Customers	Income generation
Forward looking	Adopt a seamless approach to service delivery	Continuous learning from other sectors	Government	Profitability
Waste avoidance	Use proven best practice	Market assessment for competitive advantage and opportunity	Auditors	Environmental and social responsibility
Process improvement	Demonstrate courage	Identification of customer demand	Private sector	Long term success
Channel shift	Agile	Commissioning services and suppliers	Stakeholders	Service development to set a blue print for 21st century public services
Commercial operating principles	Learn continuously		Volunteers	
	Develop and excel through a career of choice		Due diligence of prospective partners, suppliers and business relationships	
			Leading our communities	

Our corporate excellence model

In 2017/18 a corporate excellence model will be introduced to ensure operational excellence and leading edge public services are attained. Our adopted model is EFQM (European Foundation for Quality Management)

It will build upon the standards of excellence that already exist in some of our operational services. All services will set out their excellence objectives in their business plans.

In recognition of the wide range of diverse services we provide there will be two entry points for excellence in all our services:

- The corporate standard, or

- Specialist standards most appropriate to the nature of the service

Every service will be associated with one or the other as a minimum.

Specialist standards/accreditations

A number of services are already beacons for excellence and have been awarded industry standard accreditation for their performance or quality management regimes.

In other services the industry specific standard is recognised as holding a commercial or reputational value that will support our commercial development and innovation strategy but have not yet been fully achieved. These will both continue to be the recognised standard of excellence for those services.



Our excellence standards

What is operational excellence?

If you put a group of people in a room and ask them what excellence is, you'll receive many different answers but they should have something in common:

Excellence is about achieving and sustaining outstanding levels of performance and continuous improvement. By nurturing a culture of excellence we will create a path to organisational growth and success.

Essentially operational excellence is all about culture. Like any strategy it only works if it becomes embedded in the fabric of the organisation and receives total management support and leadership. Operational excellence is not just a system but a new way of working.

Key components of an operational excellence plan

Operational excellence is defined by the values and culture of our two councils and will be measured through both qualitative and quantitative criteria including:

- leadership
- customer insight
- continuous improvement
- performance management
- performance indicators
- process improvement
- identification and adoption of best practice
- people development
- further and accelerated preparation for trading our services on a business to business basis
- more rigorous use of the improvement loop
- transfer of all first point of customer contact functions to our Customer Services team
- channel shift

The on-going drive for high performance and continuous improvement will lead to operational excellence, customer satisfaction and ultimately the growth and sustainability of both councils. Our operational plan for excellence includes a combination of the five point business model and:

More rigorous use of the improvement loop

Services will focus on better use of customer intelligence drawn from the complaints system, customer insight sources and customer satisfaction/ other customer surveys to embed more strongly customer driven improvements in service planning and service improvement.

Service level agreements

Service Level Agreements (SLAs) will be introduced to ensure that the same emphasis of customer satisfaction and opportunity for feedback is given to our internal customers as is to our external customers. They will be used to ensure that the highest levels of performance are measured and attained in the following internal support services:

- Human Resources and Organisational Development services
- Legal services
- Finance and procurement
- ICT services
- Property and asset management services
- Customer services
- Communications and marketing service
- Performance and insight service
- Democracy

Commissioning and contract management

Due diligence of all potential suppliers of goods and services will continue to be conducted prior to entering into contracts with third party suppliers, ensuring that they reflect our core values and excellence standards.

High levels of performance are expected from all third party suppliers commissioned on behalf of the councils. Contracts for services will reflect this by setting out qualitative and quantitative performance standards and appropriate penalty clauses.

Commissioners of services will hold routine performance management meetings with suppliers to ensure effective contract management throughout the term of the commission and ensure those high levels of standards and outcomes are achieved. Risk within contract management and delivery will be carefully managed.

Best practice / research and development

A more structured approach to the identification and use of best practice and research and development will be developed by the performance and insight service to ensure that we learn from others, including the private sector.

Transfer of all first point of contact functions to Customer Services

A more structured programme of transfers of first point of customer contact functions will be supported by skilled business analysts to deliver this on an 'all services' front to identify economies in processes, what functions should transfer and at what point in the service delivery process. This will be on an 'all services' basis.

Channel shift

We will identify and move maximum service information and transactions on-line as part of the push for demand led, cost effective service delivery. This will have a strong link to the redesign of the corporate websites to ensure maximum move of information and end to end on-line transactions. It will also extend to the expanded first point of contact functions within Customer Services which will use the wider on-line information and transaction capability as its main customer response.

Agile and efficient working - process improvement

We will reassess and review the smart use of technology by services and agile working to maximise efficiency and stop wasteful and/or no added value processes. A benefits realisation plan will be developed for each of these activities to secure identified efficiencies.

Delivery of the medium term revenue plan

A programme of benefits realisation reviews of all shared services is underway to ensure all planned efficiencies, improvements and key objectives of the medium term revenue plan are realised. This process will be extended to capture all planned service

change in the original business cases and will continue to be a key driver of our improvement journey.

Preparing services to trade on a business to business basis

The three current Services for Business work streams are focussed upon developing the organisational culture to support new and existing businesses in the districts, removing unnecessary 'red tape', and developing a whole council approach to selling services to businesses. This will increase business rates take-up whilst supporting economic growth and prosperity.

Some progress has been made in this area but the pace needs to be accelerated to be better focussed and extended by incorporating the learning from the successful Organisational Awareness days and commercial skills programme for income generation purposes.

Specific new objectives with a renewed emphasis on developing a 'One Council' relationship with our community based business partners will focus upon:

- Developing a menu of business support functions and standards – largely regulatory but presented as a comprehensive offering to all businesses to build a positive relationship.
- Developing a menu of discretionary 'charged for' council services which can be promoted by all services with a business interface for income generation purposes. The pricing strategy will be directed by the commercial skills programme.
- Determining the most appropriate and effective methods of business interface to sell individual and collective council services. This again will be informed by the commercial skills programme.
- Producing a corporate directory of local businesses as a resource for all council services
- Setting up a business intelligence hub to provide the most cost efficient internal information sharing resource on local businesses which have just opened, others which may be struggling and need support, those who want to expand or have other business needs, and to establish the most cost efficient support to the BSU to maximise NNDR income.
- Developing a brand and 'USP' for a 'One Council' business relationship. Again, this will be influenced by the commercial skills programme.

Implementation

An operational excellence plan draws together the key elements of high performance and continuous improvement (as summarised in the five point operating model), and as typically associated with an excellence framework. Operational excellence will lead us naturally to commercial success and growth.

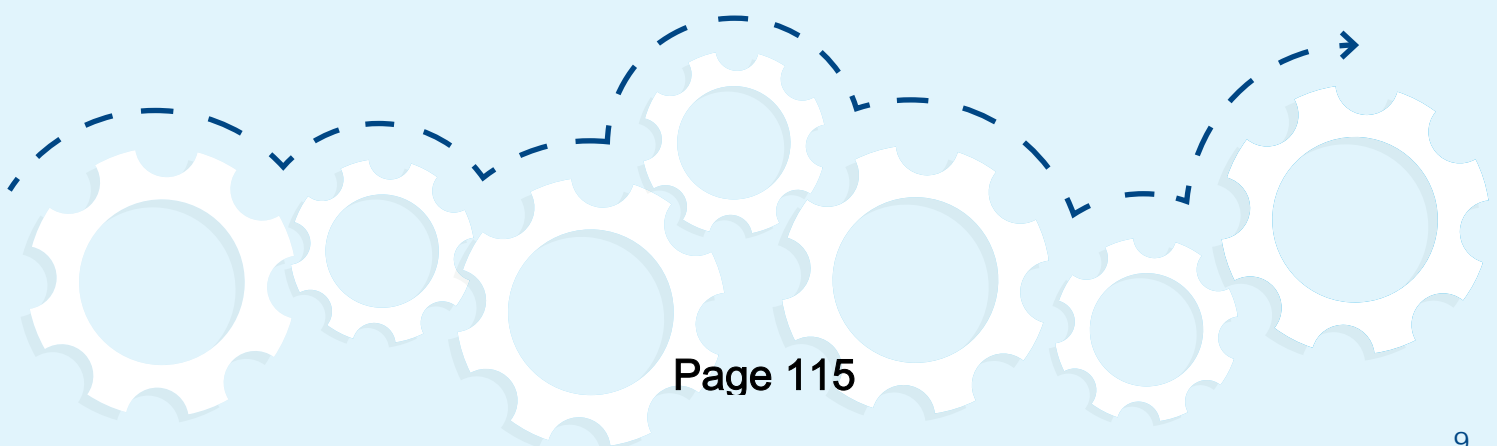
The plan is both wide ranging and comprehensive. As such, implementation will be approached in two phases.

Phase 1

- Implementation of the EFQM excellence model and corporate values in all services
- Maintaining delivery of core services and developing operational excellence
- Implementation of the commissioning strategy
- SLAs for internal services
- Redefining procurement and contract management of third party suppliers
- Commercial up-skilling and development of our people
- Transition of services to the confederation model

Phase 2

- Implementation of the commercial development and innovation strategy
- Commercialisation and trading with public services, SMEs and private sector
- Continuation of transition of services to the confederation model



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Commercial Development and Innovation Strategy

2017 – 2020

Innovation
Excellence
Selling
Profit
Business
Development
USP
Growth
Improvement
Sustainable
Assets
Income
Clients
Productivity
Commercial



South
Northamptonshire

Page 117

Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Introduction

This strategy sets out Cherwell District and South Northamptonshire Councils' approach to commercial development and innovation. As one of the key drivers of organisational transformation our commitment to becoming more commercial links directly to our medium term revenue plan which, in common with all local authorities, identifies gaps in funding.

The national policy landscape and medium term economic picture are in a state of flux with a new Cabinet and the longer term implications of Brexit not yet clear. However, the financial outlook for local authorities remains challenging and this is unlikely to change. Both councils are facing significant funding deficits in their medium term revenue plans.

Given national policy change and the likelihood of on-going financial constraints, delivery of the councils' strategic priorities around sustainable economic growth, housing, community development and supporting vulnerable people remain at the heart of our commercial and innovation strategy.

The councils have already set out an ambitious transformation programme with two main objectives;

delivery of efficient customer focused services and the generation of income through innovative and commercial opportunities. There is already an established programme of joint working, business transformation, and organisational development to underpin these and a new operational excellence and quality management strategy has also been developed to ensure arrangements are in place for continuous improvement, productivity and customer service. The councils' commissioning framework ensures there are clear strategic objectives in place, a business plan to deliver them and an on-going process of review to ensure services are delivering what customers need in the most appropriate way.



Our vision and business model

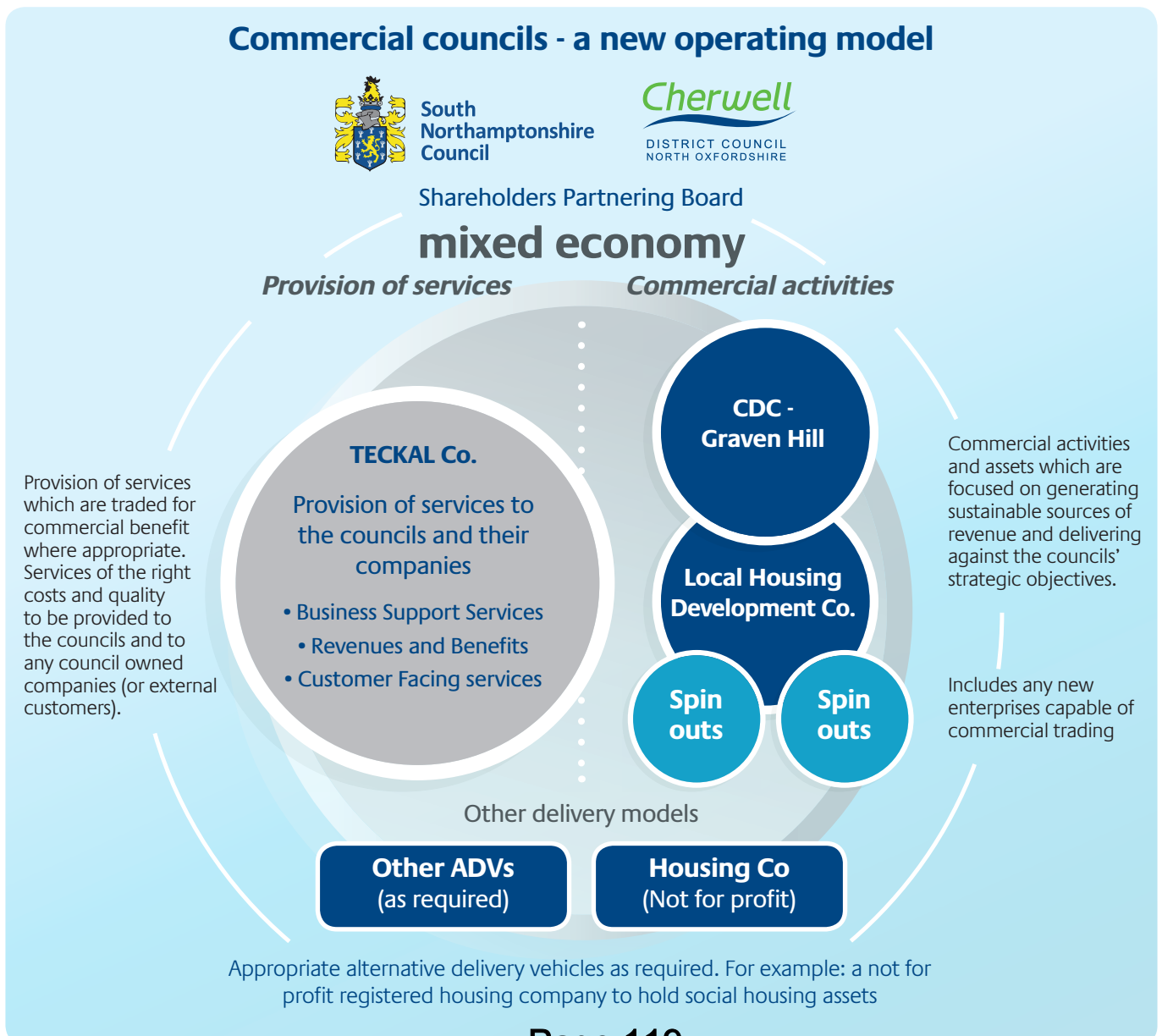
Our vision for a partnership of commercial councils is linked strongly to our commitment to deliver the best outcomes for our local areas; great places to live, thriving communities and an environment where businesses choose to locate, grow and flourish.

Our approach to commercial development is straightforward. Over the next five years we will have secured our long term financial future by:

- Investing in new assets and opportunities that enhance the quality of the districts.
- Providing valued new services to local businesses and residents.
- Generating sustainable income from trading.

To do this we will need to continue to reduce our overheads, and to increase efficiency and productivity across all our services.

Where it is appropriate to do so, the councils will establish new service delivery models, such as council owned companies, which will enable us to trade, develop new assets and to offer new services. The diagram below sets out the councils' operating model; a mixed economy approach where services may be delivered in house, by arm's length companies, in partnership, or by third parties.



Commercial development principles

Our commercial development objectives are aimed at ensuring the councils have a sustainable financial future so frontline and community services are protected and underpin our commercial activities. They can be described as...

- ▶ **Innovation**
- ▶ **Commercial Focus**
- ▶ **Social Impact**

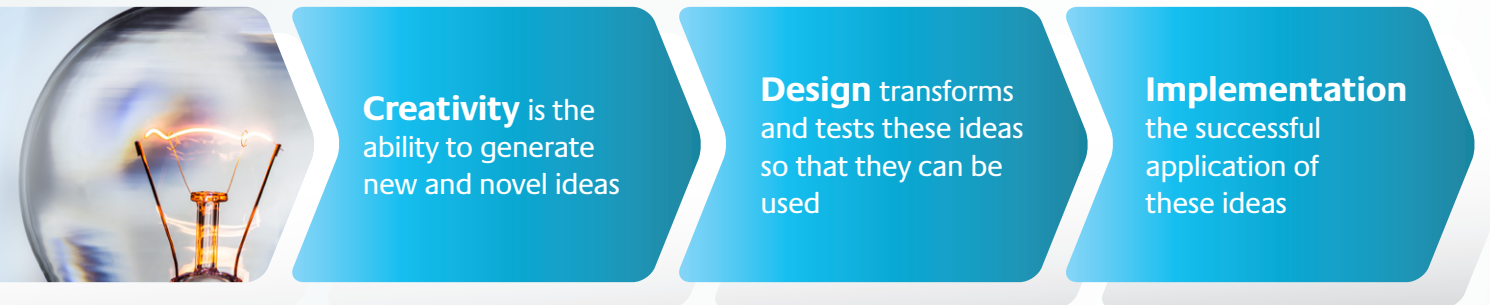
Innovative councils

Innovation, the creation and implementation of new ideas that enhance performance or productivity or generate new income streams is essential if we are to realise our vision. Ideas alone do not bring about change. Therefore we must establish clear processes and support to take ideas, develop and deliver them.

Innovations can be changes to services, business processes, technologies, organisational arrangements or democratic approaches. The purpose of innovation is to deliver added value to the customer, and this may be through the development of new ideas, products and services or through tangible improvement to existing practices.

What is special about innovation?

Innovation is more than having a good idea, although that's where it starts. Innovation is about implementation and delivery and accepting that developing and delivering new ideas requires the organisation to support and encourage innovation and tolerate the risks associated with it.



We will do this by:

- Establishing a commercial development programme to help staff develop the skills and provide capacity to both create and innovate.
- Empowering mentors across the councils to support and challenge innovation helping to implement innovative ideas.
- Establishing an innovation intranet, for staff to make suggestions, review ideas and collaborate to support organisation improvement and efficiency, new ways of working and commercial projects.

Ideas can come from anyone, anywhere. They may be brand new or new to the councils and in use elsewhere, borrowed or adapted best practice from other councils or organisations, or the commercial sector and they may be suggested by customers, members or partners.



Our commercial principles

To shape our commercial objectives we have set out a series of principles which will ensure we focus on commercial projects that are likely to generate value for the councils and the districts.

We aim to differentiate from others to create competitive advantage:

- This means we are truly innovative on a national basis.
- We do not try to compete as a commodity supplier, on a low cost or reduced quality basis.

To survive in a commercial world we aim to maximise profitability and growth in market share:

- To do this we use our expertise and predisposition to create unique solutions; we take the high margin and franchise or license solutions to others (e.g. other councils or established companies) to maximise total value. We make opportunities as big as we can.
- We do not hold onto opportunities or pursue projects that no longer meet our required rate of return.

We are commercially focused:

- This means we understand the environment of our customers and partners to identify opportunities and
- We don't do things just because we want to do them or because others do them.

We are the pacesetter amongst all councils:

- We will understand what other councils are doing and do it better or do things differently.
- We control our own destiny and
- We do not let others take our value or define our agenda.

To be sustainable we must operate with integrity:

- This means our stakeholders are our shareholders; this is the foundation of our economic model and
- We avoid giving profits to third parties.

Social Impact

As local authorities we have a duty to the districts we govern and our commercial activity will respect and support this through the following values:

Framework	Creating a positive social impact within the districts. Always being ethical and honest.
Environmental	Minimising the environmental impact of all undertakings. Promoting and supporting environmentally sustainable opportunities.
Economic	Ensuring all commercial opportunities we develop are appropriate and that they contribute to the growth of the local economy.
Sustainable	Creating long term value contributing to the districts' economic growth.

Commercial development objectives

During 2017-2020 this strategy will support the development of new ideas, services, products and opportunities to generate income for the councils that will be invested to ensure frontline and discretionary services can continue to be delivered. Commercial development and income generation underpins the councils' vision for long term financial sustainability which will ensure the strategic priorities for the districts can be delivered.

The commercial development and innovation strategy sets out which commercial activity will be undertaken. The objectives are to:

1. Address the currently identified gap in the medium term financial strategies.
2. Instil and grow a customer focused and commercial culture throughout the councils.
3. Enable the sustainability of the councils through financial independence.
4. Support staff to innovate, create and deliver new opportunities and drive continuous improvement and Operational Excellence.

The approach to generating income will be based on four themes:



1 Growing existing income

Identifying existing service based income streams that have potential for growth. Realising that growth where it is profitable and appropriate to do so. Developing and changing existing service delivery to create value and generate income.



2 Trading our services

Developing our services so they can be offered on a business to business basis or our own arm's lengths organisations on a commercial basis; this includes increasing efficiency and productivity.



3 Offering new services

Developing new services to satisfy current customer needs or to realise the potential of existing assets.



4 Investing in assets, major initiatives

Developing any new or innovative idea with significant potential including asset acquisition.



What does success look like?

This strategy sets out a vision for commercial development over the medium term. Our objective is not to trade every service but to develop a series of services, projects and new assets that develop revenue streams for the councils which will enable financial sustainability.

Over the next three to five years the strategy will deliver:

- A jointly owned company to deliver a revenues and benefits service.
- A jointly owned enterprise to develop opportunities for rental, commercial sales and self-build housing across the districts.
- Our new asset management strategy with a commercially focused asset and facilities service.
- A new procurement strategy that drives efficiencies and delivers opportunities for innovation and new commercial partnerships.
- A new approach to support services which ensures cost effective, customer focused, solution orientated quality advice.
- A series of high quality business support services which support and promote economic growth across the districts.
- Growth of the jointly owned council company to include additional services and a commercial offer to potential customers.

Success will ultimately be measured through the generation of income and an increasing customer base and each project will have its own performance measures. However, we recognise that not all projects will be successful or appropriate and have established a set of guiding principles under which commercial activity will operate; initiatives will be tested against these (set out in the commercial development principles section).

Implementation

How will we deliver this?

For 2017/18 all services will set out their commercial objectives in their business plans. Not all services will be expected to trade or to be provided through an alternative service delivery vehicle but all will be expected to set out a route map to either generate income, deliver new commercial projects, facilitate commercial development or increase their efficiency / productivity.

In addition to individual service objectives, a rolling commercial development action plan will be produced and deliver projects aligned with each of the four objectives set out above. The Councils' Joint Commissioning Committee and Member Commercial Panel will oversee commercial projects and ideas as they are developed.

Innovation, skills and capacity

A toolkit to support commercial development and innovation will be produced and, as part of the people and organisational development strategy, a commercial skills and innovation programme will be launched to support a new entrepreneurial culture, the implementation of innovative ideas and to increase capacity to deliver major projects.

- Commercial opportunities will be scoped with a short feasibility study. If potential is identified a business case will be developed.
- Twice yearly innovation seasons will run where staff are supported to develop and implement innovative ideas for income generation.
- The commercial skills programme will also run twice yearly.

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Commissioning Strategy

2017 – 2020

Pricing
Inclusion
Agile
Procurement
Outcomes
Growth
Demand led
Value for money
Data
Customer
Contracts
Stakeholder
Performance
Improvement
Sustainable
Excellence



Introduction

Like all councils, Cherwell District Council and South Northamptonshire Council face unprecedented financial challenges as a result of reducing budgets from central government and because of the increasing demand for services as populations change and grow. We need to constantly strive to identify and implement more effective and efficient ways to deliver better outcomes for residents and the users of our services whilst also seeking to maximise opportunities to support the local economy.

To support this objective, the councils need to increase their capability to operate as commissioning organisations that regularly challenge and review the need for services, based on priority and need.

Commissioning strategy

Commissioning is the art of delivering the best possible outcomes through the best possible use of resources whilst at the same time generating excellent value for money. Our aim is to be 'innovative, agile commissioning organisations that secure better outcomes, by commissioning the right services from the right place, at the right time and at the right price'. Our Commissioning Strategy will ensure we:

- Understand and put the needs of our customers (service users, residents, businesses and community groups) at the heart of our decision-making and align this with the councils' corporate strategic economic, social, and environmental priorities.
- Align and integrate corporate planning and budgets in support of these needs.
- Develop bespoke specifications and commission appropriate service models, so the best possible outcomes for these priorities can be secured.
- Make full use of a mixed economy of provision that delivers value for money and efficiency improvements through excellence in contract procurement, effective service planning and robust monitoring and management.
- Monitor, measure, analyse and review our performance to continuously test the most effective way to deliver the best outcomes.

Needs of our customers

Our customers are our service users, residents, businesses, community groups and any other group that contributes to our local economy such as tourists and commuters. Our approach to delivering economic growth through good commissioning is to provide clear insight into customer need, leading to the development of services and markets from which we can generate additional revenues. This insight will tell us:

- what our customers want



- when they want it
- how they want it delivered, and
- the value they attach to particular services.

It will also include analysis of other strategic data such as market provision that will help design our service delivery accordingly. Insight will also be gained from existing internal knowledge, and we have developed a strategic information group that will identify, collect, analyse and use available data.

Aligning needs with the strategic priorities

The councils' corporate plans includes meeting the strategic priorities of:

Delivering economic growth

Serving thriving communities

Protecting and maintaining the quality of our districts

Delivering high quality services in a financially sustainable way

The priorities reflect the needs of our customers; therefore, our business planning must be focussed

on achieving these priorities as there is a mutually dependent relationship between this and attaining financial sustainability that includes meeting the demand for housing and the associated income growth.

By setting SMART objectives and targets that will meet customer need, we can develop the services to support specific activities (i.e. commissioning and delivery plans), and have robust performance measures that reflect our progress towards these targets, ensuring any additional income generation is maximised. This will require the breakdown of traditional service area silos, combining the activities of multiple service areas with the delivery of specific outcomes.

A mixed economy

Once we have considered the needs of customers, mapped out our strategic priorities and objectives and developed our service plans, the next stage is to deliver them.

The mixed economy refers to how we can best deliver our service models to gain maximum advantage from achieving outcomes and generating income. This could be from existing in-house teams, council owned not-for-profit organisations, the voluntary sector, the private sector or from companies like Graven Hill that are able to generate income through competing fully in the private sector.

We will also continue to contract, collaborate and partner with private businesses, the voluntary sector and with social enterprises where it is most effective to do so, by commissioning work in a way that supports our social, economic and environmental aims, and by employing strategies such as specifying the use of local suppliers or apprentices as a condition of contract.



Next steps

Our focus will be to commission work which will produce key outcomes rather than using the more traditional approach to procurement and the provision of services. By identifying the needs of our customers, we can set our strategic priorities, develop our service plans and deliver the best service possible. In order to deliver the commissioning framework we need to create an environment that encourages insight and that develops capability to commission.

Insight

The purpose of the Insight Team will be to research, collate and organise strategic evidence based management information in such a way that it can be used purposefully and effectively to inform commissioning strategy. It will set the direction for developing service specifications and for commissioning delivery to meet specified outcomes. The Insight Team will need to:

- Own the corporate data strategy, and the corporate data and systems used for storing and analysing data on behalf of the authorities.
- Understand and identify appropriate data sources to draw intelligence from, including internal sources.
- Gather intelligence and create programmes for intelligence gathering such as consultation and engagement with users of our services.
- Analyse the data and present data to commissioning managers in an appropriate and effective way.

The type of data being collected will vary greatly and whilst not exhaustive will typically include:

- Service user feedback (surveys, complaints, social media, customer services) from residents, businesses, visitors and commuters.
- Political, economic, social, technological, environmental and legal intelligence including legislative changes and statistical data.
- Business market intelligence, including competitor activity.



- Service performance data.
- Stakeholder and demographic mapping.

The team will analyse data presenting it an appropriate way to commissioning managers, which may include all or some of:

- Trend presentation.
- Category management presentation.
- Outcome presentation.

Commissioning resource

The purpose of commissioning resource is to use insight to develop optimal outcomes for service delivery and develop specifications for services that will achieve those outcomes. The commissioning resource will be responsible for the commissioning of these services from the mixed economy and from the ongoing supplier relationship via the contract management arrangements necessary to fulfil delivery in achieving outcomes.

The commissioning resource will:

- Work closely with the Insight Team to ensure effective intelligence is captured and presented appropriately.
- Use intelligence to deliver outcomes that will meet our corporate and financial objectives in the best way possible. This may take the form of plugging gaps in service delivery or working to improve the standard of currently adequate service delivery.
- Develop specification for services that will meet those outcomes, which will include looking across the organisation and not just focussing on single service areas, but prioritising the use of resources under category management. The development of specifications will be determined by working collaboratively with service users and other stakeholders to design appropriate pathways to desired outcomes.
- Decide on the best use of the mixed economy to deliver these outcomes and oversee procurement of services.
- Develop a supplier relationship and / or a contract management role to ensure optimal delivery of services (internal or external).

Commissioning resource should be aligned with strategic priorities and objectives. For example, this can broadly be translated into the delivery of outcomes in areas such as growth, people, and communities. A typical commissioning programme would be based on a four yearly cycle and all commissioned services would be subject to periodic review.

The cycle of the commissioning programme will focus on contract end dates, service development opportunities and funding opportunities and will work with insight gained from, for example, customer feedback on our performance. Ensuring a focussed contract management response that will enable an efficient reaction to any changes in service needed, identified via the gathering of specific insight, will mean that the commissioning cycle will remain agile.

Commission for outcomes



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Joint Pay Policy Statement 2017-18

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 joint role where the annual salary package is £100,000 or over. In the event that the relevant post is not joint the Councillors of the employing Council concerned will be given this opportunity.

"Chief Officer" is defined as all officers employed by either Council on or equivalent to the JNC terms and conditions for Chief Officers. This includes:

1 Joint Chief Executive (Head of Paid Service)*

3 Joint Directors

1 Cherwell only Director

1 Chief Finance Officer (Section 151 Officer)*

8 Heads of Service (including Monitoring Officer)*

*Statutory appointments which the Councils' are required to have in the interests of effective corporate governance.

It should be noted that the organisations are part way through a senior management restructure. The first phase dealt with the Director posts and also created the Chief Finance Officer post.

The second phase will review the current Head of Service posts and therefore the detail included above may change for 2017-18.

Whilst the majority of Chief Officer roles are shared jointly between the two Councils, the Councils split responsibility for being the employer. The posts detailed above includes officers employed by each Council. From the 01 April 2016 five members of the team will be employed by Cherwell District Council and five members of the team will be employed by South Northamptonshire Council.

Date: February 2017

A decision on which Council employs members of the 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 Hay Group 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. The salary scale for the Councils' Chief Officers is published on our websites.

The CDC Director post was evaluated using the Hay scheme in 2013. The three new joint Director posts and new Chief Finance Officer post were all evaluated using the Hay Scheme in 2015 and 2016 respectively (see note below). The results of the job evaluation process were then translated across to the salary scale.

Any subsequent 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 Joint Chief Executive and other Chief Officers are appointed to a salary within a range as below.

Note: The Councils have just completed phase 1 of a review of the Joint Management Team and as a result the salary grades for the new joint Directors and joint Chief Finance Officer are as described below.

Pending completion of phase 2 of the management restructure the salary levels for the current Heads of Service remain correct at the time of publishing this Pay Policy Statement (February 2016) but may change during the course of the year.

Date: February 2017

Table 1: Chief Officers' Pay Structure

Joint Chief Executive		£	Joint Heads of Service		£
	Point 1	132,500		HOS010	64,107
	Point 2	136,667		HOS011	65,157
	Point 3	140,833		HOS012	66,208
	Point 4	145,000		HOS013	67,259
Joint Director				HOS014	68,310
	DIR001	93,150		HOS015	69,361
	DIR002	96,188		HOS016	70,412
	DIR003	100,719		HOS017	71,463
CDC Director				HOS018	72,514
	DIR001	83,023		HOS019	73,565
	DIR002	85,650		HOS020	74,616
	DIR003	88,278		HOS021	75,667
	DIR004	90,905		HOS022	76,718
	DIR005	92,482			
Joint Chief Finance Officer					
	CFO001	84,544			
	CFO002	87,581			
	CFO003	91,125			

The point at which officers are appointed to the scale is determined by the Joint Commissioning 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 Councils' 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

The Joint Chief Executive is employed on a pay scale where progression is subject to increased effectiveness and performance as agreed by the Joint Commissioning Committee (JCC). The salary is also subject to national pay awards as agreed by the Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities'.

Date: February 2017

Progression through the Chief Officer pay scale each year for Directors, the Chief Finance Officer and Heads of Service 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 Joint Chief Executive in consultation with the Leaders of the Councils. In the event that organisational objectives are not met there is no incremental progression.

(c) Additional pay

Bonus/performance related pay

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

Cost of living pay awards (annual)

The Councils conduct their own local annual pay negotiations with Unison to determine whether an annual cost of living pay award will be applied and what the value/terms may be.

The Councils' Chief Officers are not subject to these arrangements. Chief Officers' cost of living pay awards are considered separately by the Joint Commissioning Committee (JCC) annually following settlement or decision (as appropriate) in relation to the cost of living pay award's for mainstream staff and takes into account a range of factors including national agreements, local agreements, the economy, affordability and so on. This approach ensures that any cost of living pay award for Chief Officers is set in the context of the annual cost of living pay award for mainstream staff of the two organisations.

Returning Officer fees

The Joint Chief Executive is also appointed by the Councils as their Returning Officer. This is a separate appointment to the Joint Chief Executive's substantive employment.

The Returning Officer's fee is paid separately from and in addition to the Joint Chief Executive's salary. The Returning Officer's fee is set 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.

Elections fees

Election duties performed by Chief Officers' are separate to their substantive employment by the Councils and are paid separately from their salary at levels determined by Returning Officer. This reflects the very significant additional duties undertaken by staff volunteering to carry out election duties over and above their normal contractual council responsibilities. Such staff are employed by the Returning Officer and not the Councils for these duties. In setting fee levels, the Returning Officer takes into account a range of factors, including levels of responsibility and expertise required.

Special Responsibility allowances

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

- Monitoring Officer (Head of Law and Governance)

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

Date: February 2017

http://www.cherwell.gov.uk/media/pdf/8/t/CDC_Statement_of_accounts_2015_16_final_audited_version_with_audit_opinion.pdf

<http://www.southnorthants.gov.uk/SNCStatementofAccounts2015-16finalauditedversionwithauditopinion.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 Councils' Pensions Discretion Policy sets out the discretions which the Councils are 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 either 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 Joint Chief Executive in consultation with the Leader of each Council, must be given.

5. Terms and conditions of employment

The Joint Chief Executive's terms and conditions of employment are in accordance with the Joint Negotiating Committee (JNC) for Local Authorities' Chief Executives.

All other Chief Officers' terms and conditions of employment are in accordance with 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 Councils 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 structure. The current rate of pay for this post is £15,007 per annum (excluding an inflationary increase which is still subject to agreement for 2017/18).

Date: February 2017

The pay multiple (that is the ratio between the highest paid earner and the average mean earnings of the whole workforce) is 4.18.

(b) South Northamptonshire Council

The remuneration of the lowest paid employees at South Northamptonshire Council is determined by the application of the Hay Job Evaluation Scheme and the pay structure.

The lowest paid employee is on Grade 11 SCP 4 of the pay structure. The current rate of pay for this post is £17,529 per annum (excluding an inflationary increase which is still subject to agreement for 2017/18).

The pay multiple (that is the ratio between the highest paid earner and the average mean earnings of the whole workforce) is 4.17.

(c) National living wage

In April 2017, the government will introduce a new mandatory national living wage for workers aged 25 and above, initially set at £7.50 – a rise of 30p relative to the current national minimum wage rate. With the exception of Apprentices both Cherwell District Council and South Northamptonshire Council will be compliant with the national living wage.

7. Relationship between the remuneration of the Councils' Chief Officers and other Officers

The Councils' policies in respect of Chief Officer pay and other mainstream employees vary only in the application of allowances for additional working hours and access to increments.

Chief Officers are expected to work the number of hours required to properly perform their duties including out of hours and emergency cover. No additional allowances are paid in respect of these duties.

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

Cherwell District Council**Council****17 October 2016****Changes to the Arrangements for Appointment of
External Auditors****Report of the Chief Finance Officer**

This report is public

Purpose of report

This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

1.0 Recommendations

Council should consider their preferred approach from the following options the recommendation of the Accounts Audit and Risk Committee being to approve 1.3 below:

- 1.1 Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council.
- 1.2 Commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities
- 1.3 Supporting the Local Government Association (LGA) in setting up a national Sector Led Body by indicating intention to “opt-in”

2.0 Introduction

- 2.1 The Accounts, Audit and Risk Committee at its meeting on 21 September 2016, considered the arrangements for the appointment of external auditors. The Committee recommended that Council support the Local Government Association in setting up a national Sector Led Body by indicating the Council’s intention to “opt-in”.
- 2.2 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local authorities and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

- 2.3 The Council's current external auditor is Ernst & Young, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State CLG. Over recent years we have benefited from reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Council's current external audit fees are approximately £85,000 per annum.
- 2.4 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local authorities and offered maximum economies of scale.
- 2.5 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

3.0 Report Details

Options for local appointment of External Auditors

- 3.1 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act):

Option 1: To make a stand-alone appointment

- 3.2 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly independent or have a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor.

Advantages/benefit

- 3.3 Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

Disadvantages/risks

- 3.4 Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances
- 3.5 The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- 3.6 The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

Option 2: Set up a Joint Auditor Panel and local joint procurement arrangements

- 3.7 The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or mainly independent appointees. Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council will need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

- 3.8 The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- 3.9 There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the potential auditors.

Disadvantages/risks

- 3.10 The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possibly only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.
- 3.11 The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out consultancy or advisory work for the Council. In these circumstances some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

Option 3: Opt-in to a sector led body

- 3.12 In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

Advantages/benefits

- 3.13 The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities

- 3.14 By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation
- 3.15 Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- 3.16 The appointment decision would not be made by a locally appointed independent panel. Instead a separate body set up to act in the collective interests of the 'opt-in' authorities would decide. The LGA are considering setting up such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements.

Disadvantages/risks

- 3.17 Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- 3.18 In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to indicate their intention to opt-in before final contract prices are known.

The way forward

- 3.19 The Council have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.
- 3.20 The LGA are working on developing a Sector Led Body. In a recent survey, 58% of respondents expressed an interest in this option. Economies of scale will increase number of councils acting collectively and opting-in to a SLB increases. In order to the strengthen the LGA's negotiating position and enable it to more accurately evaluate the offering the Council is asked to consider whether it is interested in the option of opting in to a SLB. A formal decision to opt-in will be required at a later stage

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Council will need to take action to implement new arrangements for the appointment of external auditors from April 2018. In order that more detailed proposals can be developed the Council/Committee is asked to give early consideration to the preferred approach.
- 4.2 The Council has been asked by the LGA for an indication of the preferred approach in order that it can invest resources in providing appropriate support to Councils. The LGA is strongly supportive of the SLB approach as it believes this offers best value to Councils by reducing set-up costs and having to potential to negotiate lowest fees.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The Local Audit and Accountability Act 2014 requires the Council to adopt one of the options contained in the report.

7.0 Implications

Financial and Resource Implications

- 7.1 Current external fee levels are likely to increase when the current contracts end in 2018.
- 7.2 The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above will need to be estimated and included in the Council's budget for 2017/18. This will include the cost of recruiting independent appointees, servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.
- 7.3 Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would reduce the costs of establishing an auditor panel

Comments checked by:

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Legal Implications

- 7.4 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 and Schedule 3 provide that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements and that the appointment decision is a matter for full council.
- 7.5 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 7.6 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

Comments checked by:

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Risk Management Implications

- 7.7 There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

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Equality and Diversity

- 7.8 There are no equality and diversity issues arising directly from this report

Comments checked by:

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8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
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Cherwell District Council

Business Rates 100% Rural Rate Relief Policy

1. Introduction

At the Autumn Statement on 23 November 2016 the Chancellor of the Exchequer confirmed that rural rate relief will double from 50% to 100% from 1 April 2017.

The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief to take effect from 1 April 2018. However, before the grant mandatory relief comes into force the Government expects local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017.

2. The rural rate relief scheme - background

The rural rate scheme was introduced to help protect the last retail outlets and similar services in rural settlements with a population of less than 3,000.

Under the scheme the following businesses in designated rural settlements are entitled to 50 per cent mandatory rate relief:

- the sole village shop or post office with a rateable value of up to £8,500
- the sole public house or petrol station with a rateable value of up to £12,500

Local authorities have a discretionary power to top up the mandatory relief to 100 per cent.

3. Eligibility criteria

Any business entitled to Mandatory Rural Rate Relief as above will be eligible for the increased level of discount off their rates bill.

4. Claiming 100% Rural Rate Relief

We will automatically award 100% Rural Rate Relief if your property meets the eligibility criteria and apply it to your bill. We do, however, require you to make a “De Minimis” Declaration in relation to State Aid (see below) to confirm the award of the relief.

5. State Aid

Awards such as 100% Rural Rate Relief are required to comply with European Law on State Aid. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. Rural Rate Relief is, however, State Aid compliant where it is provided in accordance with De Minimis Regulations. We have to establish the award will not result in you (“the undertaking”) having received more

than €200,000 of De Minimis aid in a three year period and will send you a De Minimis Declaration form for completion and return.

6. How much relief will be available?

The total amount of relief available is 100% of the business rates bill. The relief will be applied to the bill after any other reliefs have been given.

7. How will payments be made?

Relief awarded will be credited against your Business Rates Bill.

Cherwell District Council

Business Rates Relief for Local Newspapers

1. Introduction

The Government announced in the Budget on 16 March 2016 that it will provide relief of up to £1,500 to all office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.

This is a temporary measure to support local newspapers in adapting to technological changes within the industry. The relief is intended to be specifically for local newspapers.

2. Qualifying properties

The hereditament must be occupied by a local newspaper and be wholly or mainly used as office premises for journalists and reporters. The relief is specifically for local newspapers which are considered to be “a traditional local newspaper”. The relief will not be available to magazines.

3. Claiming business rate relief for local newspapers

Business Rates Relief for Local Newspapers can be claimed by completing the application form at www.cherwell.gov.uk.

4. State Aid

Awards such as Relief for Local Newspapers are required to comply with European Law on State Aid. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. Local Newspaper Relief is, however, State Aid compliant where it is provided in accordance with the De Minimis Regulations. We have to establish the award will not result in you (“the undertaking”) having received more than €200,000 of De Minimis aid in a three year period and when applying for the relief you will also be required to complete a De Minimis Declaration form.

5. How much relief will be available?

The total amount of government-funded relief available under the scheme is £1,500 for 2017-18 and 2018-19. The relief will be applied to the bill after all other reliefs.

6. What if I occupy more than one property?

Ratepayers that occupy more than one property will be only be entitled to relief on one eligible property.

7. How payments will be made

Relief awarded will be credited against the Business Rates Bill.

8. Notification of decision

Cherwell District Council will notify the applicant of the decision in writing and where the relief is refused an explanation of the reasons why will be given.



Discretionary Rate Relief Policy

1. Introduction and scope

- 1.1 Cherwell District Council recognises the importance of supporting local businesses, charities and voluntary organisations to promote the provision of local facilities, support economic growth and investment and improve prosperity.
- 1.2 Councils have the power to award relief from the payment of Non-Domestic Rates ('business rates') to organisations and businesses that meet certain criteria. Public funds are not, however, unlimited and a proportion of any relief granted is met by the council taxpayers of the district. We therefore need to be satisfied that money invested this way will be repaid in economic and/or community benefit.
- 1.3 The power for granting discretionary rate relief is provided for by Section 47 of the Local Government Finance Act 1988. This has been amended by subsequent legislation which gives wider powers to grant discretionary relief to any ratepayer where the authority feels the granting of such relief would be of benefit to the local community.
- 1.4 This policy is designed to provide guidance to Council Officers and ratepayers on the application of Discretionary Rate Relief. The policy covers the following types of discretionary relief:
 - Charitable rate relief
 - Community Amateur Sports Clubs (CASCs)
 - Rate relief for not-for-profit organisations
 - Discretionary rural settlement relief
 - 100% rural rate relief
 - Hardship relief
 - Temporary relief for partly occupied properties
 - Local discounts and incentives
 - Relief for local newspapers
- 1.5 This policy document outlines the various areas of local discretion and the Council's approach to the various reliefs. This approach has regard to the impact:
 - of granting discretionary relief on the Council's wider financial position and council taxpayers;
 - on the organisations and businesses that currently receive or may apply for relief in the future;

- on the residents of the Cherwell district if relief is awarded and the economic benefits to the district;

2. The Discretionary Rate Relief Scheme

- 2.1 Discretionary Rate Relief (DRR) is granted in accordance with Section 43 of the Local Government Finance Act 1988 and Sections 47 and 49 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.

Section 69 of the Localism Act amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to fund their own local discounts. The Council is able to grant business rates discounts and incentives as it sees fit within the limits of primary legislation and European rules on state aid. These powers can be used to encourage new business and investment as well as support local shops or services to the community.

- 2.2 The legislation requires the Council to maintain a Discretionary Rate Relief (DRR) scheme to award rate relief of up to 100% to certain organisations which operate within specified criteria. This includes:

- charitable bodies already in receipt of Mandatory Relief of 80%. The Council has the discretion to 'top-up' this relief to 100% of the business rates due;
- registered Community Amateur Sports Clubs (CASCs) already in receipt of Mandatory Relief of 80%. The Council has the discretion to 'top-up' this relief to 100% of business rates due;
- non-profit making organisations – the Council has the discretion to grant relief of up to 100% of the business rates due;
- property that is in a qualifying rural settlement and is a qualifying food shop, general store, post office, sole public house or sole petrol station already in receipt of Mandatory Relief of 50%. The Council has further discretion to 'top-up' this relief to 100% of the business rates due.
- Discretionary Rate Relief for 'other rural businesses'
- Relief on the grounds of hardship
- Relief for part-occupied premises
- Local discounts and incentives
- Relief for local newspapers

- 2.3 In making decisions about applications the Council may:
- grant relief up to a maximum 100% of the business rates due;
 - grant relief for a sum less than 100% of the business rates due; or
 - refuse any application for full or additional relief
- 2.4 Whilst awards for Mandatory Rate Relief can be backdated for previous financial years, legislation permits Discretionary Rate Relief only to be awarded back to the start of the previous financial year where the application is submitted prior to the end of September in a relevant year.
- 2.5 It is the Council's policy that Discretionary Rate Relief will only be awarded from the date of the application or, in the case of hardship where the hardship occurred at that point in time. Only in the most exceptional circumstances will consideration be given to awarding relief for a prior period. The ratepayer must provide valid reasons for not having submitted their application at an earlier date.
- 2.6 In the majority of cases Discretionary Rate Relief will be granted for a period of two financial years only. Successful applicants will be sent a letter confirming the award of Discretionary Rate Relief. This letter will also explain that the relief has been granted for two financial years only.

3. The Application Process

- 3.1 Applications for relief must be made on the Council's application form. Applicants are encouraged to apply online at www.cherwell.gov.uk Businesses and other organisations needing support or advice on making their application can contact the Council's Business Support Unit on businesssupportunit@cherwellandsouthnorthants.gov.uk
- 3.2 Applications should be submitted with the relevant supporting information which includes:
- details of the applicant's main purposes and objectives (where applicable) as set out in a written constitution, a memorandum of association or membership rules;
 - a full set of audited accounts relating to the two years prior to the date of application. Where audited accounts are not available, projections should be provided instead.

- details of how the organisation meets the relevant criteria detailed in these guidelines.
- 3.3 Any applications which are made without the supporting information will be subject to a decision being made solely on the information that is available at the time of the decision.
- 3.4 As a guide, to be eligible for Discretionary Rate Relief a charity/organisation must not have enough unrestricted funds/reserves available to continue to operate for more than 12 months unless a business plan exists detailing how these additional funds are to be used to benefit the local community.
- 3.5 In exceptional cases, Discretionary Rate Relief will be granted to organisations which have enough financial resources in unrestricted funds/reserves to continue to operate for more than 12 months. This may include charities and community organisations which require a large amount of available resources to sustain the service they deliver to the community. In such cases the applicant must be able to prove it offers a service which the district's residents depend on and which they would be unlikely to find elsewhere in the district.
- 3.6 The Council will aim to make a decision within a maximum of 4 weeks of the application and supporting information being received. Decisions on the award of discretionary rate relief will be taken by the Chief Finance Officer in consultation with the Head of Strategic Planning and the Economy, where applicable. Ratepayers are required to continue to pay business rates whilst their application is being considered. Failure to make payment will result in the Council pursuing collection through the usual enforcement procedures which could result in Court action.
- 3.7 There is no statutory right of appeal against a decision other than by way of judicial review. An unsuccessful applicant may make a request for the authority to review a decision, but only where:
1. Additional information relevant to the application that was not made available at the time the decision was made becomes available.
 2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was made.

A request for review must be within 28 days of notification of the decision and must set out the reasons for the request and any supporting information.

Cases will be reviewed by the Director for Strategy and Commissioning.

3.8 All amounts of relief awarded are subject to the state aid limits as defined by European legislation. Relief will not exceed €200,000 in any 3 year financial period.

3.9 The cost of awarding Discretionary Rate Relief is apportioned as follows:

50% will be funded by Central Government

40% will be funded by Cherwell District Council

10% will be funded by Oxfordshire County Council

In view of the additional cost in awarding discretionary rate relief the Council has determined a Discretionary Rate Relief Policy is introduced to ensure that any award of Discretionary Rate Relief is focused to maximise the benefits to the residents and Council taxpayers of Cherwell District Council.

3.10 Any decision regarding rate relief will be communicated to the applicant in writing. Where the decision is a refusal of the award, reasons for the refusal will be provided in the letter.

3.11 A review of the guidelines will be undertaken every five years in line with the Valuation Office Agency's revaluation cycle, or if Business Rates legislation is amended, or as necessary to ensure it complies with current legislation and Cherwell District Council's priorities.

3.12 The ratepayer must inform the Council immediately of any change in their circumstances which may affect eligibility for relief.

4. Charitable Rate Relief

4.1 Mandatory Rate Relief of 80% is granted to charities where:

- The ratepayer is a charity or the trustees of a charity; and
- the property is wholly or mainly used for charitable purposes (including charity shops where the goods sold are mainly donated and the proceeds are used for the purposes of the charity)

4.2 Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which are excepted from registration or are exempt charities are also eligible for Mandatory Relief.

4.3 In cases where a charity is in receipt of Mandatory Rate Relief of 80% the Council has discretion to grant up to 20% additional Discretionary Rate Relief. This is also known as DRR 'top-up'. The Council will consider applications for Discretionary Rate Relief from charities based on their own merits on a case

by case basis. The principal consideration in awarding the relief is that it is in the best interests of the residents and council taxpayers of the Cherwell district to do so and it produces a local benefit as the Council must contribute to the cost of each award.

4.4 Each case will be assessed on its own merits, but generally top-up Discretionary Rate Relief will only be awarded to the following charities or excepted organisations:

- Scouts, guides, cadets and other clubs and organisations for young people;
- Organisations providing support in the form of advice, employment training and counselling;
- Community schemes including those providing support for those over retirement age, community transport and volunteer organisations;
- Charitable supporting clubs;
- Armed Forces veterans associations;
- Locally based leisure and cultural organisations;

4.5 The following general exclusions will apply:

- 'Top-up' relief will only be granted to local charities (defined as those set up with the sole purpose of assisting residents of the Cherwell district and whose main office is situated in the district);
- unless a special case for financial hardship can be proved, 'top-up' relief to national charities (including charity shops) will not be granted;
- Academy, free, grant maintained, faith and trust schools are classified as charities and therefore receive 80% mandatory relief. 'Top up' relief for schools and education establishments which receive central or local government support should not be granted unless a special case for hardship can be shown.
- 'Top up' relief for Housing Associations will not be granted.

5. Registered Community Amateur Sports Clubs (CASCs)

5.1 Registered Community Amateur Sports Clubs (CASCs) are entitled to 80% Mandatory Relief. The Council will consider applications for Discretionary Rate Relief 'top-up' from CASCs based on their own merits on an application by application basis.

5.2 The Council will consider applications that can demonstrate:

- the contribution the organisation makes to the Cherwell district;
- the club is open to the whole community and its membership fees are not excessive;
- it is a non-profit making organisation;
- evidence that every effort is made by the organisation to encourage open membership from groups such as young people, disabled persons, women and those over retirement age;
- schemes of education and training are provided, particularly for young people, disabled persons, women and those over retirement age;
- evidence that every effort is made by the organisation to encourage open membership from groups such as young people and disabled persons;
- how the CASC supports and links into the Council's priorities.

5.3 The Council will also take into consideration if the building is accessible to disabled people or if reasonable attempts are being made to make it accessible.

5.4 Applications will only be considered where the club has an open access policy. If a club only accepts members who have reached a certain standard, rather than seeking to promote the attainment of excellence by developing sporting aptitude, it does not fulfil the requirements.

5.5 Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are a genuine result of a physical restraint (such as changing room facilities) or the requirements of the sport. In such cases the applicant will be required to provide proof of these factors.

5.6 It should be noted that sports clubs which run a bar are unlikely to be awarded Discretionary Rate Relief if their main purpose is the sale of food and drink. If the sale of food or drink by the organisation aids the overall operation and development of the organisation meaning it achieves its objectives this is

permissible as long as the principal objectives of the organisation meet the eligibility criteria detailed at 5.2. If the bar makes a profit this profit must be reinvested to help the organisation meet its principal objectives. Financial information will be required to evidence any profit and its use.

6. Rate relief for not-for-profit organisations

6.1 Not-for profit organisations which are not classed as registered charities or CASCs can apply for Discretionary Rate Relief of up to 100%. Such organisations include those which are philanthropic, religious, concerned with education or social welfare, science, literature, the fine arts, recreation or are otherwise beneficial to the community.

6.2 The Council will consider applications from organisations which can demonstrate:

- its activities support at least one of the Council's priorities;
- it promotes its service for the benefit of Cherwell District Council's residents;
- membership of the organisation is open to all members of the community regardless of ability;
- the facilities of the organisation are be made available, where practicable, to other bodies and groups;
- operates in such a way that it does not discriminate against any section of the community;
- it is not conducted or established for the primary purpose of profit.

6.3 Membership and entry fees

If the organisation applying for discretionary rate relief requires membership or an entry fee the Council will consider whether:

- Membership is open to everyone regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief;
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community;

- Fee reductions are offered for certain groups for example the under 18s and over 60s;
- Membership is encouraged from the unemployed, young people not in employment, education or training, those of retirement age and people with disabilities.

6.4 Where the applicant organisation requires membership, at least 50% of members should reside within the Cherwell district. Proof of this will be required.

6.5 The organisation must provide a copy of their constitution and copies of the latest two years of audited annual accounts where available.

7. Discretionary Rural Rate Relief

7.1 Mandatory Rural Rate Relief of 50% is awarded to properties within a defined rural settlement which have a population of less than 3,000; this is the Council's rural settlement list which is published by the Council at the end of December each year.

Further, the rateable value of the property must be:

- For a qualifying sole food shop, general store or post office the rateable value must not exceed £8,500.
- For a qualifying petrol filling station or pub the rateable value must not exceed £12,500.

7.2 At the Autumn Statement on 23 November 2016 the Chancellor of the Exchequer confirmed that rural rate relief will double from 50% to 100% from 1 April 2017.

7.3 The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief to take effect from 1 April 2018. However, before the grant mandatory relief comes into force the Government expects local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017.

7.4 Businesses that qualify for Mandatory Rural Rate Relief will automatically have 100% Rural Rate Relief applied to their bill.

7.5 Applications for Discretionary Rate Relief can also be made by any business in a designated rural settlement that doesn't qualify for Mandatory Rural Rate Relief. The rateable value of the property must not be more than £16,500. For example where there are two general stores in a rural settlement, neither would be entitled to Mandatory Rural Rate relief, but both could apply for Discretionary Rural Rate Relief depending on the rateable value threshold.

- 7.4 Discretionary Rural Rate Relief for 'other rural businesses' will be considered where:
- the rateable value of the property is not more than £16,500;
 - the property is used for purposes which are of benefit to the local community;
 - the award of the relief is in the interests of Cherwell district residents and its Council taxpayers.
- 7.5 As a general guide, a ratepayer must have not have enough resources available in unrestricted funds or reserves (i.e. those not being held for a specific purpose) to continue to operate for more than 12 months unless it can show how these additional reserves are to be used to benefit the local community.
- 7.6 The following will also be taken into consideration when assessing an application for Discretionary Rural Rate Relief:
- the number of staff employed by the business who are resident in the community in which the business is located; and
 - whether there are any other suppliers of the goods or services which are easily accessible to residents in the rural settlement.
- 7.7 Every application must be accompanied by the latest trading accounts or equivalent/relevant documentation and evidence as to the proportion of expenditure attributable to rates. In determining the application the Council will give consideration to the financial viability of the business concerned, thereby having regard to the interests of the council taxpayers in general. This will be balanced by the detrimental effect on the rural community should the business have to cease trading either as a direct or indirect result of not awarding relief.
- 7.8 The amount awarded will be up to 50% of the total business rates payable for those businesses already receiving Mandatory Rural Rate Relief. For 'other rural businesses' the amount awarded will be up to 100% of the total business rates payable.

8. Hardship Relief

8.1 The Council has discretion under Section 49 of the Local Government Finance Act 1988 to grant relief of up to 100% where hardship is experienced. Hardship Relief can only be considered if it would be reasonable to do so in the interests of council taxpayers in general.

8.2 Hardship Relief will be awarded where the business is suffering from unexpected hardship which is outside of normal risks associated with the business. Reduction or remission of business rates on the grounds of hardship will only be awarded in exceptional circumstances.

8.3 Hardship Relief is granted at the discretion of the Council which can reduce or remit the amount of business rates due, provided it is satisfied that:

- the ratepayer would sustain hardship if it did not do so; and
- it is reasonable for the Council to do so having regard to the interests of its council taxpayers

8.4 The following factors will be considered in assessing the application:

- the test of hardship needs not be confined strictly to financial hardship. All relevant factors affecting the ability of the business to meet its rates liability will be considered.
- the interests of council taxpayers in the area may be wider than direct financial interests. Examples of this include where employment prospects in the area would be worsened by a company going out of business or the amenities of the area being reduced.
- the ratepayer must provide evidence of hardship, for example a severe loss or marked decline in trade compared to similar periods in previous years.
- the business must be able to show evidence of its viability for the foreseeable future which is considered to be three years for these purposes.

8.5 A business will not be considered for Hardship Relief in the following circumstances:

- where the business is profitable;
- where the business has experienced a minor loss in trade;

- where the drawings/remunerations of directors, partnerships or sole traders are above a 'reasonable' amount;
- where the business is new and Hardship Relief is being requested to fund the initial progression of the business;
- where the property is empty;
- where similar goods or services are already being provided in the same locality or within a reasonable distance.

8.6 Prior to any award being made the business is expected to take action to mitigate or alleviate their hardship by:

- contacting the Council's Economic Growth Team;
- considering other options such as renegotiating with its creditors;
- having in place a business plan to address the hardship

8.7 Applications for Hardship Relief shall be regarded as a last resort and will only be considered after consideration of any other forms of rate relief for which the applicant may be eligible.

8.8 The period and amount of any award will be determined on a case by case basis, but may be up to 100% of the business rates liability.

8.9 Hardship Relief will only be granted for short periods of time and usually up to a maximum of 6 months.

9. Properties partly occupied for a temporary period

9.1 There may be occasions where a property is only partly occupied for a short period of time. This may be due to a business moving in or relocating to a new property. In certain circumstances, the Council may use its discretion to award part occupied relief which is also known as Section 44a relief (Section 44A of the Local Government Finance Act 1988).

9.2 In these circumstances the Council may request that the Valuation Officer apportions the rateable value of the property between the occupied and unoccupied elements.

9.3 Section 44a relief may be awarded in the following circumstances:

- where the occupied and unoccupied parts of the property can easily be separately assessed and
- where there are short term practical or financial difficulties in either occupying or vacating the premises.

- 9.4 The part occupation must be for a temporary period only.
- 9.5 Rate relief will not be awarded where the partial occupation is due to the normal day to day operation of the business for example where a warehouse and despatched a large order and no longer needs to store stock.
- 9.6 For the purposes of this policy a period of up to 6 months will be considered to be temporary. Periods of time exceeding 6 months will be treated as a permanent change and will not be eligible for partly occupied relief.
- 9.7 Relief will not be awarded where it appears to the Council that part of the property is being kept empty for the sole purpose of claiming rate relief.
- 9.8 Prior to an award being made, a visit to the premises will be made by a Council Officer to establish the exact area of the property that is empty. The application must be supported by a plan of the property which clearly marks the boundary of the empty and occupied parts. This plan will be given to the Valuation Officer to apportion the rateable value.
- 9.9 Further visits may be made to the property throughout the duration of the relief to establish that the property is still partly empty.
- 9.10 Further applications for part empty relief may be considered where there is a change to the area of the property that is unoccupied.
- 9.11 Part occupied relief will end if one of the following applies:
- the financial year comes to an end;
 - the end of the award;
 - where part or all of the unoccupied parts become occupied;
 - where the whole of the property becomes unoccupied;
 - where the liability for the property changes;

10. Local discounts and incentives

- 10.1 The Council is able to grant business rates discounts entirely as it sees fit within the limits of the primary legislation and European Rules on state aid.

These powers will generally be used as appropriate to support local shops and other key businesses, but also to complement the strategic priorities and key objectives of the Council including increasing employment at strategic employment sites, investing in town centres and encouraging new business and investment to the district.

- 10.2 Using the general exception from the State Aid rule where the aid is below the 'de minimis' level, the Council will limit awards to a maximum of €200,000 to any one business over any three year period.
- 10.3 Applications will be considered in accordance with section 10.1 and where applicants seeking rate relief in respect of Localism Act powers the application should include information about how the business complements the strategic priorities and key objectives of the Council.

11. Relief for Local Newspapers

- 11.1 The Government announced in the Budget on 16 March 2016 that it will provide relief of up to £1,500 to all office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.

This is a temporary measure to support local newspapers in adapting to technological changes within the industry. The relief is intended to be specifically for local newspapers.

- 11.2 The hereditament must be occupied by a local newspaper and be wholly or mainly used as office premises for journalists and reporters. The relief is specifically for local newspapers which are considered to be "a traditional local newspaper". The relief will not be available to magazines.
- 11.3 The total amount of government-funded relief available under the scheme is £1,500 for 2017-18 and 2018-19. The relief will be applied to the bill after all other reliefs.
- 11.4 Ratepayers that occupy more than one property will be only be entitled to relief on one eligible property.

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From: LG Finance, Policy [<mailto:lgfinance@local.gov.uk>]

Sent: 09 February 2017 10:54

To: Undisclosed recipients:

Subject: Delayed announcement of the 2017/18 Final Local Government Finance Settlement and its implications for setting a budget by 11 March 2017

Dear All,

We emailed you a few days ago to let you know that the debate in the House of Commons on the 2017/18 settlement will not take place before Monday 20 February when Parliament returns from recess. We still do not know when the Department for Communities and Local Government will publish the final settlement.

We have been asked what would happen if the final settlement hasn't been agreed by Parliament prior to a local authority setting its budget. We have referred this to our lawyer who has come back with their legal opinion and this can be found in full below.

In short, there is a duty for **major precepting authorities to issue a precept for 2017/18 before 1 March 2017**. For **other local authorities, there is a duty to set 2017/18 budgets before 11 March 2017**.

There may be consequences if an authority does not set a budget before these dates. An authority still needs to make sure it sets a balanced budget and this can be done on the basis of the provisional settlement if this is the best information available at the time.

We hope this helps but you may wish, of course, to seek your own legal advice.

Full Advice

- The Local Government Finance Act 1992 (LGFA 1992) places a duty on Councils to set a balanced budget with regard to the advice of its Chief Finance Officer (section 151). Section 30(6) LGFA 1992 provides that the council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set, although failure to set a budget within the deadline does not in itself invalidate that budget. However, delays in complying with the duty to set a balanced budget within the deadline may have significant financial administrative and legal implications, including potentially an individual liability for those members who contributed to the failure to set the budget.
- The setting of the budget is a function reserved to full Council, who will consider the draft budget which has been prepared by the Executive (in a Leader and Cabinet or Elected Mayor model). Once the budget has been agreed by full Council, the Executive cannot make any decisions which conflict with it, although virements and year-in-year changes can be made in accordance with the council's financial regulations.
- The Act set out what the council has to base its budget calculations upon. In order to fulfil this duty, the Council must prepare detailed estimates of its expenditure for the coming year and of the resources that will be available to meet this expenditure. Account must be taken of any deficit brought forward from a previous year and the amount needed to cover contingencies. The resources include income from rents, fees and charges and any available balances. All of these issues must be addressed in the budget report. The estimation of the detailed resource and expenditure items is

the main reason for the budget process. The budget must balance, i.e. proposed expenditure must be met from proposed income from all sources, with any shortfall being the precept on the Collection Fund.

- If a budget is not set, s.66 LGFA 1992 provides that the failure or delay to or in setting the council tax can only be challenged by an application for judicial review, with either the Secretary of State or any other person with sufficient interest (which potentially could include a council taxpayer) able to apply.
- Thus failure to make a lawful Council Tax on or before 11th March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax.
- Section 40 deals with the issue of precepts by major precepting authorities. (1) For each financial year a major precepting authority shall issue a precept or precepts in accordance with this section. (5) A precept under this section must be issued before 1st March in the financial year preceding that for which it is issued, but is not invalid merely because it is issued on or after that date
- Councils are under a general duty (Section 151 of the Local Government Act 1972) to make arrangements for 'the proper administration of their financial affairs'.
- Information must be published and included in the Council Tax demand notice. Regulations require charging authorities to issue demand notices in a form and with contents as prescribed by these regulations.
- Whether or not it sets a budget, authorities have a legal duty to provide a range of statutory services and these duties are not absolved if the budget is set late. Most councils must also consider the impact on precepting authorities such as the Fire Service and the Police, to whom the council will have to pay the monies due whether or not it has collected them through council tax.
- Councils are also required (Section 65 of the 1992 Act) to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

Is it reasonable for Councils not to set a balanced budget with the statutory deadline due to lack of a late announcement of the final settlement from Central Government?

Taking into account the duty on LA's to set a balanced budget, councils should in these circumstances set a budget within the deadline by using best available information to them. Care must however be exercised to ensure that they do not set a deficit budget i.e. one which does not cover all anticipated expenditure with resources reasonably expected to be available which is unlawful. Where these best estimates include sums for unallocated savings or unidentified expectations of income, extreme care must be taken to ensure that the estimates are reasonable and realistic and do not reflect an unlawful intention to incur a deficit.

Kind regards

Local Government Finance
Local Government Association

Email lgfinance@local.gov.uk

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Cherwell District Council

Council

20 February 2017

<p>Calculating the amounts of Council Tax for 2017/18 and setting the Council Tax for 2017/18</p>
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Report of Chief Finance Officer

This report is public

Purpose of report

To detail the Calculations for the amounts of Council Tax for 2017/18 and the setting of Council Tax for 2017/18.

1.0 Recommendations

It is recommended that the Council resolves:-

- (1) That it be noted that at the Executive meeting held on 9 January 2017 the Council calculated the Council Tax Base 2017/18:
 - a) for the whole Council area as 51,639.5 [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 2017/18 (excluding Parish Precepts and Special Expenses) is £6,377,478.
- (3) That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:-
 - a) £79,667,229 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) £68,589,401 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

£11,077,828 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(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).

- c) £214.52 being the amount at 3(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);
 - d) £4,700,350 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.
 - e) £123.50 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T(1(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 2017/18 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	897.06	113.52
B	1,046.57	132.44
C	1,196.08	151.36
D	1,345.59	170.28
E	1,644.61	208.12
F	1,943.63	245.96
G	2,242.65	283.80
H	2,691.18	340.56

- (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 2017/18 for each part of its area and for each of the categories of dwellings.
- (6) The Council's basic amount of Council Tax for 2017/18 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.
- (7) To approve the discounts and exemption set out below:
 - 1 Agree that in respect of properties within Class A and B as defined by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (furnished chargeable dwelling that are not the sole or a main residence of an individual) the discount

provided by Section 11a of the Local Government Finance Act 1992 shall be zero.

- 2 Agree that in respect of properties within Class C as defined by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (a property that is unoccupied and substantially unfurnished) the discount provided by the Section 11A of the said Act shall be 25% for a period of 6 months and thereafter zero.
- 3 Agree that in respect of properties within Class D as defined by the said Regulations (chargeable dwellings that are vacant and undergoing major repair work to render them habitable) the discount provided by Section 11A of the said Act shall be 25%
- 4 Agree no council tax discount shall be applied to dwellings that are unoccupied and unfurnished for more than two years and that council tax payable on such properties is 150% (except for those properties which fall into prescribed Classes E and F).

2.0 Introduction

- 2.1 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.
- 2.2 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.
- 2.3 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.

3.0 Report Details

Background Information

- 3.1 The Localism Act 2011 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 2017/18 is not excessive. This covers the requirements of Chapter 4ZA Local Government Finance Act 1992 – Referendums relating to Council Tax increases.
- 3.2 The Executive at its 6 February 2017 meeting recommended a Council Tax of £123.50 at Band D.
- 3.3 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. Appendices 1 and 2 will follow, as all of the information to generate the figures is not yet available. Final Government grant figures have been delayed and precepts are being finalised.

- 3.4 The average parish council tax levy is £91.02. This compares to £88.47 in 2016/17, an increase of 2.9%.
- 3.5 The precept figures included for Police and Crime Commissioner for Thames Valley were approved on 24 January 2017 and the precept figures included for Oxfordshire County Council are subject to approval on 14 February 2017. 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.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This is a statutory report calculating and setting the Council Tax for Cherwell District Council for 2017/18.

5.0 Consultation

Cllr Ken Attack – Lead Member for Financial Management Cllr Attack is content with the report and supportive of the recommendations contained within it.

6.0 Alternative Options and Reasons for Rejection

- 6.1 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.

The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To fail to consider this report and fail to meet the deadline prescribed in the Local Government Finance Act 1992 as detailed above.

7.0 Implications

Financial and Resource Implications

- 7.1 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:

George Hill, Corporate Finance Manager, 01295 221731

george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 It is the legal responsibility for the Council to set an agreed Council Tax by 11 March under section 31A of the Local Government Finance Act 1992. Council tax setting legally requires a recorded vote.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107

kevin.lane@cherwellsouthnorthants.gov.uk

Risk management

- 7.3 Risk assessment – this report assumes that the estimates recommended for approval by the Executive, at its meeting held on 6 February 2017, are adopted by the Council.

Comments checked by:

Caroline French, Corporate Policy Officer, 01295 221786

caroline.french@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 There are no issues arising directly from this report.

Comments checked by:

Caroline French, Corporate Policy Officer, 01295 221786

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Atack – 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. – To Follow
2	Council Tax Setting required by Section 30 of the 1992 Act. – To Follow
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
Contact Information	0300 0030106 paul.sutton@cherwellandsouthnorthants.gov.uk

Cherwell District Council

Council

20 February 2017

<p>Appointment of Interim Head of Paid Service, Interim Returning Officer and Interim Electoral Registration Officer</p>

Report of Chief Executive

This report is public

Purpose of report

To appoint an Interim Head of Paid Service, Interim Returning Officer and Interim Electoral Registration Officer.

1.0 Recommendations

The meeting is recommended:

- 1.1 That in accordance with Section 4 of the Local Government and Housing Act 1989 Ian Davies be appointed as Interim Head of Paid Service for Cherwell District and South Northamptonshire Councils with effect from 13 March 2017.
- 1.2 That, in accordance with Section 8 of the Representation of the People Act 1983 and all related legislation, and with effect from 13 March 2017, Paul Sutton be appointed as Interim Electoral Registration Officer for Cherwell District and South Northamptonshire Councils;
- 1.3 That, in accordance with Section 35 of the Representation of the People Act 1983 and all related legislation, and with effect from 13 March 2017, Paul Sutton be appointed as Interim Returning Officer for Cherwell District and South Northamptonshire Councils with authority to act in that capacity for elections to the Council and all parish and town councils within the area of both councils;
- 1.4 That Paul Sutton be also appointed or authorised to act in respect of all related electoral, polling or referendum duties, including in relation to County Council elections, elections to the European Parliament, and for national and regional polls or referendums and be authorised to exercise all delegated powers of the Returning Officer and Electoral Registration Officer as set out in the constitution.
- 1.5 That, in relation to the duties of Returning Officer or any other electoral, referendum or polling duties arising from such appointment, the Returning Officer shall be entitled to be remunerated in accordance with the scale of fees approved from time

to time by Council for local elections, or the relevant scale of fees prescribed by a Fees Order in respect of national, regional or European Parliament elections, polls or referendums.

- 1.6 That in all cases where it is a legal requirement or normal practice to do so, the Returning Officer may elect for such fees to be superannuable, and the Council shall pay the appropriate employer's contribution to the superannuation fund, recovering such employer's contributions from central government or other local authorities or agencies where this can be done.
- 1.7 That, in relation to the conduct of local authority elections and polls, and elections to the United Kingdom Parliament, and all other electoral duties where the Councils are entitled by law to do so, they shall take out and maintain in force insurance indemnifying the Councils, the Electoral Registration Officer and the Returning Officer against legal expenses reasonably incurred in connection with the defence of any proceedings brought against the Councils, Electoral Registration Officer or the Returning Officer and/or the cost of holding another election in the event of the original election being declared invalid (provided that such proceedings or invalidation are the result of the inadvertent contravention of the Representation of the People Acts or other legislation governing the electoral process, and (provided that, in the case of the Electoral Registration Officer and the Returning Officer, such proceedings or invalidation arise from an act or omission which the Officer reasonably believes is within the Officer's powers).
- 1.8 That, in the event of such insurance carrying an 'excess' clause by which an initial portion of risk is not insured, the Councils, through their internal insurance fund or otherwise, will indemnify the Electoral Registration Officer and Returning Officer up to the value of such excess.
- 1.9 That the Councils note their duty to provide support to the Electoral Registration Officer and Returning Officer
- 1.10 That the Joint Commissioning Committee be asked to consider the payment of an honorarium to the interim Chief Executive, in recognition of the additional responsibilities and duties of the role.

2.0 Introduction

Sue Smith, Chief Executive will leave the Councils on 12 March 2017. As Chief Executive, Sue is also appointed as Head of Paid Service, Returning Officer and Electoral Registration Officer. In order to comply with legislation the councils must ensure they appoint to these roles on an interim basis pending the recruitment and appointment of a new shared Chief Executive.

3.0 Report Details

Interim Head of Paid Service

- 3.1 Section 4 of the Local Government and Housing Act 1989 requires every relevant authority to 'designate' one of their officers as Head of Paid Service. The Council's

constitution designates this post holder as Chief Executive. Since February 2011 the shared Chief Executive and Head of Paid Service roles have been held by Sue Smith.

- 3.2 In consultation with the Leaders of the Council, the current Chief Executive has approached Ian Davies and asked him to take up this position until a new Chief Executive is appointed. The job description for the Chief Executive designates the Chief Executive as Head of Paid Service for both Councils and both Councils will need to make these appointments at the appropriate time.
- 3.3 Ian Davies has been a shared strategic director since 2011 and previously was a director at Cherwell District Council. Ian Davies was previously appointed as Interim Head of Paid Service for Cherwell District Council in 2010 following the departure of the former Chief Executive and held this position until the appointment of Sue Smith as shared Chief Executive in 2011.
- 3.4 The Interim Head of Paid Service will appoint a deputy when appointed; the current appointee is Paul Sutton, Chief Finance Officer.
- 3.5 Pay and conditions for members of the Joint Management Team are a matter for the Joint Commissioning Committee (JCC). It is recommended that JCC be asked to consider the payment of an honorarium to the interim Chief Executive, in recognition of the additional responsibilities and duties of the role.

Interim Returning Officer and Electoral Registration Officer

- 3.6 Both Cherwell District and South Northamptonshire Councils have a statutory responsibility to appoint a Returning Officer and Electoral Registration Officer.
- 3.7 The positions of Returning Officer and Electoral Registration Officer are a personal responsibility on the officer concerned. In other words, the appointments are separate from appointment as an Officer of the Councils. In carrying out each role the Officer concerned is accountable to his or her statutory responsibility, not to the Councils that are their main employer. For that reason, the provisions in the appointing resolutions need to be more explicit than would be the case with ordinary appointments.
- 3.8 It should be noted that whilst these are separate appointments the councils have a duty to provide support to the appointee as set out below:

Assistance for Electoral Registration Officers

- 3.9 In England a district council or London borough council is required to assign such officers to assist the registration officer (ERO) as may be required for carrying out his functions under the 1983 Act (section 52(4) of the 1983 Act, as substituted by Schedule 4 to the 1985 Act).

Assistance for Returning Officers

- 3.10 Section 28(5) of the 1983 Act (as amended by paragraph 6(b) of Schedule 4 to the Act of 1985 and Schedule 16 to the 1994 Act) permits district councils and London borough councils in England to assign officers of the council to assist the RO/ARO in carrying out all or any of his duties at an election.

- 3.11 The posts of Returning Officer and Electoral Registration Officer have been held by the Chief Executive, Sue Smith since May 2011, which is the arrangement at the majority of local authorities. From 13 March 2017 the Councils will not have a permanent Chief Executive, pending the recruitment and appointment of a new Chief Executive.
- 3.12 In consultation with the Leaders of the Council, the current Chief Executive has approached Paul Sutton and asked him to take up these positions until a new Chief Executive is appointed. The job description for the Chief Executive designates the Chief Executive as the Electoral Registration Officer and Returning Officer for both Councils and both Councils will need to make these appointments at the appropriate time.
- 3.13 Paul Sutton has been involved in the delivery of previous elections at Cherwell, South Northamptonshire and previously Kettering Borough Council. He has previously acted as a polling station inspector and as count manager last year and is experienced with regards to election counts. What is more, all elections run by this Council are now delivered on a corporate basis by an elections project board and it is felt that Paul Sutton's experience in corporate working will be an asset in continuing to deliver elections in this way. Paul Sutton will attend a training course for new Returning Officers prior to taking up this post.
- 3.14 The Returning Officer when appointed will appoint a Deputy Returning Officer. The appointee is currently James Doble, Assistant Director – Transformational Governance.
- 3.15 The position of Deputy Electoral Registration Officer is separately appointed by Council and the current appointee is James Doble, Assistant Director – Transformational Governance.

4.0 Conclusion and Reasons for Recommendations

- 4.1 It is believed that the recommendations set out above provide a pragmatic solution for the Councils, which will help to ensure that the Head of Paid Service, Returning Officer and Electoral Registration Officer roles are delivered consistently and to a high standard pending the recruitment and appointment of a new shared Chief Executive.

5.0 Consultation

- 5.1 Consultation has taken place with the Leaders of both councils. Both Ian Davies and Paul Sutton have confirmed that should council wish to appoint them to they would carry out these roles.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

To make alternative appointments as Interim Head of Paid Service, Returning Officer and Electoral Registration Officer from either the staff of the Council or from outside the Council. It is believed that the proposed appointees present the best solution for the council at this time.

7.0 Implications

7.1 Financial and Resource Implications

There is no remuneration for the roles of Head of Paid Service or Electoral Registration Officer. The election fees for the Returning Officer are met from existing council budgets, external funders such as the County Council and external government grant.

Comments checked by:

Denise Taylor, Deputy S151 Officer and Group Accountant

denise.taylor@cherwellandsouthnorthants.gov.uk Telephone 01295 221982

7.2 Legal Implications

Local authorities have a duty under the Local Government and Housing Act 1989 to designate one of their officers as the head of their paid service. This post is one of three statutory appointments (the others being the section 151 officer and the monitoring officer) that every local authority is required to make. The Council must therefore ensure that such appointment is made so that a Head of Paid Service is in place for the period from the departure of the Chief Executive until a new permanent Chief Executive and Head of Paid Service is in post.

It is a legal requirement that the council appoints a Returning Officer and Electoral Registration Officer. The recommendations set out in this report meet this requirement.

Pursuant to section 113 of the Local Government Act and their associated agreement between the Cherwell District and South Northamptonshire Councils (as varied) it is permissible for an individual to be an officer of both the employing Council and the other Council for the purposes of these shared appointments.

Comments checked by:

Kevin Lane, Head of Law and Governance – 0300 0030107

kevin.lane@cherwellandsouthnorthants.gov.uk

7.3 Risk Implications

The principal risks associated with these appointments are all on the Officer who holds them. The risks to the Councils are that without making adequate provision to remunerate, train and indemnify that Officer it may fail to identify a person prepared to undertake these statutory tasks or, having made such an appointment, run the reputational risk associated with a successful legal challenge that exposes the Officer to significant financial loss as a result of a failure of the Councils to do what is lawful and appropriate

Comments checked by:

Ed Bailey Corporate Performance Manager - 01295 221605
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8.0 Decision Information

Wards Affected

None directly

Links to Corporate Plan and Policy Framework

Not applicable

Lead Councillor

None

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	James Doble, Assistant Director – Transformational Governance
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Cherwell District Council

Council

20 February 2017

Community Governance Review Update

Report of Chief Executive

This report is public

Purpose of report

To provide an update on the Community Governance Review (CGR) being undertaken.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the update.

2.0 Introduction

- 2.1 The Terms of Reference for the current Community Governance Review were published on 3 January 2017, marking the official start of the review.

3.0 Report Details

- 3.1 The main element of this review is the request from Upper Heyford to separate the existing parish into two, with the village forming one parish and the area known as Heyford Park forming another.
- 3.2 On 16 January 2017 a consultation period opened for residents of Upper Heyford. A consultation document was produced, which outlined what the Council had been asked to do, and delivered to every house in the parish.
- 3.3 The document included a short questionnaire, asking residents if they agreed with the proposed split, what they thought of the proposed boundary, and if they had any suggestions for names for the new parishes in the event of a split.
- 3.4 A reply paid envelope was included with the document, to encourage people to respond. An online version of the survey has also been made available, for those people who may wish to reply electronically. All information is also available on a

dedicated page of the Cherwell website, at www.Cherwell.gov.uk/communitygovernance

- 3.5 The consultation is open until 17 March 2017. At the time of writing, 129 responses had been received.
- 3.6 The outer boundary of the parish will also need to be reviewed during the review, as the existing boundary doesn't conform to current boundary principles.
- 3.7 Somerton and Ardley with Fewcott Parish Councils have been contacted and asked to comment on the proposals, as the parishes which share boundaries with Upper Heyford.
- 3.8 Once the consultation has closed, the Community Governance Review working group will meet and discuss all consultation responses, before formulating recommendations to be considered by full Council in May 2017.
- 3.8 With regard to the five Parish Councils that requested a review of numbers – Fritwell, Stratton Audley, Tadmarton, Weston-on-the-Green and Yarnton - formal consultation will be carried out at the next stage of the review, from 19 June 2017.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Cherwell District Council committed to undertake a further CGR relating to Upper Heyford at the conclusion of the previous review in 2013.

5.0 Consultation

- 5.1 Currently ongoing with residents of Upper Heyford.

6.0 Alternative Options and Reasons for Rejection

- 6.1 There are no alternative options, this report is for information only.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Paul Sutton, Chief Finance Officer, 0300 0030106,
paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 The Council is empowered to undertake a Community Governance Review by the Local Government and Public Involvement in Health Act 2007. In undertaking the review it must take steps to ensure that the outcome of the review reflects the identities and interests of the area being reviewed and the need to ensure effective and convenient community governance. Statutory guidance on the process can be found at <https://www.gov.uk/government/publications/community-governance-reviews-guidance>

Comments checked by:

Kevin Lane, Head of Law and Governance – 0300 0030107
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8.0 Decision Information

Wards Affected

Fringfords and Heyfords

Links to Corporate Plan and Policy Framework

N/A

Lead Councillor

None

Document Information

Appendix No	Title
None	
Background Papers	
None	
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