

Council



Listening Learning Leading

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Date: 5 October 2016

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Summons to attend a meeting of Council

to be held on

THURSDAY 13 OCTOBER 2016 AT 6.45 PM

at

**THE FOUNTAIN CONFERENCE CENTRE, HOWBERY PARK,
CROWMARSH GIFFORD**

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MARGARET REED
Head of Legal and Democratic Services

Note: Please remember to sign the attendance register.

Agenda

Map

A map showing the location of Howbery Park is attached, as is a plan showing the location of the Fountain Conference Centre on the Howbery Park site.

1 Apologies

2 Declaration of disclosable pecuniary interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

3 Minutes of the previous meeting (Pages 6 - 10)

To adopt and sign as a correct record the minutes of the Council meeting held on 21 July 2016 (attached).

4 Chairman's announcements

To receive any announcements from the chairman.

5 Questions from the public and public participation

Any statements or questions from the public will be made at the meeting.

6 Questions under Council procedure rule 34

No questions submitted under Council procedure rule 34.

7 Sonning Common Neighbourhood Plan (Pages 11 - 14)

On 6 October 2016 Cabinet will consider a report on the adoption of the Sonning Common neighbourhood plan as part of the Development Plan for South Oxfordshire.

The report of the head of planning, which Cabinet will consider on 6 October, is attached.

The recommendations of Cabinet will be circulated to councillors on 7 October.

8 Treasury management outturn 2015/16 (Pages 15 - 36)

Cabinet, at its meeting on 6 October 2016, will consider a report on the outturn performance of the treasury management function for the financial year 2015/16.

The report of the head of finance, which Cabinet will consider on 6 October, is attached.

The recommendations of Cabinet will be circulated to councillors on 7 October 2016.

9 OxLEP Strategic Economic Plan (Pages 37- 42)

At its meeting on 6 October 2016 Cabinet will consider a report on the OxLEP Strategic Economic Plan (SEP). As part of that report Cabinet will consider the Joint Scrutiny Committee request that Cabinet defer its response to the SEP pending its consideration by Council. If Cabinet agree to this request Council will be invited to consider the SEP.

The report of the interim head of development, regeneration and housing, which Cabinet will consider on 6 October, is attached.

10 Report of the Leader of the council

To receive any updates from the Leader of the council.

11 Motions under Council procedure rule 41

No motions submitted under Council procedure rule 41.

12 Exclusion of the public including the press

To consider whether to exclude members of the press and public from the meeting for the following item of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 5, Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

13 Application of restrictions imposed by Section 157 of the Housing Act 1985 in South Oxfordshire - consideration of the local government ombudsman's report (Pages 43 - 129)

At its meeting on 26 September 2016 the joint audit and governance committee considered the further report of the local government ombudsman on two complaints from South Oxfordshire residents concerning a restriction on the sale of properties under s157 of the Housing Act 1985.

The committee resolved not to accept the local government ombudsman's recommendations and to refer them to Council for consideration.

The confidential report considered by the committee at its meeting on 26 September 2016 is attached.

MARGARET REED

Head of Legal and Democratic Services



Birmingham airport


B4009 Watlington
M40 J6

A4074 Oxford


A4130 Didcot




Sat Nav: OX10 8BA


Brightwell

Benson

Wallingford

Centre for Ecology & Hydrology
South Oxfordshire District Council

Crowmarsh Gifford

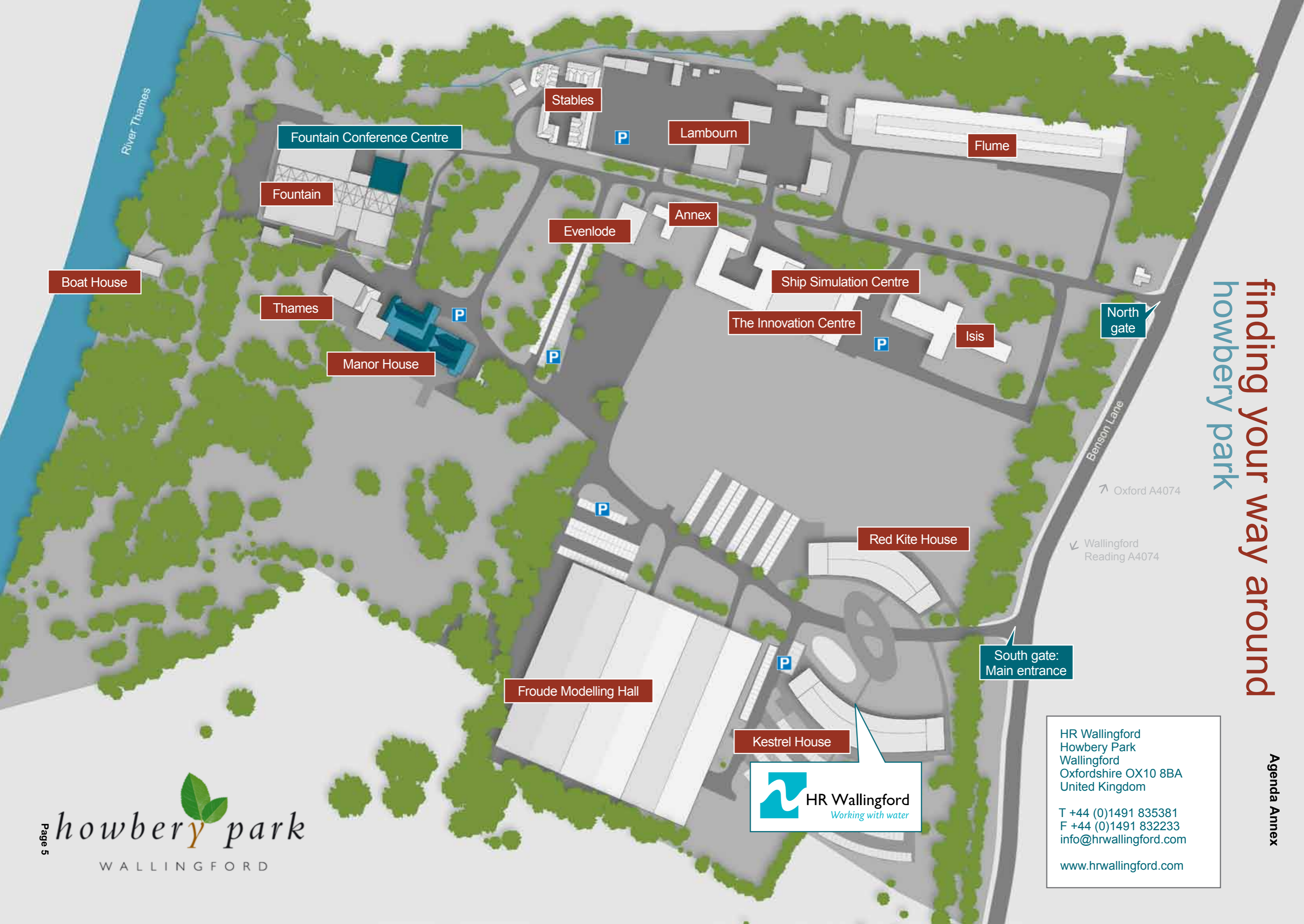
A4130 Henley
M40 J4 

A4074 Reading


London Heathrow


Agenda Annex

finding your way around
howbery park



North gate

South gate:
Main entrance

↑ Oxford A4074

↓ Wallingford Reading A4074

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Minutes

OF A MEETING OF

Council



Listening Learning Leading

HELD AT 6.45 PM ON THURSDAY 21 JULY 2016

AT THE FOUNTAIN CONFERENCE CENTRE, HOWBERY PARK,
CROWMARSH GIFFORD OX10 8BA

Present

Paul Harrison (Chairman)

Anna Badcock, Charles Bailey, Joan Bland, Felix Bloomfield, Kevin Bulmer, Nigel Champken-Woods, Steve Connel, John Cotton, Margaret Davies, Pat Dawe, Anthony Dearlove, David Dodds, Stefan Gawrysiak, Elizabeth Gillespie, Stephen Harrod, Elaine Hornsby, Lynn Lloyd, Imran Lokhon, Jeannette Matelot, Anthony Nash, Toby Newman, David Nimmo-Smith, Richard Pullen, Bill Service, Alan Thompson, John Walsh and Ian White

Apologies:

Will Hall, Tony Harbour, Lorraine Hillier, Sue Lawson, Jane Murphy, Robert Simister, David Turner and Margaret Turner

Officers: David Buckle, Steven Corrigan, Margaret Reed and Sally Truman

15 Minutes of the previous meeting

RESOLVED: to approve the minutes of the annual meeting of Council held on 12 May 2016 as a correct record and agree that the chairman sign them as such.

16 Declaration of disclosable pecuniary interest

None.

17 Chairman's announcements

The chairman provided housekeeping information.

At the request of the chairman Council formally put on record its thanks to David Buckle for his hard work for the council and wished him well for the future. He reminded councillors that they would have the opportunity to say farewell at a future event.

18 Questions from the public and public participation

None.

19 Questions under Council procedure rule 34

None.

20 Review of the council's constitution

Council considered the report of the head of legal and democratic services on proposed changes to the council's constitution.

Following further feedback received from the Joint Constitution Review Group she proposed the deletion of the following words from the proposed delegation to the head of planning set out in 1.1 (a):

“and the request is agreed by the chairman or, in their absence, the vice chairman in consultation with the head of planning. (This request must be in writing and deal with the planning issues to ensure that the audit trail for making that decision is clear and unambiguous)”.

RESOLVED: to

1. note the further work done by the Joint Constitution Review Group and the intention to bring forward further revisions of the council's constitution for consideration by Council;
2. note the ongoing overall approach of the review group to develop “mirror” constitutions with Vale of White Horse District Council and commonality of wording where possible;
3. approve the revised contracts procedure rules attached as appendix one to the report of the head of legal and democratic services to the Council meeting on 21 July 2016 for inclusion in the constitution with effect from 1 August 2016;
4. approve the revised scheme of delegation to officers attached as appendix two to the report of the head of legal and democratic services to the Council meeting on 21 July 2016 for inclusion in the constitution with effect from 1 August 2016 subject to the deletion of “and the request is agreed by the chairman or, in their absence, the vice chairman in consultation with the head of planning. (This request must be in writing and deal with the planning issues to ensure that the audit trail for making that decision is clear and unambiguous)” from delegation 1.1 (a) to the head of planning;
5. authorise the head of legal and democratic services to update the proper officer and authorised officer appointments section of the constitution to reflect the revised scheme of delegation;
6. approve the councillors' planning code of practice attached as appendix three to the report of the head of legal and democratic services to the Council meeting on 21 July 2016 for inclusion in the constitution with effect from 1 August 2016;
7. approve the revised petition scheme attached as appendix four to the report of the head of legal and democratic services to the Council meeting on 21 July 2016 for inclusion in the constitution with effect from 1 August 2016;
8. authorise the head of legal and democratic services to make any minor or consequential amendments to the constitution for consistency and to reflect the councils' style guide.

21 Appointment of electoral registration officer and returning officer

Council considered the report of the head of legal and democratic services on the appointments of the council's electoral registration officer and returning officer with effect from 1 September 2016.

RESOLVED:

1. that in terms of the Representation of the People Act 1983 and all related legislation, with effect from 1 September 2016, to appoint David Hill as electoral registration officer and to reappoint Margaret Reed as deputy electoral registration officer;
2. that in terms of section 41 of the Local Government Act 1972 and all related legislation, with effect from 1 September 2016, to appoint David Hill as returning officer, with authority to act in that capacity for elections to the councils and all or any parish and town councils within the councils' areas;
3. to authorise the councils' electoral registration officer to act in respect of all related electoral, poll or referendum duties, including in relation to county council elections, elections to the European Parliament and national, regional and local polls or referendums;
4. that in relation to the duties of returning officer or any other electoral, referendum or polling duties arising from such appointment, to remunerate the returning officer for local elections, polls or referendums in accordance with the scale of fees approved from time to time by the councils and to note that the returning officer will be entitled to the relevant scale of fees prescribed by a fees order in respect of national, regional or European Parliament elections, polls or referendums;
5. that in all cases where it is a legal requirement or normal practice to do so, the fees paid to the returning officer shall be superannuable and that South Oxfordshire District Council as the employing authority 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;
6. 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, the councils shall take out and maintain in force insurance indemnifying the councils and the returning officer against legal expenses reasonably incurred in connection with the defence of any proceedings brought against the councils 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 accidental contravention of the Representation of the People Acts or other legislation governing the electoral process, or accidental breach of any ministerial or other duty by the returning officer or any other person employed by or officially acting for him in connection with the election or poll);
7. that in the event of such insurance carrying an 'excess' clause by which an initial portion of risk is not insured, the councils will indemnify the returning officer up to the value of such excess.

22 Application for voluntary redundancy

Council considered the confidential report of the chief executive on a request for voluntary redundancy. The report and recommendation of the Joint Staff Committee were circulated to all councillors on 12 July 2016.

Lynn Lloyd, Chairman of the Joint Staff Committee, advised that in light of plans to implement a slimmer and flatter management structure and in the expectation that the role of strategic director is highly unlikely to remain in the revised structure, Steve Bishop had asked that he be made redundant as of 31 December. As required by the council's officer employment procedure rules, all Cabinet members had been consulted about the recommendation. No objection was received. Vale of White Horse District Council had agreed the request at its Council meeting on 20 July 2016.

At the request of the chairman Council formally put on record its thanks to Steve Bishop for his hard work for the council and wished him well for the future. Over the last two years he had been instrumental in driving forward the five councils partnership with all the benefits that this is due to deliver shortly.

RESOLVED:

To agree to the voluntary redundancy of Steve Bishop effective from 31 December 2016.

23 Report of the Leader of the council

The Leader of the council provided the following updates:

- The Local Plan - preferred options were out for consultation. He asked councillors to encourage the public to respond to the consultation and/or attend one of the community exhibitions.
- Unitary status – the Oxfordshire authorities had issued a joint statement marking a pause in plans for consultation on unitary status proposals in light of national developments (new prime minister, new secretary of state and Brexit). Publication of the reports had been postponed. The Oxfordshire councils had agreed to discuss areas of common ground, assess potential options and seek to agree a way forward building on the work done to date.
- He had recently signed an open letter encouraging the Government to make a decision in respect of a further runway at Heathrow Airport. He did this in his personal capacity. His comments were not intended to reflect a formal council view.
- The first of this year's parish council forums was well received. He encouraged councillors to seek feedback from their parish councils on the format of the event.

He thanked David Buckle, Chief Executive, for his valuable support during his time as leader and wished him well for his retirement.

24 Motions under Council procedure rule 41

Mr Paul Harrison moved and Mr Stefan Gawrysiak seconded the following motion:

We are proud to live in a diverse and tolerant society. We believe that hate crimes have no place in our country, whether they are based on race, religion, sexual orientation, age, disability or gender identity. South Oxfordshire District Council

condemn racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable.

We reassure all people living in South Oxfordshire that they are valued members of our community.

RESOLVED:

That we are proud to live in a diverse and tolerant society. We believe that hate crimes have no place in our country, whether they are based on race, religion, sexual orientation, age, disability or gender identity. South Oxfordshire District Council condemn racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable.

We reassure all people living in South Oxfordshire that they are valued members of our community.

The meeting closed at 7:10pm

Chairman

Supplementary Papers



Listening Learning Leading

Contact Officer: Steve Culliford
Tel: 01235 422522

FOR THE MEETING OF

Cabinet

held on Thursday 6 October 2016 at 6.00 PM
in the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Open to the public including the press

- 10 **Sonning Common Neighbourhood Plan** (Pages 2 - 4)
 To consider the head of planning's report.

Cabinet Report



Listening Learning Leading

Report of Head of Planning

Author: Simon Rowberry

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Wards affected: Sonning Common

Cabinet member responsible: Councillor John Cotton

Tel: 07796 951968

E-mail: leader@southoxon.gov.uk

To: CABINET

Date: 6 October 2016

Sonning Common Neighbourhood Development Plan

Recommendation

That, following the outcome of the referendum on 29th September 2016, Cabinet recommends to Council that the Sonning Common Neighbourhood Development Plan be made.

Purpose of Report

1. This report sets out the result of the referendum into the Sonning Common Neighbourhood Plan held on 29th September 2016 and sets out the next steps required to “make” the plan.

Corporate Objectives

2. The making of the Sonning Common Neighbourhood Development Plan furthers the following corporate objective:

We will facilitate sustainable communities by:

- *Strongly supporting the development of neighbourhood plans for our towns and villages*

Background

3. Sonning Common Parish Council, as the qualifying body, successfully applied for the parish of Sonning Common and including areas within Kidmore End and Rotherfield Peppard, to be designated as a Neighbourhood Plan Area, under the Neighbourhood Planning (General) Regulations (2012). Following a six-week consultation, the area was designated 25 October 2013.
4. Following the submission of the Sonning Common Neighbourhood Plan Examination Version ('the Plan') to the Council, the plan was publicised and comments were invited from the public and stakeholders. The consultation period closed on 17 March 2016.
5. South Oxfordshire District Council appointed an independent Examiner, Nigel McGurk, to review whether the plan met the basic conditions as set out in paragraph 8(2) of Schedule 4B of the Town and Country Planning Act 1990, and whether the plan should proceed to referendum.
6. The Examiner's Report concluded that the plan meets the Basic Conditions, and that subject to the modifications proposed in his report and which are set out in the Sonning Common Neighbourhood Plan Decision Statement of 29 July 2016 that the plan should proceed to referendum.
7. Modifications were made to form a referendum version of the plan.
8. To meet the requirements of the Localism Act 2011 the referendum posed the question: 'Do you want South Oxfordshire District Council to use the Neighbourhood Plan for the Sonning Common Area to help it decide planning applications in the neighbourhood area'.
9. The referendum was held on Thursday 29th September 2016. The voting was as follows:
 - Votes cast 1429
 - 47.6% turnout
 - Votes Yes to NDP : 1,344
 - Votes No to NDP : 82
 - Spoilt or not clear : 3
 - Therefore: Yes is 94% and No 6 % of votes cast.
10. The referendum outcome is therefore clearly in favour of making the Sonning Common Neighbourhood Plan.
11. Cabinet is therefore requested to formally recommend to Council on 13 October 2016 that the Sonning Common Neighbourhood Development Plan be made.

Options

12. Paragraph 38A (4)(a) of the Planning and Compulsory Purchase Act 2004 as amended requires that the Council must make the neighbourhood plan if more than half of those voting have voted in favour of the plan. This requirement has been met.

Financial Implications

13. There are no direct financial implications arising from this report.

Legal Implications

14. There are no direct legal implications arising from this report.

Risks

15. None are identified.

Other implications

16. None are identified.

Background Papers

None

Joint Audit and Governance Committee, Cabinet, Council



Report of Head of Finance

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SODC cabinet member responsible: Councillor Jane Murphy

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VWHDC cabinet member responsible: Councillor Matthew Barber

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To: Joint Audit and Governance Committee

DATE: 4 July 2016 by Joint Audit and Governance Committee

6 Oct 16(S) / 12 Aug 16 (V) by Cabinet

13 Oct 16 (S) / 12 Oct 16 (V) by Council

Treasury Outturn 2015-16

That Joint Audit and Governance Committee:

1. notes the treasury management outturn report 2015/16,
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and
3. make any comments and recommendations to Cabinets as necessary.

That Cabinet:

Considers any comments from Joint Audit and Governance Committee and recommends Council to:

1. approve the treasury management outturn report for 2015/16;
2. approve the actual 2015/16 prudential indicators within the report.

Purpose of report

1. This report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities and that the councils' prudential indicators are reported to the councils at the end of the year. The report provides details of the treasury activities for the financial year 2015/16.
2. This complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Practice on Treasury Management (revised) 2009.

Strategic objectives

3. Effective treasury management is required in order to meet our strategic objective of managing our business effectively. Managing the finances of the authorities in accordance with the treasury management strategy will help to ensure resources are available to deliver our services and meet the councils' other strategic objectives.

Background

4. The councils' treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice require a report to be provided to the councils at the end of the financial year.
5. This report provides details on the treasury activity and performance for 2015/16 against prudential indicators and benchmarks set for the year in the 2015/16 treasury management strategy (TMS), approved by each council in February 2015. Each council is required to approve this report.
6. Capita Asset Services are the councils' retained treasury advisors.
7. There are three types of investment the performance of which is covered in this report
 - a. True Treasury investments – these investments are primarily for generating interest for the councils. Examples of these are loans to banks or other local authorities. It also includes investments in property funds.
 - b. Non-treasury loans – these are loans to third parties, which earn a return, but they do not fall under the strict definition of a treasury investment.
 - c. Property investments - both councils have investment properties let on commercial bases. The primary purpose of holding these assets is for investment purposes and they are not part of regeneration schemes.
8. The councils continue to invest with regard for security, liquidity and yield, in that order.

Economic conditions and factors effecting investment returns during 2015/16

9. UK bank base rates have remained at an historic low of 0.5 per cent since 2009. Capita Asset Services provide a regular forecast of interest rates and the latest forecast is reproduced in **appendix A**. This forecast shows that base rates are expected to continue at low levels for the near future. There are a number of reasons for this assumption, including the spare capacity in the UK economy suppressing inflationary forces and uncertainty over the heavily geared Chinese economy.

10. The TMS makes clear that investment priority is given to the security of principal in the first instance. As a result, investments have only been made with counterparties of high credit quality and low risk. Since the global banking crisis and the downgrading of the credit ratings of many banks, it has become increasingly difficult to place money as institutions with high credit ratings have been offering lower rates.
11. Average treasury investment balances were higher for both councils than expected in the year. This arose from a combination of accumulated revenue and capital surpluses/slippage and unbudgeted grant receipts. More cash to invest has been a factor in the surplus of treasury investment income over budget in the year.
12. Investments that have helped to keep yields up for both councils include longer term investments taken out when rates were higher, the CCLA property fund at both councils, and the Unit Trusts at South.
13. Outlook for 2016/17 – as discussed above, interest rates are expected to remain low for the near future. In order to reduce risk efforts are being made to rebalance the treasury portfolio to reduce the value held by building societies. Other counterparties being considered are high rated foreign banks, other councils and treasury bills.

Summary of investment activities during 2015/16

14. Prudential limits (security). During the year none of the prudential code limits set each year in the TMS were exceeded. Both councils are required by the Prudential Code to report on the limits set each year in the TMS. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they may impair the opportunities to reduce costs/improve performance. These limits are shown in **appendix B**.
15. The benchmark for liquidity is the Weighted Average Life (WAL) of treasury investments in days, which sets an indicator for how long investments should be made. Both councils exceeded the benchmark for WAL but were well within the acceptable ranges as set out in the TMS for 2015/16. The benchmarks for liquidity are set to ensure that sufficient funds can be accessed at short notice. These are set as targets and not definitive limits.
16. Yield - the performance of the two councils is summarised in the tables below.

South		Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance ¹	117,525	15,000	132,525	8,950	141,475
2	Budgeted investment income ²	1,465	623	2,088		
3	Gross investment income	1,826	624	2,450	774	3,224
4	surplus/(deficit) (3) - (2)	361	1	362		
5	Rate of return (3) ÷ (1)	1.55%	4.16%	1.85%	8.65%	2.28%

¹ For property the balance shown is the fair value of investment properties at 31st March 2016

² The budget for investment properties is not separately identified in ELP's budget

Vale		Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance ¹	42,804	8,210	51,014
2	Budgeted investment income ²	411		
3	Gross investment income	542	542	1,084
4	surplus/(deficit) (3) - (2)	131		
5	Rate of return (3) ÷ (1)	1.27%	6.6%	2.12%

17. Both councils have exceeded their treasury budgeted investment income this year in terms of both actual income against budget and rates of return against benchmark. As benchmarks are quite detailed, they are not included above, but are included in the appendices that follow this report.
18. Detailed reports on the treasury activities for each council and performance for 2015/16 against prudential indicators and benchmarks set for the year in the 2015/16 are contained in **appendix C** – South Oxfordshire DC and **appendix D** – Vale of White Horse DC.
19. A detailed list of both councils’ treasury investments as at 31 March 2016 is shown at **appendix E**.

Debt activity during 2015/16

20. During 2015/16, there has not been a need for either council to borrow and both councils continue to take a prudent approach to their debt strategy. The prudential indicators and limits set out in **appendix B** provide the scope and flexibility for the Council to borrow in the short-term if such a need arose for cash flow purposes to support the council(s) in the achievement of their service objectives.

Financial implications

21. The treasury investments made in 2015/16 ensured that both councils exceeded their budgeted targets for treasury investment income. Income earned from investments is used to support the councils’ medium term financial plans and contributes to the councils’ balances, or supports the in-year expenditure programmes.
22. Looking forward, income is anticipated to remain stable with any increase due to rises in market rates offset by a general reduction in the balances available to invest. This will be reflected in the councils’ 2017/18 budgets and medium term financial plans.

Legal implications

23. There are no significant legal implications. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the DCLG Local Government Investment Guidance provides assurance that the councils’ investments are, and will continue to be, within their legal powers.

Conclusion

24. Despite a difficult operating environment, both councils continued to make investments during 2015/16 that maintained security and liquidity whilst providing a return that exceeded market benchmarks.

Background papers

- Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for treasury management in the public sector.
- DCLG Local Government Investment Guidance
- CIPFA treasury management in the public services code of practice and cross sectoral guidance notes
- Treasury Management Strategy 2015/16 – Councils in February 2015.

Appendices

- A. Interest rate forecasts
- B. Prudential limits
- C. SODC – Treasury activities 2015-2016
- D. VWHDC – Treasury activities 2015-2016
- E. Treasury investments as at 31 March 2016
- F. Glossary of terms

Interest rate forecast as at March 2016

The table below shows Capita Asset Services' forecast of the expected movement in medium term interest rates:

	NOW	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75
3 month LIBID	0.50	0.50	0.50	0.60	0.80	0.80
6 month LIBID	0.70	0.70	0.70	0.80	0.90	1.00
12 month LIBID	1.00	1.00	1.00	1.10	1.20	1.30
5 yr PWLB	1.75	1.90	2.00	2.10	2.20	2.30
10 yr PWLB	2.45	2.40	2.50	2.60	2.70	2.80
25 yr PWLB	3.21	3.20	3.30	3.30	3.50	3.50
50 yr PWLB	3.00	3.00	3.10	3.10	3.30	3.30
	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
BANK RATE	1.00	1.00	1.25	1.25	1.50	1.50
3 month LIBID	1.00	1.10	1.30	1.30	1.60	1.80
6 month LIBID	1.20	1.40	1.60	1.70	1.80	2.00
12 month LIBID	1.50	1.70	1.90	2.00	2.10	2.30
5 yr PWLB	2.40	2.60	2.70	2.80	2.90	3.00
10 yr PWLB	2.90	3.00	3.10	3.30	3.40	3.50
25 yr PWLB	3.60	3.60	3.70	3.70	3.70	3.80
50 yr PWLB	3.40	3.40	3.50	3.60	3.60	3.70

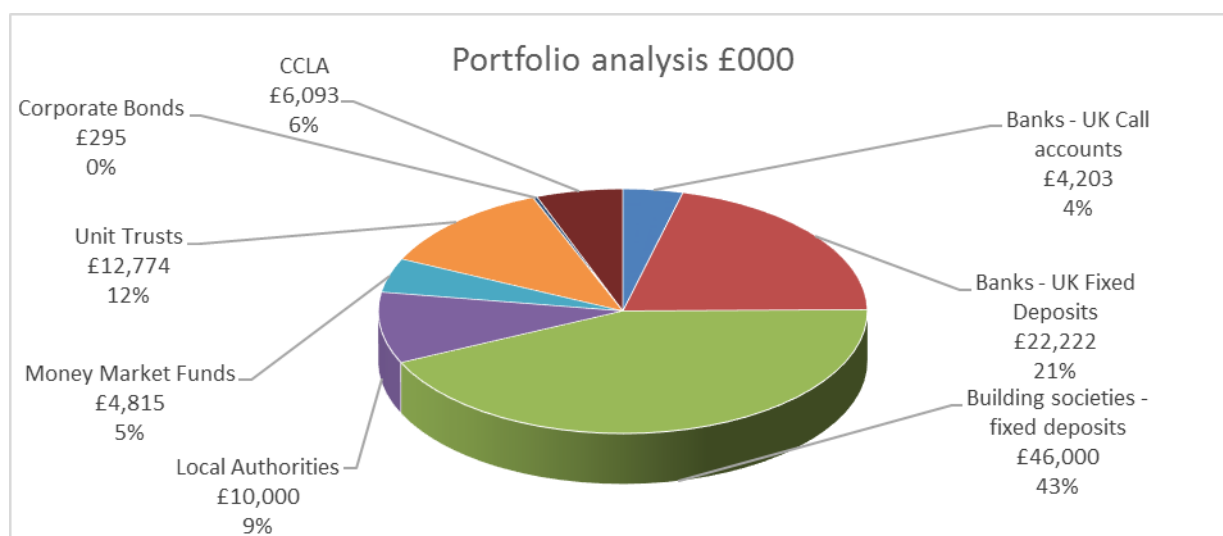
SODC treasury activities in 2015/16

Council treasury investments as at 31 March 2016

1. The council's treasury investments, analysed by age as at 31 March 2016 were as follows:

Table 1: maturity structure of investments at 31 March 2016:		
	£000	% holding
Call	4,203	4%
Money market fund	4,815	5%
Cash available within 1 week	9,018	9%
Up to 4 months	37,500	35%
5-6 months	6,000	6%
6 months to 1 year	18,500	17%
Over 1 year	16,000	15%
Kaupthing Singer & Friedlander	222	0%
Total cash deposits	87,240	82%
CCLA Property Fund	6,093	6%
Equities (Unit trusts)	12,774	12%
Corporate Bonds	295	0%
Total investments	106,402	100%

2. The majority of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.
3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
4. The chart below shows in percentage terms how the portfolio above is spread across the investment types:



Treasury investment income

5. The total income earned on investments during 2015/16 was £1.9 million, compared to the original budget of £1.5 million, as shown in table 2 below:

Table 2: Investment income earned by investment type			
Investment type	Interest earned		
	Annual Budget	Actual	Variation
	£000	£000	£000
Call accounts	75	34	(41)
Cash deposits < 1yr	404	590	186
Cash deposits > 1yr	264	333	69
MMF	37	48	11
Corporate Bonds	75	65	(10)
Equities	360	456	96
CCLA property fund	250	300	50
	1,465	1,826	361

6. The actual return achieved was £361,000 or 24.6 per cent higher than the original budget. This was due to:
- The call accounts earned less interest than forecast because of rates reducing on our accounts.
 - Interest earned on cash deposits was £255,000 higher than forecast due to an increase in interest rates achieved during the first part of the financial year.
 - Dividend received on equities was £96,000 higher than forecast due to the overall increase in the value during the year. As our capital investment increases, the dividend earned goes up.
 - Dividend earned on CCLA was £50,000 higher due to fluctuations in the price of units held. As our capital investment increases, the dividend earned goes up.

7. The actual average rate of return on treasury investments for the year was 1.55 per cent.

Performance measurement

8. A list of treasury investments as at 31 March 2016 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £117 million. Table 3 below shows in summary the performance of the council’s treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council’s treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.46%	1.06%	0.60%	3 Month LIBID
Equities	(7.33%)	(7.79%)	(0.46%)	FTSE All Shares Index
Property related investments	11.00%	11.30%	0.30%	IPD balanced property unit trust index
Corporate Bonds	0.50%	11.50%	11.00%	BoE base rate

*source CCLA Local Authorities Property Fund Report March 2016

Note: the benchmark return for unit trusts and CCLA includes the movement in capital value. All other benchmarks reflect earnings of treasury investment income.

9. Returns on Bank and building society deposits (Call accounts, money market funds and fixed term deposits) are benchmarked against the three-month LIBID rate, which was an average of 0.46 per cent for 2015/16. The performance for the year of 1.06 per cent exceeded the benchmark by 0.60 per cent.
10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.
11. The CCLA property fund principal investment of £5 million (March 2013) increased in value during 2015/16 to £6.5 million. Dividends were received in the year totalling £300,000. Both the capital appreciation and the interest earned are included in the performance of 11.3% achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 4.6 per cent.

Equities

12. The council’s holdings with the Legal & General (L&G) UK 100 Index Trust were purchased in 2000/01 at an initial cost of £10 million. This is an authorised unit trust incorporated in the United Kingdom and regulated by the FSA. The trust’s objective is to track the capital performance of the UK equity market as represented by the FTSE 100 index which represents 98-99 per cent of the UK market capitalisation

13. The index shows the performance of all eligible companies listed on the London Stock Exchange main market and today covers 630 constituents with a combined value of nearly £1.8 trillion. It is recognised as the main benchmark for unit trusts.
14. Table 4 below shows the movement in capital value during the year of the holding of unit trusts as at 31 March 2015 so the decrease in value of this holding only, can be compared to the movement in the stock market as a whole for the year to 31 March 2016.

Table 4: Unit Trusts - Movement in capital		
	£	£
Market Value as at 31.3.16		12,774,260
Less:		
Dividends received in year	275,761	
Accrued dividends	180,000	
		(455,761)
Market value of Unit trusts which were held at 1.4.15 as at 31.3.16		12,318,499
Market value as at 1.4.15		13,359,340
Decrease in Market Value in year		(1,040,841)

15. The decrease above is compared to the performance of the stock market as a whole using the benchmarking in table 5 below. The funds underperformance of 0.46 per cent equates to £61,601 in real terms.

Table 5: Unit Trust performance 1.4.15 - 31.3.16	
Decrease in FTSE all share was	(7.33%)
Decrease in Market Value	(7.79%)
Under-performance	(0.46%)
	£
Market Value 1.4.15	13,359,340
Less 7.33% FTSE decrease	(979,240)
Benchmark Market Value at 31.3.16	12,380,100
Market Value (amended at 31.3.16)	12,318,499
Under performance 1.4.15 to 31.3.16	(61,601)

16. The performance of the fund over the past few years is summarised in table 5.1 below.

Table 5.1 Unit Trust past performance	2012/13	2013/14	2014/15
--	----------------	----------------	----------------

Performance against FTSE all share % (Under)/Over	(0.92%)	(0.22%)	0.49%
Performance against FTSE all share £0 (Under)/Over	(122,746)	(30,492)	61,163

The justification for holding this investment is regularly reviewed.

17. Dividends received of £0.46 million were reinvested to acquire additional fund units.

Corporate Bonds

18. The Council's corporate bonds are also accounted for in the financial statements at fair value. The opening carrying value for 1 April 2015 was £1.9 million. The closing carrying value at 31 March 2016 was £0.3 million as the RBS corporate bond matured and was disposed of during the year. The carrying values and market values for the corporate bonds are shown in table 6 below:

Table 6: Corporate bond values					
	Original cost	Nominal Value	Carrying Value as at 1.4.15	Carrying Value as at 1.4.16	Market value at 1.4.16
Bonds	£000	£000	£000	£000	£000
Santander 11.50%	422	270	299	287	287
RBS 9.625%	1,973	1,500	1,549	0	0
	2,395	1,770	1,848	287	287

19. The weighted average return on the Council's corporate bonds for 2015/16 was 11.50 per cent, this significantly exceeded the benchmark return of 0.5 per cent (Bank of England base rate).

20. The remaining corporate bond matures in 2017. Annual interest earned remains the same for the whole period a bond is held. Table 7 below shows the redemption yield of the bonds if held until the redemption date.

Table 7: corporate bond redemption yields if held to maturity								
Bank	Interest rate %	Original cost £000	Nominal value £000	Interest to date £000	Interest due £000	Redemption value £000	Redemption date	Redemption yield
Santander	11.50%	422	270	334	93	697	04/01/2017	5.59%

Icelandic bank default – Kaupthing Singer & Friedlander

21. The Council invested £2.5 million in July 2007 with the failed Icelandic bank Kaupthing Singer and Friedlander Ltd (KSF). The Council has received

£2,203,691 to date in respect of the claim for £2.6 million (£2.5 million investment plus interest).

22. As a wholesale depositor, the Council is treated as an unsecured creditor in the administration process and ranks equally with all other unsecured creditors. The administrators intend to make further payments at regular intervals. The latest creditors' report now indicates that the estimated total amount to be recovered should be in the range of 84p to 86.5p in the pound. In total terms, this would mean receiving between £2,209,901 and £2,275,671.

Non-treasury investment loan

23. During 2013/14, the council entered into a secured loan agreement with SOHA to enable them to finance affordable housing schemes. The Council lent £15 million over 20 years at a fixed rate of 4.15%. Interest is paid quarterly and during 2015/16, the council received £624,205.

Land and property

24. The Council holds a portfolio of investment properties, which includes land, depots, garages, and shops that are let on a commercial basis. These assets had a net book value of £8.95 million at 31 March 2016 (£9.88 million at 31 March 2015) and generated income of £0.77 million in 2015/16 (£0.75 million in 2014/15) giving a gross rate of return of 8.65 per cent.
25. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.
26. The Economy, Leisure and Property (ELP) team manages investment property, ensuring that rent is collected and rent reviews are implemented. The performance of the investment property is assessed annually by ELP to determine if assets should be retained or disposed of and agree any actions to improve or enhance the value of the investment property holdings.

Liquidity and yield

27. The council uses short-term investments to meet daily cash-flow requirements and aims to invest a proportion of the portfolio over longer dated cash deposits where possible.
28. The amount maintained for liquidity was £9 million, which is lower than the benchmark. The benchmark is to be reviewed as it may be set too high. Good rates were achieved on short dated investments and funds were placed on the market, rather than on call to increase yield.
29. The actual for the weighted average life of 307 days was within the range set of 0.5 years to 3 years but above the benchmark level of 182.5 days. The reason that the actual was above the benchmark is that during the year the council lent out some longer term investments to spread the investment portfolio and access better returns – like many others, the council is struggling to achieve suitable investment returns in the short to medium term investment market.
30. The year-end position against the original benchmarks approved in February 2015 is shown below:

Table 9: Risk-liquidity against benchmark		
	2015/16 Benchmark £m	2015/16 Actual £m
Bank overdraft*	0	0
Short term deposits - minimum available within 1 week	10	9
	2015/16 Benchmark	2015/16 Actual
Weighted average life (days)	182.5	307.0

*Since 1 April 2014, following the re-tender process for the bank contract, the council no longer has an agreed overdraft facility.

VWHDC detailed treasury performance in 2015/16

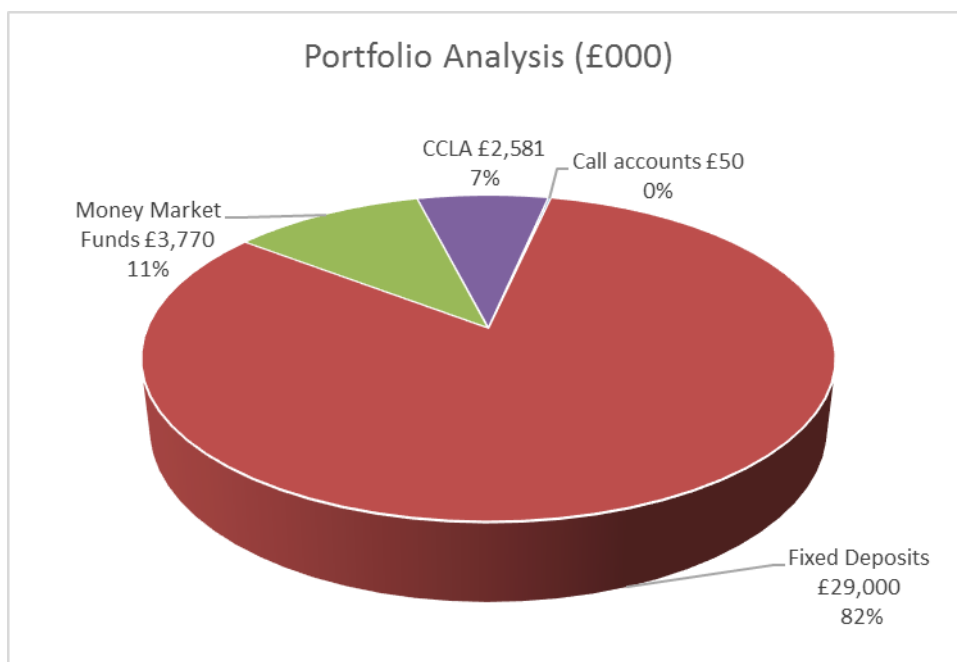
Council treasury investments as at 31 March 2016

1. The council's treasury investments analysed by age as at 31 March 2016 were as follows:

Table 1: maturity structure of investments at 31 March 2016:

	£000	% holding
Call	50	0%
Money market fund	3,770	11%
Cash available within 1 week	3,820	11%
Up to 4 months	0	0%
5-6 months	5,000	14%
6 months to 1 year	18,000	51%
Over 1 year	6,000	17%
Total cash deposits	32,820	93%
CCLA Property Fund	2,581	7%
Total investments	35,401	100%

2. The majority of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.
3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
4. The chart below shows in percentage terms how the portfolio above is spread across investment types:



Treasury investment income

5. The total interest earned on treasury investments during 2015/16 was £541,892 compared to the original budget estimate of £411,640 as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Call accounts	40	23	(17)
Cash deposits - less than 1 year	136	235	99
Cash deposits - greater than 1 year	104	116	12
MMFs	32	45	13
CCLA Property Fund	100	123	23
Total Interest	412	542	130

6. The actual return achieved was £130,000 or 31 per cent higher than the original budget. This was due to :
- The maturity period for investments was extended thereby attracting slightly higher rates.
 - Average balances throughout the year have remained higher than forecast.
7. The total actual average interest rate achieved for the year was 1.27 per cent.

Performance measurement

8. A list of treasury investments as at 31 March 2016 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £42.8 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark return	Actual return	Growth (below)/above Benchmark	Benchmarks
Internally managed - Bank & Building Society deposits	0.46%	0.99%	0.53%	3 month LIBID
Property related funds (CCLA)*	11.00%	11.67%	0.67%	IPD balanced property unit trust index

*Source: CCLA Local Authorities Property Fund Report March 2016

9. Returns on bank and building society deposits (internally managed cash deposits) are benchmarked against the 3-month LIBID rate, which was an average of 0.46 per cent for 2015/16. The performance for the year of 0.99 per cent exceeded the benchmark by 0.53 per cent.

10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.
11. The CCLA property fund principal investment of £2 million (April 2013) increased in value during 2015/16 to £2.6 million. Dividends were received in the year totalling £124,944. Both the capital appreciation and the interest earned are included in the performance of 11.67% achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 4.84 per cent.

Land and Property

12. The council holds a portfolio of investment properties, which includes land, offices and shops that are let on a commercial basis. These assets had a net book value of £8.21 million at 31 March 2016 (£20.6 million as at 31 March 2015) and generated income of £0.5 million (£1.3 million in 2014/15). This is equivalent to a gross return of 6.6 per cent.
13. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.
14. The reduction in the investment property holding between 31 March 2015 and 31 March 2016 includes one disposal (Emcor house) but also the re-classification of the property at Botley into other land and buildings due to the regenerative nature of the holding. This has had a significant impact on returns this year, as well as void periods for old abbey house.
15. The Economy, Leisure and Property (ELP) team manages investment property, ensuring that rent is collected and rent reviews are implemented. The performance of the investment property is assessed annually by ELP to determine if assets should be retained or disposed of and agree any actions to improve or enhance the value of the investment property holdings.

Liquidity and yield

16. The council uses short-term investments to meet daily cash-flow requirements and has also aims to invest a proportion of the portfolio over longer dated cash deposits where possible.
17. The amount maintained for liquidity was £3.8 million and was above the benchmark. This was due to the better rates of return on MMFs compared with other short-term deposits making it more attractive to hold funds short.
18. The actual for the weighted average life of 431 days was above the range set. The reason that the actual was above the benchmark is that the council has previously let some long term investments with another local authority in order to spread the investment portfolio and access better returns.
19. The year-end position against the original benchmarks approved in February 2015 is shown below:

Table 11: Risk-liquidity against benchmark		
	2015/16	2015/16

	Benchmark	Actual
	£m	£m
Bank overdraft	0	0
Short term deposits - minimum available within 1 week	0.5	3.8
	2015/16	2015/16
	Benchmark	Actual
Weighted average life (days)	360	431

South Oxfordshire District Council treasury investments as at 31 March 2016

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Newcastle Building Society	Fixed	Apr-16	2,000,000	1.10%
National Counties Building Society	Fixed	Apr-16	2,000,000	0.96%
Newcastle Building Society	Fixed	May-16	2,000,000	1.10%
Skipton Building Society	Fixed	May-16	2,000,000	1.02%
Newcastle Building Society	Fixed	May-16	2,000,000	1.10%
Principality Building Society	Fixed	May-16	2,000,000	1.00%
Progressive Building Society	Fixed	Jun-16	2,000,000	1.00%
Progressive Building Society	Fixed	Jun-16	1,000,000	0.95%
West Bromwich Building Society	Fixed	Jun-16	3,000,000	1.01%
Skipton Building Society	Fixed	Jun-16	1,000,000	1.00%
Goldman Sachs International Bank	Fixed	Jun-16	2,000,000	1.00%
Skipton Building Society	Fixed	Jun-16	1,500,000	1.00%
West Bromwich Building Society	Fixed	Jul-16	4,000,000	1.05%
National Counties Building Society	Fixed	Jul-16	1,000,000	1.00%
Goldman Sachs International Bank	Fixed	Jul-16	2,000,000	1.00%
Progressive Building Society	Fixed	Jul-16	2,000,000	1.00%
West Bromwich Building Society	Fixed	Jul-16	1,000,000	1.00%
Goldman Sachs International Bank	Fixed	Jul-16	2,000,000	1.02%
Progressive Building Society	Fixed	Aug-16	2,000,000	0.98%
Newcastle Building Society	Fixed	Aug-16	2,000,000	1.10%
Newcastle Building Society	Fixed	Sep-16	2,000,000	1.10%
Close Brothers	Fixed	Dec-16	3,000,000	1.05%
National Counties Building Society	Fixed	Dec-16	1,500,000	0.95%
National Counties Building Society	Fixed	Dec-16	2,000,000	0.95%
Progressive Building Society	Fixed	Dec-16	1,000,000	0.90%
Progressive Building Society	Fixed	Jan-17	2,000,000	0.90%
Skipton Building Society	Fixed	Mar-17	3,000,000	1.02%
Principality Building Society	Fixed	Mar-17	2,000,000	1.05%
Close Brothers	Fixed	Mar-17	2,000,000	1.40%
Blaenau Gwent County Borough Council	Fixed	Apr-16	3,000,000	1.38%
HSBC	Fixed	Feb-17	2,000,000	1.90%
Close Brothers	Fixed	Apr-17	2,000,000	1.41%
Close Brothers	Fixed	Nov-17	3,000,000	1.60%
Royal Bank of Scotland	Fixed	Jan-18	2,000,000	1.50%
Royal Bank of Scotland	Fixed	Feb-19	2,000,000	1.20%
Kingston upon Hull City Council	Fixed	Aug-20	3,500,000	2.70%
Kingston upon Hull City Council	Fixed	Aug-20	1,500,000	2.70%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Santander	Call		4,105,465	0.40%
Royal Bank of Scotland	Call		2,335	0.25%
Royal Bank of Scotland	Call		95,643	0.25%
Goldman Sachs	MMF		2,310,000	Variable
Deutsche Bank	MMF		1,815,000	Variable
Blackrock	MMF		690,000	Variable
L&G Equities	Unit trust		12,774,260	Variable
Santander	Corporate bond		295,461	11.50%
CCLA - property fund	Property fund		5,000,000	4.85%
GRAND TOTAL			105,088,164	

Vale of White Horse District Council treasury investments as at 31 March 2016

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Hull City Council	Fixed	Aug-20	2,000,000	2.70%
Close Brothers Ltd	Fixed	Nov-17	2,000,000	1.60%
Lloyds Bank	Fixed	Mar-17	6,000,000	1.05%
West Bromwich Building Society	Fixed	Mar-17	2,000,000	1.05%
Principality Building Society	Fixed	Jan-17	2,000,000	1.05%
Principality Building Society	Fixed	Dec-16	2,000,000	0.93%
Newcastle Building Society	Fixed	Dec-16	1,000,000	1.02%
National counties Building Society	Fixed	Nov-16	1,000,000	0.90%
National Counties Building Society	Fixed	Nov-16	2,000,000	1.00%
Skipton Building Society	Fixed	Oct-16	2,000,000	1.02%
Close Brothers Ltd	Fixed	Sep-16	2,000,000	1.07%
West Bromwich Building Society	Fixed	Sep-16	2,000,000	1.05%
Saffron Building Society	Fixed	Aug-16	1,000,000	0.75%
Santander	Call		50,000	0.40%
Goldman Sachs	MMF		1,770,000	0.44%
LGIM	MMF		2,000,000	0.46%
CCLA	Property fund		2,000,000	4.65%
GRAND TOTAL			34,820,000	

Note – these do not reconcile to table 1 figures seen in appendix c and d as these are original investment levels whereas the values in table 1 are the fair values of investments held.

GLOSSARY OF TERMS

Basis point (BP)	1/100th of 1%, i.e. 0.01%
Base rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A non-interest-bearing written order used primarily in international trade that binds one party to pay a fixed sum of money to another party at a predetermined future date.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
[Cash] Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
Credit Default Swap (CDS)	A swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.

Capital Financing Requirement (CFR)	The amount the council has to borrow to fund its capital commitments.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	[Department for] Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
Debt Management Account Deposit Facility (DMADF)	Deposit Account offered by the Debt Management Office, guaranteed by the UK government
European Central Bank (ECB)	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
European and Monetary Union (EMU)	The Economic and Monetary Union (EMU) is an umbrella term for the group of policies aimed at converging the economies of all member states of the European Union.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital appreciation. Equity values can decrease as well as increase.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
[UK] Gilt	Registered UK government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
LIBID	London inter-bank bid rate
LIBOR	London inter-bank offered rate.

Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (excl UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Cabinet Report



Listening Learning Leading

Report of Interim Head of Development, Regeneration and Housing

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To: CABINET

Date: 6 October 2016

Oxfordshire Strategic Economic Plan (SEP)

Recommendation

That Cabinet either resolves or recommends Council to:

- a) Welcomes some of the changes made to the SEP which seek to make it “shorter and clearer” and acknowledges that this has largely been achieved.
- b) Supports the broad thrust of the SEP document; in terms of the stated vision, identified strengths weaknesses, opportunities and threats, and proposed actions.
- c) Believes the document would be more robust if it;
 - o more fully addressed the issues highlighted in the body of this report, and
 - o more clearly linked actions to identified issues, and confirmed where responsibility lies for implementing these various actions.

Purpose of Report

1. To provide Cabinet members with a brief summary of the Oxfordshire SEP; highlight some key points within the document; outline issues that have already been raised during the formal SEP public consultation period that have not been fully addressed in the final document; and recommend a possible response to the LEP’s request for Council endorsement of the document.

Corporate Objectives

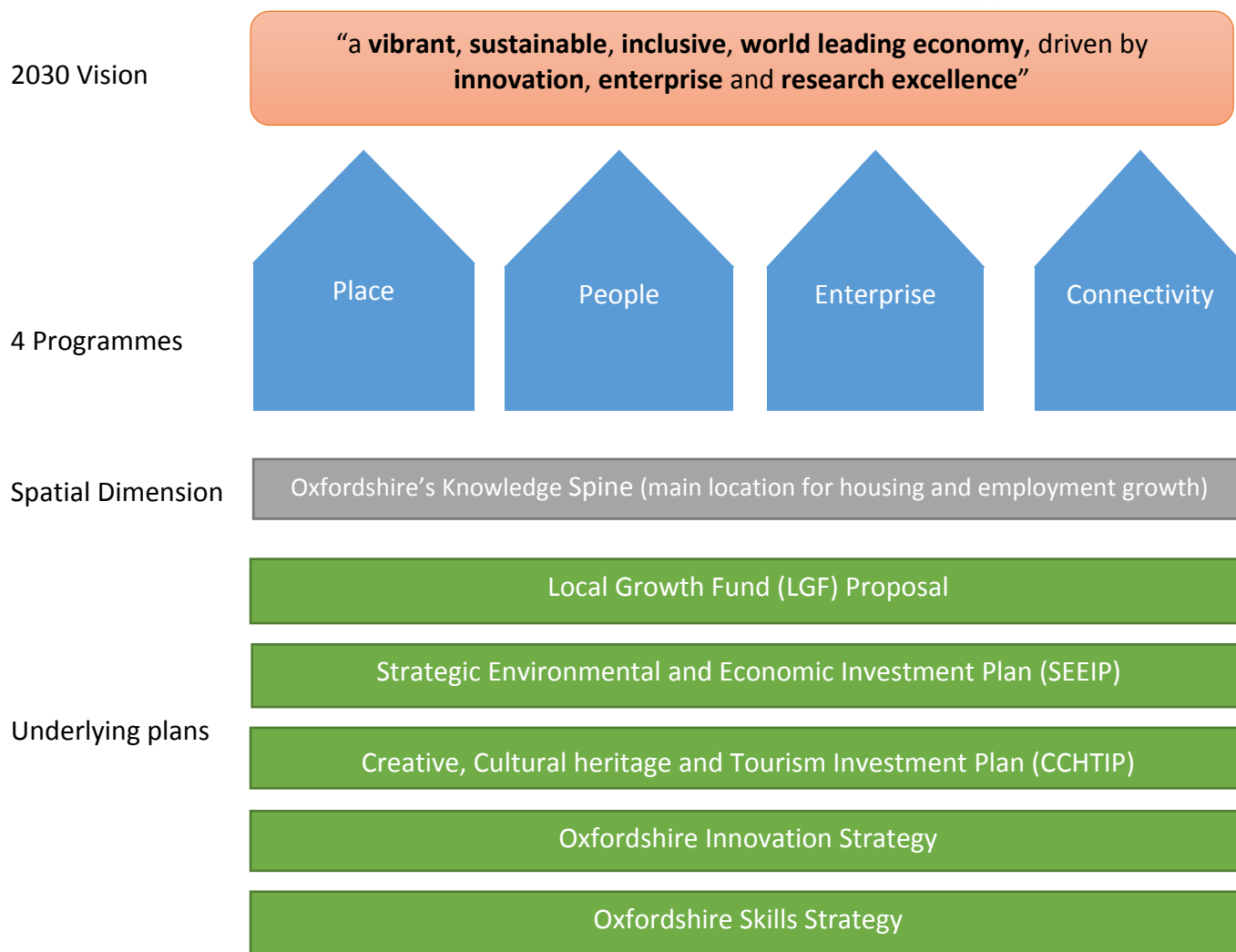
2. Accepting the recommendations in this paper will contribute to the following Corporate priorities:

Corporate Priority	Contributes to (Yes/No)
• Excellent delivery of key services	• No
• Effective management of resources	• No
• Meeting housing need	• Yes
• Building the local economy	• Yes
• Support for communities	• Yes

Background

3. Officers have previously briefed Cabinet members on the process for developing a refreshed Oxfordshire SEP.
4. As a result of feedback from members, officers were asked to ensure that:
 - a. Copies of the refreshed SEP be placed on the Council's website so visitors to the website could comment on the document, via a dedicated email address, if they so wished to do.
 - b. The refreshed document is discussed at Joint Scrutiny Committee, so cabinet could take their comments into account when determining whether/how to endorse the refreshed SEP
 - c. Cabinet be kept informed of developments with regard to the SEP
 - d. A subsequent paper be presented to October cabinet meetings, summarising key aspects of the refreshed SEP document and recommending how Council should respond to the LEP's request that the refreshed SEP be steered through Council's democratic process, with a view to endorsing the document.
5. The refreshed SEP was circulated, in electronic form, to all cabinet members and the document has subsequently been ratified by the LEP Board at their Board meeting on 5 September 2016.
6. The document was also placed in the Business Section of the Council's website with the following invitation:

The Oxfordshire Local Enterprise Partnership (OxLEP) is currently refreshing the Strategic Economic Plan so it can align better with Oxfordshire's current economic environment. We have received a final draft version of the Oxfordshire Strategic Economic Plan. Oxfordshire Local Economic Partnership have asked our Cabinet to endorse its' content at their next meeting in October. The document can be accessed via [the Oxfordshire LEP website](#). The Oxfordshire Strategic Economic Plan document has already been subject to a full public consultation process. However if you would like to comment on this, in advance of our cabinet meeting, you can do so by emailing sepconsultation@southoxon.gov.uk by Friday 30 September 2016
7. South and Vale's Joint Scrutiny Committee subsequently discussed the refreshed SEP at their meeting on 22 September
8. The SEP proposes to achieve an agreed vision by addressing strengths weakness, opportunities and threats, and initiating actions, related to four main programme areas. The plan has a spatial dimension, in as much as it recognises that most new homes and employment growth will be located in Oxford's Knowledge Spine, and is underpinned by a series of other detailed plans and proposals. This is summarised in the following diagram.



9. Some key points worth noting are as follows:

- Many of the issues highlighted during the consultation period have been addressed
- **The SEP refresh document is based on growth forecasts within the District's adopted and emerging Local Plans**, involving an additional c. **88,000 jobs** between 2011 and 2031 and c. **100,000 new homes**
- To put this in context;
 - Between 1991 and 2011, total jobs in the county increased by 94,000, or 42%, compared to the forecast jobs growth of 23% between 2011 and 2031
 - South and Vale, alone, have already approved the construction of c 9,500 new homes, and are currently dealing with applications for a further c. 13,800.
- An Oxfordshire Infrastructure Strategy, including utilities, energy and flood alleviation action plans, is due to be produced for Spring 2017.
- The SEP refresh document "focuses on strategy rather than the details of delivery". However, The SEP refresh document would have been stronger if;
 - more detail had been provided to indicate how the strategy intends to build on strengths, address weaknesses, exploit opportunities and respond to threats,

- the proposed actions were more directly linked to the identified strengths, weaknesses, opportunities and threats,
- a clear indication was provided of where the main responsibility lies for implementing these proposed actions, and
- the spatial dimension was articulated in more detail to provide a more County-wide perspective, rather than the current Oxford-centric perspective.

10. During the course of the SEP consultation process, South and Vale officers raised a number of issues relating to the draft version of the SEP document. Some of these have been addressed completely, some partially and some have been ignored. Additionally a number of further issues were highlighted during the discussion at Joint Scrutiny Committee. As a result, the proposed final version of the SEP does not fully address the following issues;

- The need to produce a less Oxford-centric document and to see greater recognition of, and detail concerning, the R&D hubs of Culham, Harwell, Howbery Park.
- There are three identified hubs in Oxfordshire, Bicester, Oxford and Science Vale, however equal weight has not been given to these and the SEP fails to recognise that if employment growth were to be spread more around the county then the pressures on the roads, on Oxford itself and the green belt, would be greatly reduced.
- More emphasis should be placed on the potential contribution Oxfordshire's Enterprise Zones and Garden Towns can make to future economic growth.
- There is still little reference to how the LEP is going to improve the conversion of R&D into private sector business growth.
- In considering Oxfordshire's strengths the document should also look at sectors that are doing less well and indicate which companies are leaving the county and why.
- The Oxfordshire economy is dominated by companies of under 20 employees. This is more pronounced than other high tech economies. However, there is no aspiration to try and redress this balance by nurturing the growth of high potential companies and high value sectors.
- There is only a passing reference to self-employment, which is one of Oxfordshire's fastest growing employment forms. Trends towards self-employment and home working needs to be analysed and an assessment made of the types of support required.
- There is little reference to the high proportion of public sector jobs in Oxfordshire or any consideration of how this imbalance can be redressed.
- It would be useful if more detail were provided on forecast jobs growth in the core economic growth areas of the districts, such as in Science Vale for example, and the issues and constraints faced by businesses in these particular areas.
- There is insufficient reference to the importance of suitable business accommodation and available land for housing. The lack of suitable business space and suitable accommodation for key workers is often sighted by companies as a reason for chosen alternative locations elsewhere. The strategy should include actions to support the needs of growth companies.

- The strategy could better outline actions for encouraging the adoption of energy efficient approaches and other means of improving productivity. Our broadband roll-out, for example, is already well behind the performance required by business, yet this issues is given little prominence and objectives for this crucial area are weak.
- The SEP is too narrowly focussed, failing to take into account the impact of major developments close to but outside Oxfordshire e.g. Haddenham and Princes Risborough.
- The map detailing Oxfordshire's growth corridors (Figure 10) was unhelpful since it covered most of the County apart from Thame & Chinnor.
- The continuing problems of broadband connectivity in both districts has not been addressed, and this is a potentially severe impediment to small business growth and an increased level of home working.
- The response rate from the business sector to the document has been extremely disappointing and, although separate additional consultation events were held involving businesses, the overall low level of business participation is disappointing.
- A risk register should be included as an appendix to the SEP.
- Future educational infrastructure requirements should have been addressed in more detail, especially in connection with how this infrastructure can support the job market and future skills agenda.
- The Oxfordshire Infrastructure Strategy, including utilities, energy and flood alleviation action plans, is not due to be produced until the spring of 2017, whereas members of our scrutiny committee questioned whether a robust SEP could be produced without such a critical underpinning strategy.
- The strategy should include proposals for;
 - converting R&D to technology readiness and manufacturing.
 - altering the balance between micro-businesses and medium/ large enterprises.
 - undertaking a review of funds and support for high growth businesses, in order to harness scarce resources as effectively as possible.
 - developing an Oxfordshire-wide strategy for schools and further education to better support the local economy
 - integrating skills and business development programmes to improve the coherence of the Oxfordshire offer to business.

11. Finally, it should be noted that during the course of discussing the SEP, the Joint Scrutiny Committee noted that, although this paper was due to be submitted to both South Oxfordshire's and Vale of White Horse's Cabinets, it was the committee's view that both Cabinets should defer approving any recommendations or forming any response pending consideration of the SEP by both Council meetings.

Options

Not applicable

Financial Implications

Not applicable

Legal Implications

Not applicable

Risks

12. Key risks are as follows;

- That the SEP is adopted and published by the LEP without taking full account of the issues concerning South Oxfordshire DC
- That the SEP does not provide the LEP with a sufficiently robust basis for determining future priorities and actions
- That strengths and opportunities are not fully exploited and weaknesses and threats not fully addressed.
- That the plan may fail to address significant issues facing local communities because it is not necessarily relevant to, or inclusive of, the whole County.

Other implications

13. None

Conclusion

14. That the SEP does not fully address many of the issues raised by South and Vale officers and members. South and Vale's Joint Scrutiny Committee has also asked both cabinets to consider deferring any formal response, pending consideration of the SEP at both South Oxfordshire's and Vale of White Horse's next Council meetings.

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