

Council



Listening Learning Leading

Contact Officer: Steven Corrigan

Tel: 01235 422526

E-mail: steven.corrigan@southoxon.gov.uk

Textphone: 18001 01235 422526

Date: 8 February 2017

Website: <http://www.southoxon.gov.uk>

Summons to attend a meeting of Council

to be held on

THURSDAY 16 FEBRUARY 2017 AT 6.15 PM

at

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

Alternative formats of this publication are available on request. These include large print, Braille, audio cassette or CD, and email. For this or any other special requirements (such as access facilities) please contact the officer named on this agenda. Please give as much notice as possible before the meeting

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 for absence

2 Minutes (Pages 9 - 13)

To adopt and sign as a correct record the council minutes of the meeting held on 15 December 2016 - attached.

3 Declarations of disclosable pecuniary interest

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

4 Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5 Public participation

To receive any questions or statements from members of the public that have registered to speak.

6 Petitions

To receive any petitions under the council's petition scheme.

7 Appointment of external auditors (Pages 14 - 16)

At its meeting on 23 January 2017 the Joint Audit and Governance Committee considered a report on the approach the council will follow in appointing its external auditors.

The report of the head of finance, which the Joint Audit and Governance Committee, considered on 23 January 2017, is attached.

RECOMMENDATION:

To opt in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

8 Community Loan - Henley YMCA (Pages 17 - 19)

At its meeting on 1 February 2017 Cabinet considered a report on an application for a community loan from Henley YMCA. Cabinet agreed to recommend Council to approve the award of a community loan.

The report of the head of finance, which Cabinet considered on 1 February 2017, is attached.

RECOMMENDATION: to

1. approve the award of a community loan of £169,950 to Henley YMCA;
2. authorise the head of finance and the head of legal and democratic services to agree the conditions of the loan and the loan agreement;
3. approve a supplementary estimate of £169,950 to be added to the approved capital programme.

9 Treasury management mid-year monitoring 2016/17 (Pages 20 - 31)

Cabinet, at its meeting on 1 February 2017, considered a monitoring report on the treasury management activities for the first six months of 2016/17 and an update on the current economic conditions with a view to the remainder of the year.

The Joint Audit and Governance Committee had considered the report at its meeting on 23 January 2017 and had not recommended any adjustments to the strategy as a result of the first six months' activities. Likewise, Cabinet concluded that the treasury management activities had operated within the agreed parameters set out in the approved treasury management strategy.

The report of the head of finance, which Cabinet considered on 1 February 2017, is attached.

RECOMMENDATION: to approve the treasury management mid-year monitoring report 2016/17.

10 Treasury management strategy 2017/18 to 2019/20 (Pages 32 - 61)

Cabinet, at its meeting on 1 February 2017, considered a report on the council's treasury management strategy (TMS) for 2017/18 to 2019/20 and set out the expected treasury operations for this period.

The Joint Audit and Governance Committee considered the report at its meeting on 23 January 2017 and had not recommended any adjustments to the strategy. Cabinet agreed to recommend Council approve the strategy.

The report of the head of finance, which Cabinet considered on 1 February 2017, is attached.

RECOMMENDATION: to approve

1. the treasury management strategy 2017/18 set out in appendix A to the head of finance's report to Cabinet on 1 February 2017;
2. the prudential indicators and limits for 2017/18 to 2019/20 as set out in table 2, appendix A to the head of finance's report; and
3. the annual investment strategy 2017/18 set out in appendix A (paragraphs 26 to 66) and the lending criteria detailed in table 5 of appendix A to the head of finance's report.

11 Medium term financial strategy 2017/18 - 2021/22 (Pages 62 - 70)

Cabinet, at its meeting on 1 February 2017, considered a report on the medium term financial strategy for 2017/18 to 2021/22.

The report of the head of finance, which Cabinet considered on 1 February 2017, is attached.

Cabinet supported the draft strategy, however, it believed that it should be adjusted to state that the council would not borrow to fund capital expenditure unless financially advantageous to do so.

RECOMMENDATION: to approve the Medium Term Financial Strategy for 2017/18 to 2021/22 as attached to the report of the head of finance to Cabinet on 1 February 2017, subject to amending paragraph 2.1(b) of the strategy to read: "To retain our debt-free status, i.e. we will not borrow to fund capital expenditure, unless financially advantageous to do so".

12 Revenue Budget 2017/18 and Capital Programme to 2021/22 (Pages 71 - 115)

Cabinet, at its meeting on 1 February 2017, considered a report on the council's revenue budget to 2017/18 and capital programme to 2021/22.

The budget report presented to Cabinet on 1 February 2017 recommended a revenue budget for 2017/18 that included a proposed £5 increase to the current band "D" council tax of £111.24, resulting in a band "D" council tax for 2017/18 of £116.24. However, at the meeting, Cabinet agreed to recommend a budget with no increase in council tax.

This decision changes some of the numbers quoted in the Cabinet report, and also Appendix A.1, Appendix C and Appendix F. Revised copies of these appendices are attached to the Council agenda. These should be read in conjunction with the original report. The addendum, also attached to the Council agenda, sets out the impact of the change on the report considered by Cabinet at its meeting on 1 February 2017.

Cabinet resolved to agree that the Cabinet member for finance, in conjunction with

the head of finance, may make minor adjustments to the report and prudential indicators should they prove necessary prior to submission to Council. Any adjustments will be reported to Council.

The report of the head of finance, which Cabinet considered on 1 February 2017 and the revised appendices A1, C and F, are attached.

The Scrutiny Committee will consider this report at its meeting on 9 February 2017. Any views or recommendations will be reported to Council.

RECOMMENDATION: to

1. set the revenue budget for 2017/18, as set out in the revised appendix A.1 attached to the Council agenda;
2. agree that the capital schemes listed in paragraph 33 to the report remain in the capital programme;
3. approve the capital programme for 2017/18 to 2021/22, as set out in appendix D.1 to the report, together with the capital growth bids, set out in appendix D.2 of the report;
4. set the council's prudential limits, as listed in appendix E to the report;
5. approve the medium term financial plan to 2021/22, as set out in the revised appendix F attached to the Council agenda;
6. allocate £1,000,000 to fund the Communities Capital and Revenue Grant Scheme.

13 Report of the leader of the council

To receive any updates from the Leader of the council.

14 Council tax 2017/18

To consider the report of the head of finance on the setting of the council tax for the 2017/18 financial year - report to follow.

15 Pay policy statement 2017/18 (Pages 116 - 119)

To consider the report of the head of HR, IT and technical services on adoption of a pay policy statement to meet the requirements of the Localism Act report attached.

16 Changes to the council's constitution

To consider the report of the monitoring officer on a proposed change to the constitution to clarify the decisions which can be taken by full council – report to follow.

17 Questions under Council procedure rule 34

No questions have been submitted under Council procedure rule 34.

18 Motions under Council procedure rule 41

To receive the following notice of motion under Council procedure rule 41:

Motion to be proposed by Councillor John Cotton, seconded by Councillor Jane Murphy:

This council supports proposals for a new countywide unitary authority and authorises the Chief Executive, in consultation with the Leader of the council, to work with other partner councils to develop a proposal for the creation of a new unitary council for Oxfordshire and present a detailed report to Council in due course.

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

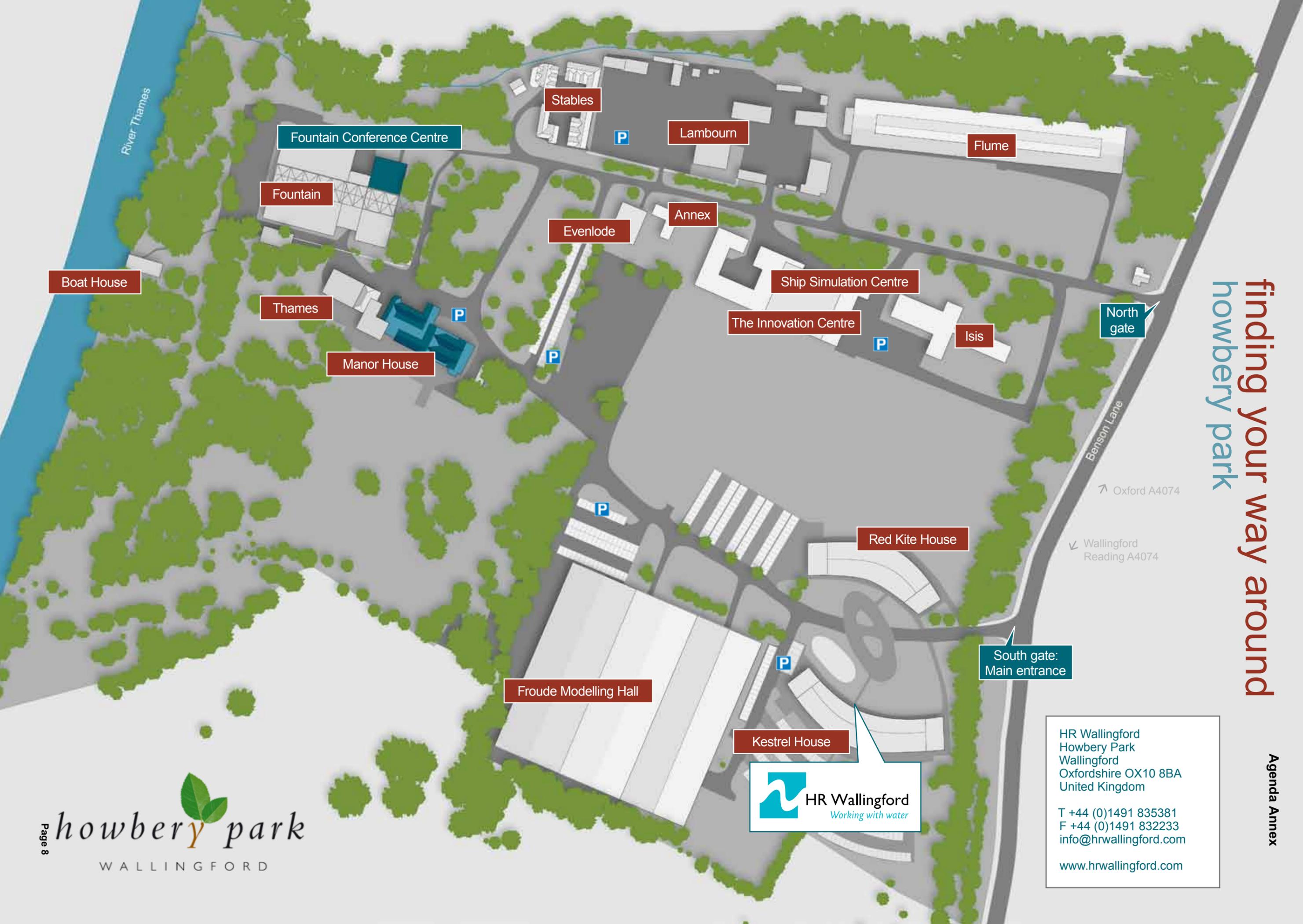
A4130 Henley
M40 J4 

A4074 Reading


London Heathrow


Agenda Annex

finding your way around howbery park



North gate

South gate:
Main entrance

↑ Oxford A4074

↓ Wallingford Reading A4074

HR Wallingford
Howbery Park
Wallingford
Oxfordshire OX10 8BA
United Kingdom

T +44 (0)1491 835381
F +44 (0)1491 832233
info@hrwallingford.com

www.hrwallingford.com



Minutes

OF A MEETING OF THE

Council



Listening Learning Leading

HELD AT 6.05 PM ON THURSDAY 15 DECEMBER 2016

THE FOUNTAIN CONFERENCE CENTRE, HOWBERY PARK,
CROWMARSH GIFFORD

Present:

Paul Harrison (Chairman)

Anna Badcock, Joan Bland, Felix Bloomfield, Kevin Bulmer, Nigel Champken-Woods, Steve Connel, John Cotton, Margaret Davies, Pat Dawe, David Dodds, Stefan Gawrysiak, Elizabeth Gillespie, Will Hall, Lorraine Hillier, Elaine Hornsby, Sue Lawson, Lynn Lloyd, Imran Lokhon, Jeannette Matelot, Jane Murphy, Anthony Nash, Toby Newman, David Nimmo-Smith, Richard Pullen, Bill Service, Robert Simister, Alan Thompson, David Turner, John Walsh and Ian White

Apologies:

Charles Bailey, Anthony Dearlove, Tony Harbour, Stephen Harrod and Margaret Turner tendered apologies.

Officers: Steven Corrigan, Susan Harbour and Margaret Reed

37 Declaration of disclosable pecuniary interest

None.

38 Minutes of the previous meeting

RESOLVED: to approve the minutes of the meeting held on 13 October 2016 as a correct record and agree that the Chairman sign them as such.

39 Chairman's announcements

The Chairman provided housekeeping information. He wished councillors and officers a Merry Christmas and a Happy New Year.

Council agreed to suspend council procedure rule 80 insofar as it requires councillors to stand when speaking at Council meetings.

40 Questions from the public and public participation

The Chairman advised that Mr Neville Harris had registered to address Council on the urgent motion set out in the supplementary agenda. He would invite Mr Harris to address Council at the item.

41 Questions under Council procedure rule 34

None.

42 Motions under Council procedure rule 41

A. Motion moved by Stefan Gawrysiak and seconded by David Turner:

“Council urges Cabinet, as part of its budget proposals, to increase the community grants budget to £1.5 million for 2017/18”.

A number of councillors spoke in support of the motion. They expressed the view that an increase in the budget would allow the council to reinstate the third round of grant applications and fund more projects. However, the majority of councillors did not support the motion. The current grants budget is very generous and supported many community projects since 1997 to a value of £17 million. The current level of grant budget ensured there is a competitive bidding process for council funds which would be diminished if the budget were increased. In addition the consideration of this proposal was premature and should be considered as part of the council’s budget setting process.

On being put the motion was declared lost.

B. Motion moved by Stefan Gawrysiak and seconded by Margaret Davies:

“Council urges Cabinet, as part of its budget proposals, to make budget provision of £0.5 million to implement the practical measures within the council’s Low Emission Strategy”.

A number of councillors spoke in support of the motion. The council is currently consulting on a new low emission strategy and whilst there is budget provision for air quality monitoring there is no budget provision to support practical measures to relieve the current air quality issues in South Oxfordshire to reduce the detrimental health impacts, particularly on children and the elderly, of air pollution in the district’s towns. Budget provision of £0.5 million would allow for the employment of a full time officer and support measures which may be identified in the low emission strategy.

However, the majority of councillors did not support the motion. The proposal was premature and should be considered as part of the council’s budget setting process. The district council should work with partners, Oxfordshire County Council and the towns, to implement measures to reduce air pollution – including 20mph zones, a reduction in HGVs travelling through the towns and increased provision and use of public transport and electric cars.

On being put the motion was declared lost.

C. The Chairman advised that he had agreed to take the following motion as an urgent item to allow Council to consider it prior to the next Oxfordshire Growth Board meeting, responding to a request from the Local Enterprise Partnership and other partners that the council is able to do so in order to be in a position to better engage with Government to address issues arising from the Local Growth Fund submission.

Motion moved by John Cotton and seconded by Will Hall:

“This Council endorses the work of Oxfordshire's Local Authority Leaders and the Local Enterprise Partnership through the Oxfordshire Growth Board to explore the opportunity for transformational changes in service delivery across a range of areas including, but not exclusively: infrastructure, skills, economic development, strategic spatial planning, public assets, business rates, health and social care.

In order to support the achievement of significant improvement in the provision of local services, this Council confirms its support for a review of the future functions of the Oxfordshire Growth Board, which should include an assessment of the merits of establishing a mayoral combined authority for Oxfordshire”.

Mr Neville Harris, a local resident, addressed Council on the motion. He spoke in support of a single unitary council for Oxfordshire. He objected to the lack of involvement of councillors at both district and county council level in discussions on both the reorganisation of local government and devolution proposals. He called for a referendum on the issue of local government reorganisation which would allow the arguments for and against to be discussed and the electorate to express its view on the issue.

In moving the motion John Cotton, Leader of the council, stated that the government wanted to see devolution deals with collective governance arrangements, preferably elected mayors. A firm commitment from the Oxfordshire local authorities to such an arrangement was more likely to bring about a deal and therefore achieve investment for Oxfordshire. Those areas that had secured devolution deals had been successful in recent Local Growth Fund allocations whilst Oxfordshire received a disappointing allocation - £25 million from a £300 million bid. The issue was discussed at a recent meeting of the Local Enterprise Partnership (LEP) which suggested that each council in Oxfordshire demonstrate its commitment to a devolution deal in Oxfordshire.

The majority of councillors supported the motion as a means of indicating support for a direction of travel. This would enable work to progress on a devolution bid to government to secure investment in the infrastructure essential for the economic growth of the county. Oxfordshire is a net contributor to the exchequer and needed to access funding to support major strategic projects.

A number of councillors expressed concern regarding the lack of detail of how a combined authority would operate and at the lack of democratic accountability of both the LEP and Oxfordshire Growth Board.

RESOLVED: to endorse the work of Oxfordshire's Local Authority Leaders and the Local Enterprise Partnership through the Oxfordshire Growth Board to explore the opportunity for transformational changes in service delivery across a range of areas including, but not exclusively: infrastructure, skills, economic development, strategic spatial planning, public assets, business rates, health and social care.

In order to support the achievement of significant improvement in the provision of local services, this Council confirms its support for a review of the future functions of the Oxfordshire Growth Board, which should include an assessment of the merits of establishing a mayoral combined authority for Oxfordshire.

43 Council Tax Base 2017/18

Council considered Cabinet's recommendations, made at its meeting on 1 December 2016, on the council tax base for 2017/18.

RESOLVED:

1. to approve the report of the head of finance for the calculation of the council's tax base and the calculation of the tax base for each parish area for 2017/18;
2. that, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by South Oxfordshire District Council as its council tax base for the year 2017/18 be 55,557.2; and
3. that, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by South Oxfordshire District Council as the council tax base for the year 2017/18 for each parish be the amount shown against the name of that parish in Appendix 1 of the report of the head of finance to Cabinet on 1 December 2016.

44 Review of the council's constitution

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

Mr Ian White moved and Mr Toby Newman seconded the recommendations in the report. In moving the recommendations they thanked officers and members of the review group for the effective work undertaken to produce the revised constitution.

RESOLVED: to

1. note the considerable work done by the Joint Constitution Review Group in bringing a revised constitution for consideration by Council;
2. note that, for completeness, the entire constitution has been brought before Council for consideration, but that some sections have already been approved by Council; areas of substantive change are listed within the report, under key changes;
3. note the ongoing overall approach of the review group to develop a single constitution with Vale of White Horse District Council with separate sections where necessary;
4. note the overall approach to streamline the constitution, avoiding unhelpful repetition and confusion;
5. note the overall approach to make sections self-contained, especially those relating to specific committees;

6. note the more consistent approach given to the general governance of meetings, including: quorum, time limits and public speaking; the rules aim to promote robust democracy and effective running of council meetings;
7. approve the constitution attached as appendix one to the report of the head of legal and democratic services and monitoring officer to the Council meeting held on 15 December 2016 for implementation on 1 March 2017 (except for the section on the community grants panel, which is for implementation on 16 December 2016);
8. authorise the head of legal and democratic services to update the constitution to reflect any changes in staff responsibilities;
9. authorises 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.

45 Report of the Leader of the council

The Leader of the council advised that details of the government's financial settlement for the council were emerging and would be analysed by officers.

He reported that Oxfordshire County Council had approached him regarding the possibility of sharing office accommodation.

He wished councillors and officers a happy Christmas.

The meeting closed at 7.20pm

Chairman

Date

Joint Audit and Governance Committee



Report of Head of Finance



Author: William Jacobs
Telephone: 01235 422480
Textphone: 18001 01235 422480
E-mail: william.jacobos@southandvale.gov.uk

SODC cabinet member responsible: Councillor Jane Murphy
Telephone: **07970 932054**
E-mail: jane.murphy@southoxon.gov.uk

VWHDC cabinet member responsible: Councillor Robert Sharp
Telephone: **01367 710549**
E-mail: robert.sharp@whitehorsedc.gov.uk

To: **Joint Audit and Governance Committee; South and Vale Councils**

23 Jan 2017 by Joint Audit and Governance Committee

14 Feb 2017 (V)/ 15 Feb 2017 (S) by Council

Appointment of external auditors

Recommendation

That Joint Audit and Governance Committee recommends both Councils to opt in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

Purpose of Report

1. To determine the approach the council will follow in appointing its external auditor.

Strategic Objectives

2. South - An independent external audit arrangement helps us maintain our strong financial position.
3. Vale - An independent external audit arrangement helps us run an effective council.

Background

4. Following the closure of the Audit Commission, new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise.
5. As part of closing the Audit Commission the Government novated external audit contracts to Public Sector Audit Appoints (PSAA) on 1 April 2015. At the time the audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
6. In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime. What this means is that the authorities confirm they wish to use auditors who will be appointed to a panel by the PSAA following a tender process which will be run by the PSAA and is expected to commence in March 2017. By asking authorities to confirm they wish to opt in, the PSAA will be able to assess the demand and tailor their tender process accordingly with the intention of securing economies of scale.
7. The date by which authorities need to opt in to the appointing person arrangements is 9 March 2017. The decision needs to be endorsed by South and Vale Councils.
8. The main advantages of using PSAA are set out in its prospectus and are copied below; these can also be viewed as the disadvantages if the Councils were to decide to undertake their own procurement.
 - Assure timely auditor appointments
 - Manage independence of auditors
 - Secure highly competitive prices
 - Save on procurement costs
 - Save time and effort needed on auditor panels
 - Focus on audit quality
 - Operate on a not for profit basis and distribute any surplus funds to scheme members.

Financial Implications

9. Should the procurement result in a fee greater than the current fee this will lead to an unavoidable increase in the budget required. Both councils currently pay an annual fee of around £60,000 for external audit services.

Legal implications

10. The PSAA has been identified as an appointing person under the Local Audit (Appointing Person) Regulations 2015 and has power to make auditor

appointments for audits of accounts from 2018/19 on behalf of principal local government bodies that opt in, in accordance with the Regulations. The councils are entitled to opt in as district councils are included in the list of eligible bodies listed in Schedule 2 of the Local Audit and Accountability Act 2014. By opting in the councils would be accepting that they would be relying on the outcome of the PSAA tender process and the appointment by the PSAA of an auditor from their auditor panel established following their evaluation of tenders Risks

11. As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

Other Implications

12. Should we chose to procure alone we would have to establish an auditor panel and conduct our own procurement. This is not recommended as it will be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

Conclusion

13. Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise.

14. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation Joint Audit and Governance Committee is asked to make the recommendation above to South and Vale Councils.

Background Papers

- PSAA Prospectus
- PSAA – Appointing Person – Frequently Asked Questions

Cabinet Report



Listening Learning Leading

Report of Head of Finance

Author: William Jacobs

Telephone: 01235 422480

Textphone: 18001 01235 422480

E-mail: William.jacobs@southandvale.gov.uk

Cabinet member Jane Murphy

Tel: 07970 932054

E-mail: jane.murphy@southoxon.gov.uk

To: CABINET 1 February 2017

To COUNCIL 16 February 2017

Community Loan – Henley YMCA

Recommendations

- (a) That Cabinet recommends Council approve the award of a community loan of £169,950 to Henley YMCA.
- (b) To authorise the head of finance and the head of legal and democratic services to agree the conditions of the loan and the loan agreement.
- (c) To approve a supplementary estimate of £169,950 to be added to the approved capital programme.

Purpose of Report

1. To allow Council to consider an application for a community loan from Henley YMCA.

Corporate Objectives

2. In approving this loan the council would be helping to 'ensure a good supply of affordable rented homes for those unable to buy'.

Background

3. The council introduced its community loans scheme in January 2013. Under the scheme the council can make loans to parish councils, charities and sports organisations with CASC (Community Amateur Sports Club) status that meet the conditions of the scheme. The scheme created earmarked funding of £5 million for this purpose. Although the advance of loans under this scheme are capital expenditure no capital budget was created as the number, size and timing of loan requests was not

known. Officers did not want to create a large budget that might not be spent thereby being reported as an underspend at the year end. It is therefore necessary for each community loan approval to be matched by a supplementary estimate request of the same sum.

4. Henley YMCA is planning to purchase the leasehold title of 31 supported housing studio and flats built on its land. In doing so Henley YMCA will transition from managing agent for YMCA England to being a Registered Social Landlord (known as a Registered Provider) in its own right. This will ensure that Henley YMCA can continue its distinctive role in providing housing, support and development opportunities for local young people for generations to come.
5. The council advertises vacancies at Henley YMCA through our choice based letting scheme and we arrange direct referrals of suitable residences to Henley YMCA.
6. Henley YMCA have requested a loan of £169,950 for a period of 15 years. The total cost of the scheme is £570,000. In addition to a loan from the council Henley YMCA has been awarded a grant of £100,000 from Henley Town council. The remaining £300,000 has come from fundraising and its own resources.
7. Officers have evaluated Henley YMCA's business plan for the scheme, its financial projections and its financial standing and have concluded that the scheme and Henley YMCA fulfil the requirements of the council's community loans scheme.

Options

8. The council could decide not to award the loan. However, as the loan meets the criteria for loans as envisaged by the scheme guidance, and reflects the intentions of the scheme, officers recommend that the loan be granted.

Financial Implications

9. The loan will carry an interest rate equivalent to Public Works Loan Board (PWLB) five year equal instalment payment (EIP) fixed rate plus a premium of 0.5 per cent. The loan will be funded from the council's uncommitted reserves.

Legal Implications

10. Henley YMCA has applied to become a registered social landlord (RSL). Although still a charity and eligible to apply for a community loans under the rules of our scheme the council needs to assure itself that RSL status would not result in a loan being deemed to be state aid.
11. The council has received external legal advice which confirms that the Loan which the Council is providing to YMCA Henley, to the extent that it might be found to constitute State aid, is exempted under the SGEI decision (Commission Decision 20 December 2011 – SGEI – notified under document reference C(2011) 9380). The conditions of the SGEI decision are satisfied as YMCA Henley is using the Loan pursuant to its activities as a Registered Provider of Social Housing. The Loan Agreement will contain provisions to ensure compliance with the various other conditions of the SGEI decision, including separate accounting procedures for activities relating to Social Housing and reporting. Further, the Loan Agreement will include a claw-back provision in the event

that the Loan contains unlawful State aid, allowing the Council to claim back this amount and remove the State aid risk.

Risks

12. When approving the community loans scheme the council acknowledged that lending money to organisations that it would not lend under its treasury management strategy could carry greater risk of default. Because of this the scheme rules clearly state *'All debts will be pursued in accordance with the council's corporate debt recovery policy. The policy is rigorous and results in legal action including debtors being taken to court where all other means to secure payment have failed'*,
13. To protect the council's financial investment all advances are secured against property. This loan will be secured against the property for which the leasehold is being acquired.

Conclusion

14. Henley YMCA have requested a community loan of £169,950. All the conditions of the loans scheme have been met and therefore Cabinet is being asked to recommend Council approve the loan advance be made.

Background Papers

- Cabinet recommendation to council - Community Loans Policy -12 April 2012
- Council decision – 26 April 2012

Joint Audit and Governance Committee

Report of Head of Finance

Author: Rhona Bellis, Principal Accountant
Telephone: 01235 422497
Textphone: 18001 01235 422497
E-mail: rhona.bellis@southandvale.gov.uk

SODC cabinet member responsible: Councillor Jane Murphy
Telephone: **07970 932054**
E-mail: jane.murphy@southoxon.gov.uk

VWHDC cabinet member responsible: Councillor Robert Sharp
Telephone: **01367 710549**
E-mail: robert.sharp@whitehorsedc.gov.uk

To: **Joint Audit and Governance Committee; Cabinet; Council**

DATE: 23 Jan 17 by Joint Audit and Governance Committee
1 Feb 17 (S) / 3 Feb 17 (V) by Cabinet
16 Feb 17 (S) / 15 Feb 17 (V) by Council

Treasury management mid-year monitoring report 2016/17

Recommendations

That Joint Audit and Governance Committee:

1. notes the treasury management mid-year monitoring report 2016/17, and
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

That Cabinet:

3. considers any comments from Joint Audit and Governance Committee and recommends council to approve the report.

Purpose of report

1. The report fulfils the legislative requirements to ensure the adequate monitoring of the treasury management activities and that each council's prudential indicators are reported to their respective council mid-year (ie: as at 30 September). The report provides details of the treasury activities for the first six months of 2016/17 and an update on the current economic conditions with a view to the remainder of the year.



AGENDA ITEM

Strategic objectives

2. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that resources are available to deliver its services and meet the council's other strategic objectives.

Background

3. The council's treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Code of Practice for Treasury Management requires a monitoring report to be provided mid-year to council. The report covers the treasury activity for the period 1 April 2016 to 30 September 2016.
4. The 2016/17 treasury management strategy was approved by each council in February 2016. This report summarises the treasury activity and performance for the first six months of 2016/17 against those prudential indicators and benchmarks set for the year. It also provides an opportunity to review and subsequently revise limits if required. Full council is required to approve this report and any amendments to the Treasury Management Strategy.

Treasury activity

5. The mid-year performance of the two councils is summarised in the tables below¹.

	South	Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance	117,182	15,000	132,182	8,950	141,132
2	Budgeted investment income	721	311	1,032		
3	Actual investment income	1,247	312	1,559	427	1,986
4	surplus/(deficit) (3) - (2)	501	1	502		
5	Annualised rate of return	2.13%	4.16%	2.36%	9.54%	2.81%

	Vale	Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	47,809	8,210	56,019
2	Budgeted investment income	205		
3	Actual investment income	298	358	656
4	surplus/(deficit) (3) - (2)	93		
5	Annualised rate of return	1.25%	8.72%	2.34%

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

6. The forecast outturn position based on known investments and maturities and an estimate for future earnings is shown in the table below:

	South Oxfordshire District Council	Vale of White Horse District Council
Annual budget as per MTFP	£2,196,350	£411,000
Forecast outturn	£2,277,000	£570,000
Variance against budget	£80,650	£159,000
Borrowing	Nil	Nil

7. The Councils remain restricted regarding financial institutions meeting their investment criteria. When it is possible, investments will be placed with highly rated institutions for a longer duration with a view to increasing the weighted average maturity of the portfolio, but this has meant that overall there are less suitable counterparties available to the councils to deposit with.
8. **SODC.** The latest estimate is that income receivable on cash investments will be above budget by £80,650 by the end of the year. Although cash balances have been higher than expected, as a result of insurance receipts and re-profiling of the capital programme, the ongoing decline in interest rates available to the council when looking to reinvest maturing deposits has meant that average rates of return over the last six months of the year are expected to be lower than achieved in the first six months. The budget for 2017/18 has been reduced to reflect this reduction.
9. Officers monitor the performance of the unit trust holding on a regular basis. When the value reaches £14 million, a disposal of £2 million is made. During September 2016, the value of our unit trust holding reached the £14 million threshold and a disposal of £2 million was agreed.
10. **VWHDC.** The latest estimate is that income receivable on cash investments will be above budget by £159,000. This is due to higher than budgeted cash balances relating to grant funding from the EZ building foundations for growth that was received at the end of 2014/15 and has been invested pending disbursement, and the re-profiling of the capital programme as a result of delays in expenditure. The ongoing decline in interest rates available to the council when looking to reinvest maturing deposits has meant that average rates of return over the last six months of the year are expected to be lower than achieved in the first six months. The budget for 2017/18 has been reduced to reflect this reduction.
11. The Section 151 officer is content that there is no current need to review practices following the TUPE transfer of staff to Capita in August 2016, whilst the service is provided on a business as usual basis. However, the status quo may change in 2017/18, and at such time practices will be reviewed.

Performance measurement

12. A list of current investments as at 30 September is shown in Appendices A1 and A2. All investments were with approved counterparties. The average return on these investments is shown above in the table at paragraph 5. South has performed better than Vale because it holds more long term loans at higher rates, equities and corporate bonds as a result of its larger investment base.
13. The councils' performance against benchmarks for the first six months of the year are detailed in Appendices A3 and A4. All benchmarks have been achieved where measurable.

14. **VWHDC.** Two benchmark performance indicators contained within the treasury management strategy for Vale are considered below, these have not got a defined measurable basis
- Maximum investment of daily balances (in house) – on a daily basis, cash balances are reviewed and invested with a view to earning the maximum return for the council.
 - Maintenance of a balanced portfolio – when cash balances allow, investments are made in line with the treasury management strategy, with a view firstly to minimise risk and then to achieve maximum returns for the council.

Treasury management limits on activity

15. Each council is required by the Prudential Code to report on the limits set each year in their respective Treasury Management Strategies. The purpose of these limits is to ensure that the activity of the treasury functions remain 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 will impair the opportunities to reduce costs/improve performance. The limits for both councils are shown in appendices B1 and B2.
16. During September 2016 a breach of counterparty limits occurred with Newcastle Building Society. South Oxfordshire District Council invested £2 million with Newcastle Building Society on 1 September 2016. This investment took the council £0.5 million over the agreed limit of £12 million. A temporary authorisation was sought and obtained from the Section 151 officer. The breach will be corrected in April 2017 when £1 million matures and brings the council back within its agreed limits.

Debt activity during 2016/17

17. During the first six months of 2016/17 there has been no need for either of the councils to borrow. The treasury manager will continue to take a prudent approach to the councils' debt strategies. The prudential indicators and limits set out in appendices B1 and B2 provide the scope and flexibility for either of the councils to borrow in the short-term up to the maximum limits, if ever such a need arose within the cash flow management activities of the authority in order to achieve its service objectives.

Financial implications

18. Following the referendum on EU membership in June, we have entered a period of uncertainty. The depreciation of sterling has resulted in a rise in inflation (CPI) and this is predicted to remain above the two per cent target for some time. The Bank of England's Monetary Policy Committee has stated that interest rates could move in either direction and they will respond to changes to the economic outlook as they unfold. The projection from the council's treasury advisors (Capita Asset Services) is that the likelihood of a rise in official rates before early 2019 is unlikely. Furthermore, when rates do rise, they will do so more slowly than in pre-crash years due to concerns over the sustainability of the recovery and the continuing levels of high personal indebtedness. Rates are not likely to reach pre-2008 levels for some considerable time (if at all).

Legal implications

19. There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the CLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

Conclusion

20. This report provides details of the treasury management activities for the period 1 April 2016 to 30 September 2016 and the mid-year prudential indicators to each respective council.
21. During the first six months a breach of limits occurred at SODC and temporary authorisation was sought and obtained. All other treasury activities at both councils have operated within the agreed parameters set out in their respective approved treasury management strategies.
22. This report also provides the monitoring information for joint audit and governance committee to fulfil its role of scrutinising treasury management activity at each council.

Background papers

- CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes (revised 2011)
- CIPFA Prudential Code for Capital Finance in Local Authorities (2011 edition)
- Various committee reports, principally:-

Treasury Management Investment Strategy 2016/17
SODC – council 18 February 2016
VWHDC – council 17 February 2016

Appendices

- A1 – SODC List of investments as at 30 September 2016
- A2 – VWHDC List of investments as at 30 September 2016
- A3 – SODC Performance against benchmark
- A4 – VWHDC Performance against benchmark
- B1 – SODC Prudential Indicators
- B2 – VWHDC Prudential Indicators
- C1 – Note on Prudential Indicators

South Oxfordshire District Council

Investments as at 30 September 2016						
Counterparty	Deposit type	Maturity date	Investment duration in days	Principal	Rate	
Close Brothers	Fixed	15/12/2016	366	3,000,000	1.05%	
National Counties Building Society	Fixed	16/12/2016	304	1,500,000	0.95%	
National Counties Building Society	Fixed	21/12/2016	303	2,000,000	0.95%	
Progressive Building Society	Fixed	23/12/2016	304	1,000,000	0.90%	
Progressive Building Society	Fixed	03/01/2017	308	2,000,000	0.90%	
National Counties Building Society	Fixed	15/02/2017	229	1,500,000	0.73%	
National Counties Building Society	Fixed	27/02/2017	306	2,000,000	0.97%	
Skipton Building Society	Fixed	10/03/2017	364	3,000,000	1.02%	
Principality Building Society	Fixed	13/03/2017	367	2,000,000	1.05%	
National Counties Building Society	Fixed	15/03/2017	257	2,000,000	0.83%	
Progressive Building Society	Fixed	03/04/2017	304	2,000,000	1.00%	
Progressive Building Society	Fixed	03/04/2017	304	1,000,000	0.97%	
Newcastle Building Society	Fixed	12/04/2017	364	1,000,000	1.15%	
Newcastle Building Society	Fixed	27/04/2017	365	2,000,000	1.15%	
Newcastle Building Society	Fixed	02/05/2017	364	2,000,000	1.15%	
National Counties Building Society	Fixed	04/05/2017	304	1,000,000	0.95%	
Newcastle Building Society	Fixed	05/05/2017	364	2,000,000	1.15%	
Skipton Building Society	Fixed	08/05/2017	367	2,000,000	1.04%	
Principality Building Society	Fixed	30/05/2017	364	2,000,000	1.03%	
West Bromwich Building Society	Fixed	12/06/2017	364	3,000,000	1.07%	
Nottingham Building Society	Fixed	12/06/2017	364	1,000,000	1.01%	
Goldman Sachs International Bank	Fixed	26/06/2017	367	2,000,000	1.00%	
Newcastle Building Society	Fixed	29/06/2017	364	1,500,000	1.15%	
West Bromwich Building Society	Fixed	03/07/2017	367	4,000,000	1.00%	
Nottingham Building Society	Fixed	11/07/2017	365	2,000,000	0.81%	
Principality Building Society	Fixed	10/07/2017	364	2,000,000	0.80%	
Progressive Building Society	Fixed	17/07/2017	304	2,500,000	0.70%	
West Bromwich Building Society	Fixed	19/07/2017	364	1,000,000	0.85%	
Goldman Sachs International Bank	Fixed	24/07/2017	364	2,000,000	0.60%	
Newcastle Building Society	Fixed	30/08/2017	365	2,000,000	0.77%	
Newcastle Building Society	Fixed	31/08/2017	364	2,000,000	0.77%	
Nottingham Building Society	Fixed	18/09/2017	367	2,500,000	0.72%	
Goldman Sachs International Bank	Fixed	28/09/2017	364	2,000,000	0.70%	
Santander	Call *			7,105,464	0.25%	
Royal Bank of Scotland	Call *			2,329	0.25%	
Royal Bank of Scotland	Call *			95,101	0.25%	
Goldman Sachs	MMF *			4,460,000	0.44%	
Blackrock	MMF *			690,000	0.36%	
Total short term cash investments (<1 yr duration)				76,852,894		
HSBC	Fixed	27/02/2017	1827	2,000,000	1.90%	
Kingston upon Hull City Council	Fixed	19/08/2020	2557	3,500,000	2.70%	
Kingston upon Hull City Council	Fixed	19/08/2020	2557	1,500,000	2.70%	
Kingston upon Hull City Council	Fixed	15/01/2021	2557	2,000,000	2.50%	
Bury MBC	Fixed	19/07/2021	1827	5,000,000	1.50%	
Royal Bank of Scotland	Fixed	22/01/2018	1098	2,000,000	1.25%	
Royal Bank of Scotland	Fixed	18/02/2019	1463	2,000,000	1.20%	
Royal Bank of Scotland	Fixed	08/04/2019	1095	3,000,000	1.31%	
Close Brothers	Fixed	27/11/2017	732	3,000,000	1.60%	
Close Brothers	Fixed	03/04/2017	549	2,000,000	1.41%	
Close Brothers	Fixed	14/03/2017	547	2,000,000	1.40%	
Total long-term cash investments (>1 yr duration)				28,000,000		
Santander	Corporate Bond	04/01/2017		280,719	11.50%	
Total corporate bond investments				280,719		
CCLA	Property			6,524,585	Variable	
Legal & General Equities	Unit Trust			12,209,874	Variable	
Total Investments				123,868,072		

* Rates are variable. Returns shown represent prevailing rates at end Q2 2016.

Above figures exclude balance outstanding from Kaupthing Singer and Friedlander and SOHA loan

Vale of White Horse District Council

Investments as at 30 September 2016					
Counterparty	Deposit type	Maturity date	Total investment duration in days	Principal	Rate
Skipton Building Society	Fixed	13/10/2016	364	2,000,000	1.02%
National Counties Building Society	Fixed	18/11/2016	305	2,000,000	1.00%
Principality Building Society	Fixed	20/01/2017	364	2,000,000	1.05%
Newcastle Building Society	Fixed	08/12/2016	304	1,000,000	1.02%
Principality Building Society	Fixed	28/12/2016	303	2,000,000	0.93%
National Counties Building Society	Fixed	28/11/2016	273	1,000,000	0.90%
West Bromwich Building Society	Fixed	20/03/2017	364	2,000,000	1.05%
Lloyds Bank Plc	Fixed	28/03/2017	364	6,000,000	1.05%
Newcastle Building Society	Fixed	15/03/2017	336	2,500,000	1.10%
Progressive Building Society	Fixed	15/03/2017	254	2,000,000	0.77%
Skipton Building Society	Fixed	20/03/2017	200	2,000,000	0.49%
Close Brothers	Fixed	29/09/2017	364	2,000,000	0.80%
LGIM	MMF *			5,750,000	0.34%
Goldman Sachs	MMF *			6,620,000	0.27%
Total short term cash investments (<1 yr duration)				38,870,000	
Kingston Upon Hull City Council	Fixed	19/08/2020	2,557	2,000,000	2.70%
Kingston Upon Hull City Council	Fixed	15/01/2021	2,557	2,000,000	2.50%
Close Brothers	Fixed	16/11/2017	731	2,000,000	1.60%
Places for People Homes (HA)	Fixed	15/06/2018	730	2,000,000	1.70%
Total long-term cash investments (>1 yr duration)				8,000,000	
CCLA	Property			2,580,865	variable
Total Investments				49,450,865	

* Rates are variable. Returns shown represent prevailing rates at end Q2 2016.

South Oxfordshire District Council

Investment returns achieved against benchmark				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.38%	2.13%	1.75%	3 Month LIBID
Equities	10.61%	11.51%	0.90%	FTSE All Shares Index
Corporate Bonds	0.25%	11.50%	11.25%	BoE base rate

- All benchmarks managed by the treasury team were met in the first six months of the year.

CCLA

Annualised total return performance				
Performance to 30 September 2016	1 year	3 years	5 years	
The local authorities property fund	2.9%	12.5%	9.3%	
Benchmark	4.3%	12.0%	8.3%	

- The CCLA investment is a long term holding. The above table shows the performance of the fund as a whole and the longer term performance should be used as a guide to returns achievable in the medium term.
- South invested £5 million into the fund and in the first six months of 2016/17, achieved a return of 4.7 per cent calculated as a ratio of income over the market value held as at 30 September 2016. This is not the same basis upon which the performance of the fund above is calculated.

Vale of White Horse District Council

Investment returns achieved against benchmark				
	Benchmark return	Actual return	Growth (below)/above benchmark	Benchmarks
	%	%	%	
Internally managed - Bank & Building Society deposits	0.38%	1.25%	0.87%	3 month LIBID

- All benchmarks managed by the treasury team were met in the first six months of the year.

CCLA

Annualised total return performance				
Performance to 30 September 2016	1 year	3 years	5 years	
The local authorities property fund	2.9%	12.5%	9.3%	
Benchmark	4.3%	12.0%	8.3%	

- The CCLA investment is a long term holding. The above table shows the performance of the fund as a whole and the longer term performance should be used as a guide to returns achievable in the medium term.
- Vale invested £2 million into the fund and in the first six months of 2016/17, achieved a return of 4.7 per cent calculated as a ratio of income over the market value held as at 30 September 2016. This is not the same basis upon which the performance of the fund above is calculated.

South Oxfordshire District Council

Prudential indicators as at 30th September 2016		
	2016/17 Original Estimate £m	Actual as at 30-Sep £m
Debt		
Authorised limit for external debt		
Borrowing	5	0
Other long term liabilities	5	0
	10	0
Operational boundary for external debt		
Borrowing	2	0
Other long term liabilities	3	0
	5	0
Interest rate exposures		
Maximum fixed rate borrowing	100%	0
Maximum variable rate borrowing	100%	0
Investments		
Interest rate exposures		
Limits on fixed interest rates	100	93
Limits on variable interest rates	30	12
Principal sums invested > 364 days		
Upper limit for principal sums invested >364 days	70	28
Limit to be placed on investments to maturity:		
1 - 2 years	70	7
2-5 years	50	12
5 years+	50	9

Vale of White Horse District Council

Prudential indicators as at 30th September 2016		
	2016/17	Actual as at
	Original estimate	30-Sep
	£m	£m
Debt		
Authorised limit for external debt		
Borrowing	30	0
Other long term liabilities	5	0
	35	0
Operational boundary for external debt		
Borrowing	25	0
Other long term liabilities	0	0
	25	0
Interest rate exposures		
Maximum fixed rate borrowing	100%	0
Maximum variable rate borrowing	100%	0
Investments		
Interest rate exposures		
Limits on fixed interest rates	40	34.5
Limits on variable interest rates	30	12.4
Principal sums invested > 364 days		
Upper limit for principal sums invested >364 days	30	8
Limit to be placed on investments to maturity:		
1 - 2 years	30	4
2-5 years	5	0
5 years+	5	4

Prudential indicators – explanatory note

Debt

There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of most likely, but not worst case scenario.

The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, “invest to save” projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows.

The Operational Boundary is a more realistic indicator of the likely position.

Interest rate exposures

The maximum proportion of interest on borrowing which is subject to fixed/variable rate of interest.

Investments

Interest rate exposure

The purpose of these indicators is to set ranges that will limit exposure to interest rate movement. The indicator required by the Treasury Management Code considers the net position of borrowing and investment and is based on principal sums outstanding.

Principal sums invested

This indicator sets a limit on the level of investments that can be made for more than 364 days.

Report to: Joint Audit and Governance Committee Cabinet Council



Listening Learning Leading

Report of Head of Finance

Author: Rhona Bellis

Tel: 01235 422497

E-mail: Rhona.bellis@southandvale.gov.uk

Cabinet Member responsible: Jane Murphy

Tel: 07970 932054

E-mail: jane.murphy@southoxon.gov.uk

To: Joint Audit & Governance Committee

To: Cabinet

To: Council

23 January 2017

1 February 2017

16 February 2017

AGENDA ITEM NO

Treasury management strategy 2017/18 to 2019/20

Recommendations:

The committee recommends to Cabinet and Council:

1. To approve the treasury management strategy 2017/18 set out in appendix A to this report;
2. To approve the prudential indicators and limits for 2017/18 to 2019/20 as set out in table 2, appendix A;
3. To approve the annual investment strategy 2017/18 set out in appendix A (paragraphs 23 to 66) and the lending criteria detailed in table 5.

That Cabinet:

Considers any comments from committee and recommends Council to approve the report.

Purpose of report

1. This report presents the council's Treasury Management Strategy (TMS) for 2017/18 to 2019/20. This sets out how the council's treasury service will support capital investment decisions, and how the treasury management operates day to day. It sets out the limitations on treasury management activity governed by the prudential indicators, within which the council's treasury function must operate. The strategy is included as appendix A to the report. This report includes the three elements required by legislation as follows:
 - The **prudential indicators** required by the CIPFA Prudential Code for Capital Finance in Local Authorities;
 - The **annual investment strategy**. This sets out the council's criteria for selecting counterparties and limiting exposure to the risk of loss on its investments. This strategy is in accordance with the DCLG investment guidance and forms part of the treasury management strategy (appendix A, paragraphs 23 – 66);
 - A statutory duty to approve a **minimum revenue provision** policy for 2017/18 (paragraphs 58-62).

It is a requirement of the CIPFA Treasury Management Code 2011 that this report is approved by full Council on an annual basis.

Strategic objectives

2. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that resources are available to deliver its services and meet the council's other strategic objectives.

Background

3. 'Treasury management' is the planning of the council's 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.
4. The funding of the council's capital expenditure is also a function of treasury management. The capital programme provides a guide to the funding needs of the council and the long term cash flow plans to ensure that the council can meet its capital spending obligations.
5. The treasury management and annual investment strategy set out the council's policies for managing investments and confirms the council gives priority to the security and liquidity of those investments. It also includes the prudential indicators for the next three years; these demonstrate that the council's capital investment plans are affordable, prudent and sustainable.
6. The council's treasury management strategy 2017/18 to 2019/20 is attached in appendix A. Whilst every attempt has been made to minimise the technical content of this report, it is, by its very nature and the need for compliance with associated guidance, technical in parts. A glossary of terms in annex 6 should aid members understanding of some technical terms used in the report.

Recommended changes to the treasury management strategy

7. Council approved the 2016/17 treasury management strategy on 18 February 2016. The proposed strategy for 2017/18 includes the changes detailed below, which cabinet is asked to recommend to council:

Table 2 Prudential Indicators

- To raise the authorised limit for external debt to £30 million.
- To raise the operational boundary for external debt to £25 million from £5 million.
- To change the limits on fixed interest rate investments to 100 per cent from £100 million
- To raise the limits on variable interest rate investments to £50 million from £30 million
- To remove the detailed limits on investments to maturity where they are split into bands of one to two years of £70 million, two to five years of £50 million and more than five years of £50 million, retaining the limit on principal sums invested for longer than 364 days to £70 million.

Table 5 Counterparty Limits

- To change the maximum maturity date on investments with institutions with a minimum rating F1+/A+ to 4 years from 3 years
- To change the maximum maturity date on investments with institutions with a minimum rating F1+/AA- to 3 years from 4 years

Annex 2 Liquidity

- To simplify the performance measurement in terms of investment liquidity in Annex 2 paragraphs three and four to focus on maintaining minimum levels of working capital in short term vehicles

8. The changes above are proposed to allow the council to fund future spending in the most financially advantageous way.
9. The Section 151 officer is content that there is no current need to review practices following the TUPE transfer of staff to Capita in August 2016 whilst the service is provided on a “business as usual” basis. However when there are changes to this provision then practices will be reviewed.

Financial implications and risk assessment

10. This report and all associated policies and strategies set out the parameters the council must work within. It is important that the council follows the approved treasury management strategy which is designed to protect the council’s finances by managing its risk exposure.
11. In the last few years investment income has fallen due to lower interest rates. In the medium term interest rates are expected to remain low. According to latest forecasts from Capita Asset Services, the council’s treasury advisors, a rise in

interest rates is not expected until June 2019 and any rises in rates are expected to be slow and gradual given the continued uncertainty in the economy.

12. The table below gives an estimate of the investment income achievable for the next five years.

Table 1: Medium term investment income forecast					
	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Forecast as at January 2017	2,201	2,153	2,308	2,504	2,606

The 2017/18 budget setting report and medium term financial plan will take into account the latest projections of anticipated investment income.

Legal implications

13. There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the CLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.
14. The council must approve any amendment to the treasury management strategy and annual investment strategy in accordance with the Local Government Act 2003 (the Act), the CIPFA Code of Practice for Treasury Management in the Public Services and the CLG Local Government Investment Guidance under Section 15(1) (a) Local Government Act 2003 and CIPFA Prudential Code for Capital Finance.

Conclusion

15. This report provides details of the treasury management strategy and the annual investment strategy for 2017/18 which are appended to this report, together with the prudential indicators for approval to council. These documents provide the parameters within which officers will operate the council's treasury management function.

Background papers

- CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes (revised 2011)
- CLG Local Government Investment Guidance under Section 15(1)(a) Local Government Act 2003 and CIPFA Prudential Code for Capital Finance.
- Treasury Management Investment Strategy 2016/17 (cabinet 4 February 2016, council 18 February 2016)

Appendices

Appendix A Treasury Management Strategy 2017/18 – 2019/20 – incorporating the following:

Annex 1	Economic conditions and prospects for interest rates
Annex 2	Risk and performance benchmarking
Annex 3	Property investment policy
Annex 4	Explanation of prudential indicators
Annex 5	TMP1
Annex 6	Glossary of terms

Treasury Management Strategy 2017/18 to 2019/20

Introduction

1. The Local Government Act 2003 and supporting regulations require the council to 'have regard to' the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable.
2. The Act requires the council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). This sets out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
3. The strategy in respect of the following aspects of the treasury management function is based on treasury officers' views on interest rates, supplemented with market forecasts provided by the council's treasury advisor, Capita Asset Services. The strategy covers:
 - Prudential and treasury indicators in force that will limit the treasury risk and activities of the council;
 - Current treasury position
 - Borrowing strategy
 - Policy on borrowing in advance of need;
 - Investment strategy;
 - Counterparty selection and limits;
 - Policy on use of external service providers;
 - Minimum Revenue Provision (MRP) statement;
 - Treasury management scheme of delegation and Section 151 role.
4. It is a statutory requirement under Section 32 of the Local Government Finance Act 1992, for the council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level where any increases in charges to revenue from:
 - Increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
 - Any increases in running costs from new capital projects are identified and limited to a level which is affordable.

A key requirement of this report is to explain the risks, and the management of those risks, associated with providing the treasury service. Legislation requires that as a minimum two further treasury reports are provided: a mid-year monitoring report and an outturn report after the year-end that reports on actual activity for the year.

Treasury Limits for 2017/18 to 2019/20

5. It is a statutory duty, under Section 3 of the Act and supporting regulations for the council to determine and keep under review how much it can afford to borrow. The amount so determined is called the “Affordable Borrowing Limit”. The Authorised Limit is the legislative limit specified in the Act.
6. The council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital expenditure remains within sustainable limits and in particular, that the impact upon its future council tax is ‘acceptable’.
7. The Authorised Limit is set on a rolling basis, for the forthcoming financial year and two successive financial years.
8. The following indicators set the parameters within which we manage the overall capital investment and treasury management functions. There are specific treasury activity limits, which aim to contain the activity of the treasury function in order to manage risk and reduce the impact of an 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 limits are set out in table 2 below.

Cabinet is asked to recommend council to approve the limits:

Table 2: Prudential Indicators	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Debt				
Authorised limit for external debt				
Borrowing	5	30	30	30
Other long term liabilities	5	0	0	0
	10	20	30	30
Operational boundary for external debt				
Borrowing	2	25	25	25
Other long term liabilities	3	0	0	0
	5	25	25	25
Interest rate exposures				
Maximum fixed rate borrowing	100%	100%	100%	100%
Maximum variable rate borrowing	100%	100%	100%	100%
Investments				
Interest rate exposures				
Limits on fixed interest rates	100	100%	100%	100%
Limits on variable interest rates	30	50	50	50
Principal sums invested > 364 days				
Upper limit for principal sums invested > 364 days	70	70	70	70
Limit to be placed on investments to maturity: ¹				
1-2 years	70			
2-5 years	50			
5 years+	50			

¹ These limits have been removed for years after 2016/17

Current position

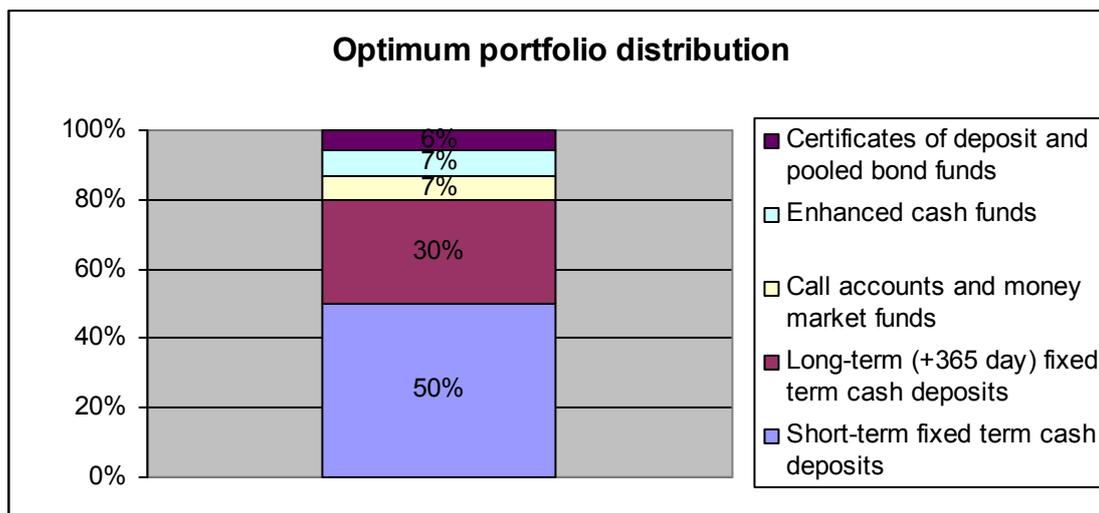
9. The maturity structure of the council's investments at 31 December 2016 was as follows:

Table 3: Maturity structure of investments				
	Classification of investment at deal date	% holding	Classification as at 31/12/16	% holding
	£'000		£'000	
Call	7,204	6%	7,204	6%
Money market funds	6,800	5%	6,800	5%
Less than 6 months	5,000	4%	46,000	36%
6 months to 1 year	61,500	49%	29,500	23%
1 - 2 years	7,000	6%	2,000	2%
2 - 3 years	5,000	4%	5,000	4%
3 - 7 years	16,000	13%	12,000	10%
Corporate bonds (par value)	270	0%	270	0%
CCLA - property fund	5,000	4%	5,000	4%
Equities	12,319	10%	12,319	10%
	126,093	100%	126,093	100%

Note: £126 million does not represent uncommitted resource the council has at its disposal. This amount includes council tax receipts held prior to forwarding to Oxfordshire County Council and the Police and Crime Commissioner for the Thames Valley, business rate receipts prior to payment to the government and committed capital and revenue balances. Details of the council's uncommitted balances are provided in the annual budget and council tax setting report.

The figure for total investments shown above excludes the £15 million 20-year loan to SOHA made in 2013/14 and the balance outstanding with Kaupthing Singer & Friedlander (KSF).

10. The council currently holds 86 per cent of its investments in the form of cash deposits, 75 per cent is invested for fixed terms with a fixed investment return and 11 per cent is currently held on call accounts, with the remainder held in non-cash deposits. Typically the council restricts lending activity to UK institutions and the highest rated counterparties.
11. The council's considerations for investment will remain security, liquidity and yield – in that order. Within this framework a potential optimum portfolio distribution of cash investments could be considered as follows:



Note: This represents officer interpretation of a diversified portfolio and from time to time actual holdings will vary from this significantly. Should interest rates increase then consideration would be given to increasing the proportion held for the long term.

Icelandic banks – Kaupthing Singer & Friedlander

12. The council has now received £2,216,848 in respect of the claim for £2.6 million (£2.5 million investment plus interest) from the investment made with the failed Icelandic bank Kaupthing Singer & Friedlander (KSF).
13. The administrators intend to make further payments at regular intervals. The estimated total amount to be recovered is forecast to be in the range of 86p to 86.5p in the pound. This equates to between £2,262,517 and £2,275,671

Investment performance for the year to 31 December 2016.

14. The council’s budgeted investment return for 2016/17 is £2.2 million, and the actual interest earned to date is shown as follows:

Table 4: Investment interest earned to date and outturn estimate				
Investment type	Annual Budget 2016/17 £000's	Interest Earned		
		Actual to date 2016/17 £000's	Annual Forecast 2016/17 £000's	Forecast Variation 2015/17 £000's
		Position at end December 2016	2,196	1,814
Total interest	2,196	1,814	2,290	94

Borrowing Strategy 2017/18 – 2019/20

15. The annual treasury management strategy has to set out details of the council's borrowing requirement, any maturing debt which will need to be re-financed, and the effect this will have on the treasury position over the next three years. This council has no external debt and external borrowing may only prove necessary to fund the future capital programme.
16. The council will continue to take a prudent approach to its debt strategy. In general, the council will borrow for one of two purposes:
 - to support cash flow in the short-term;
 - to fund capital investment over the medium to long term.

Any borrowing undertaken will be within the scope of the boundaries given in the prudential indicators shown in table 2.

17. The prudential indicators provide the scope and flexibility for the council to borrow up to a maximum of £30 million, if such a need arose. This also allows short-term borrowing for the cash flow management activities of the authority, for the achievement of service objectives.
18. The existing capital programme can be financed from internal resources. Additional expenditure committed in the future can be financed from internal resources (either by use of reserves or internal borrowing) or externally (through prudential borrowing). Any decision on borrowing will be taken by the Head of Finance based on the optimum cost to the council.
19. Currently the council is debt free. There is no financial advantage to the council of maintaining a debt free status, other than it avoids the revenue cost of servicing any borrowing it assumes. Any borrowing undertaken will be within the framework of the prudential indicators included in this report.
20. The latest projection from the council's treasury advisors, Capita Asset Services, is for the Bank of England base rate to remain unchanged at 0.25 per cent until the June 2019.
21. The treasury management strategy for the forthcoming year aims to efficiently manage the investment portfolio by reducing the amount of funds held extremely short-term for cash flow purposes and operating with an adequate but not excessive level of working capital. This optimum level is dictated by the accuracy of cash flow forecasts and, although unlikely, it is prudent to set a minimum level for the use of short-term borrowing arrangements or overdraft facilities if the cash flow forecasts prove inaccurate at any point in the year.
22. This strategy allows the head of finance to take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.
23. Any borrowing for capital financing purposes will be assessed by the head of finance to be prudent, sustainable and affordable.

Appendix A

24. This strategy allows the head of finance to determine the most suitable repayment terms of any borrowing to demonstrate affordability and sustainability in the medium term financial plan. As a general rule, the term of any borrowing will not be longer than the expected life of the capital asset being created.

Policy on borrowing in advance of need

25. 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 approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the council can ensure the security of such funds. In determining if any borrowing will be undertaken in advance of need, the council will:

- Consider the impact of borrowing in advance on investment cash balances and the exposure to counterparty risk. Any risk associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting process.
- Consider the optimum point to borrow in advance of need to obtain the most beneficial rates on any loan raised to minimise the cost of borrowing over the duration of the loan.

Annual investment strategy

26. The primary aim of the council's investment strategy is to maintain the security and liquidity of its investments, yield or return on the investment will be a secondary consideration, subject to prudent security and liquidity. The council will ensure:

- It has sufficient liquidity in its investments to cover cash flow. For this purpose it has set out parameters for determining the maximum periods for which funds may prudently be committed.
- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.

27. The strategy aims to provide a high degree of flexibility to take appropriate lending decisions, with a view to producing a portfolio with an even spread of maturity periods as and when institutional security and market confidence returns. This aim is to provide a more even and predictable investment return in the medium term.

28. The council's head of finance will ensure a counterparty list (a list of named institutions) is maintained in compliance with the recommended credit rating criteria (table 5) and will revise the criteria and submit any changes to the credit rating criteria to council for approval as necessary.

Investment types

29. The types of investment that the council can use are summarised below. These are split under the headings of specified and non-specified in accordance with the statutory guidance.

Specified investment instruments (maximum period 1 year)

30. These are sterling investments of not more than one year maturity, or those where the council has the right to be repaid within 12 months if it wishes. These would include sterling investments with:

- UK government Debt Management Agency Deposit Facility (DMADF)
- UK government – treasury stock (Gilts) with less than one year to maturity
- Supranational bonds of less than one year's duration
- Deposits with UK local authorities
- Pooled investment vehicles such as Money Market Funds (MMF) (AAA rated)
- Deposits with banks and building societies (minimum F1/A- rated)
- Certificates of deposits issued by banks and building societies (minimum rating as above)

Non-specified investment instruments

31. These are any other type of investment (i.e. investments not defined as specified, above). Non-specified investments would include any sterling investments with:

- Supranational bonds of 1 to 10 years maturity
- UK treasury stock (Gilts) with a maturity of 1 to 10 years
- Unrated building societies (minimum asset value £1 billion)
- Bank and building society cash deposits up to 5 years (minimum F1/A-)
- Deposits with UK local authorities up to 25 years
- Corporate bonds
- Pooled property, pooled bond funds and UK pooled equity funds
- Direct property investment

Other non-specified investment instruments

32. Other non-specified investment instruments include:

- Fixed term deposits with variable rate and variable maturities
- Investment in Housing Associations

Approach to investing

33. The council currently holds approximately £106 million core cash balances which are available to invest for more than one year. This is expected to reduce over the medium term as the approved capital expenditure is incurred and not replaced by capital receipts. In addition the council has funds which are available on a temporary basis to invest. These are held pending payment over to another body such as precept payments and council tax. The amount can vary between £5 million and £15 million throughout the year and should only be invested short term (under one year). Investments will be made with reference to known cash flow requirements (liquidity).

34. Whilst the current market uncertainties remain the council will aim to keep investments relatively short term, but will continue to look for opportunities to fix lending in the medium term with highly rated institutions when possible for core cash balances. The aim is to increase the weighted average maturity of the portfolio in order to reduce maturity risk.

Appendix A

35. Officers will continue to implement an operational strategy which provides tight controls on the investments placed. Where possible, opportunities to spread the investment risk over different types of instruments will be considered.
36. Should market conditions deteriorate suddenly to the extent that the council is unable to place money with institutions with the necessary credit rating, it will make use of the UK Government deposit account (DMADF).
37. The council has the authority to lend to other local authorities at market rates. Current investments include £7 million with Kingston Upon Hull City Council and £5 million placed with Bury Metropolitan Borough Council. Whilst investments with other local authorities are considered to be supported by central government, officers will consider the financial viability and sustainability of the individual local authority before any funds are advanced.
38. The property investment holdings will be kept under review to identify if further investments should be placed in these categories. Property funds will also be looked at in more detail for consideration. In 2013/14 the council invested £5 million in the Churches Charities and Local Authorities pooled property investment fund (CCLA). Further details on the property investment policy are contained in annex 3.
39. Money market funds are mainly used for liquidity; they also provide security and spread portfolio risk. Officers will always monitor the council's exposure to these funds in order to manage our security risk.
40. Currently the council does not make use of an external fund manager. Whilst there are presently no plans for this situation to change, this will continue to be kept under review.
41. Bond funds can be used to diversify the portfolio, whilst maintaining an element of liquidity and security. These will be considered and reviewed as an investment possibility to spread portfolio risk.
42. One option to offer diversification in the council's investment portfolio would be to make use of enhanced cash funds. Possible use of such funds would be intended for longer term investments than with traditional money market funds (i.e. for possible investment durations of 3 – 6 months). Investments placed with enhanced cash funds are callable and so offer the option to be withdrawn before maturity, although this is likely to have an adverse impact on the return on the investment.
43. Unlike money market funds, enhanced cash funds have a variable net asset value (VNAV). This means the assets are 'marked to market' (re-valued to current market value) on a daily basis and the fund unit price adjusted accordingly. Under this calculation basis the unit price fluctuates and could, therefore, be higher or lower than the original investment when it is redeemed. Any use of enhanced cash funds would be restricted to the high quality counterparty credit criteria as set out in Table 5 below.
44. The council does not currently make use of certificates of deposit. Consideration will be given to their use to assist diversification of the investment portfolio. Certificates of deposit have the same level of ranking and security as ordinary fixed term deposits but have the option of being traded before maturity. Certificates of deposit are bought and sold on the stock market and their price can go up or down prior to

their redemption date. If held to maturity the investment will return their issue value. The council would only normally look to enter into such investments on a held to maturity basis.

Counterparty selection

45. Treasury management risk is the risk of loss of capital to the council. To minimise this risk, the council uses credit rating information when considering who to lend to. Capita Asset Services provides the council with credit rating updates from all three ratings agencies – Standard & Poor's, Fitch and Moodys.
46. The council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine the creditworthy counterparties. This is because adopting this approach could leave the council with too few counterparties for the strategy to be workable. Instead, counterparty investment limits will be set by reference to all of the assigned ratings.
47. Credit rating information is supplied by Capita Asset Services, our treasury consultants. Any counterparty failing to meet the minimum required criteria (Table 5 below) would be omitted from the counterparty list. Any rating changes and rating watches (notification of a rating change) are provided to officers almost immediately after they occur and this information is considered before any deal is entered into. Extreme market movements may result in a downgrade of an institution or removal from the council's lending list.
48. Additional requirements under the CIPFA Treasury Management Code requires the council to supplement the credit rating data with operational market information such as credit default swaps (CDS), negative watches and outlooks, which are considered when assessing the security of counterparties. This additional information is used so that the council does not rely solely on the current credit ratings of counterparties.
49. Where it is felt the council would benefit from utilising government guarantees provided by countries with an AAA rating, the council may lend to institutions covered by such guarantees. Any decision to lend in this way will be subject to consultation with and the agreement of the cabinet member responsible for finance.

Country and sector considerations

50. The council has determined that it will only use approved counterparties outside the UK from countries with a minimum sovereign credit rating of AAA from Fitch Ratings.

Counterparty limits

51. In the normal course of the council's cash flow operations it is expected that both specified and non-specified investments will be used for the control of liquidity as both categories allow for short term investments. The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will be used where the council's liquidity requirements are safeguarded. The council will lend to institutions that meet the following criteria:

Table 5: Counterparty limits				
Counterparty	Minimum Fitch Rating (or equivalent)	Counterparty Limit £m	Max. maturity period	Maximum % of total investments
Routinely used counterparties				
Bank - part nationalised UK	UK Sovereign	£20m	4 years	100%
Building societies - assets > £1,000m	n/a	£10m	1 year	20%
Building societies - assets > £3,000m	n/a	£12m	1 year	20%
Building societies - assets > £5,000m	n/a	£15m	1 year	20%
Corporate bonds	F1+/A+	£5m	variable	10%
Institutions with a minimum rating	F1+/AA-	£15m	3 years	25%
Institutions with a minimum rating	F1/A	£15m	2 years	30%
Local Authorities / parish councils	n/a	£15m	25 years	50%
Money Market Fund (CNAV)	AAA	£20m	liquid	100%
Pooled property fund	n/a	£10m	variable	15%
UK equities	n/a	£10m	variable	20%
Other counterparties				
Enhanced cash funds (VNAV)	AAA	£20m	variable	50%
Housing associations	F1+/A+	£15m	variable	15%
Institutions with a minimum rating	F1+/A+	£15m	4 years	25%
Institutions with a minimum rating	F1/A-	£15m	1 year	50%
Managed bond fund	F1/A-	£15m	1 year	40%
Pooled bond fund	F1+/A+	£5m	variable	10%
Property related investments	n/a	£30m	variable	80%
Supranationals	AAA	£10m	10 years	40%
UK government - gilts	UK Sovereign	£15m	15 years	10%
UK government - treasury bills	UK Sovereign	£15m	15 years	10%
UK Govt & DMADF	UK Sovereign	Unlimited	n/a	100%

52. The criteria for choosing counterparties provides a sound approach to investment. Whilst councillors are asked to approve the criteria in table 5, under exceptional market conditions the head of finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval.

Fund managers

53. The council does not currently employ any external fund managers. However in the event of such an appointment, appointees will comply with this and subsequent treasury strategies. This strategy empowers the Section 151 officer to appoint such an external manager to manage a proportion of the council's investment portfolio if this is advantageous. Situations in which this might be advantageous include benchmarking the performance of the internal treasury team; benefiting from the often extensive credit risk and economic modelling resources of external fund managers and resources necessary to hold liquid instruments for trading.

Risk and performance benchmarks

54. A requirement of the Code is that security and liquidity benchmarks are considered and approved. This is in addition to yield benchmarks which are used to assess performance. The benchmarks are guidelines (not limits) so may be breached depending on the movement in interest rates and counterparty criteria. Their purpose is to allow officers to monitor the current trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with an explanation in the mid-year or annual report to audit and corporate governance committee. Detailed information for the assessment of risk is shown in annex 2.

55. Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic performance indicators, as opposed to the predominantly forward looking prudential indicators. The indicators used to assess the performance of the treasury function are:

Table 6: investment benchmarks	
Investment category	Benchmark
Bank & building society deposits - non-managed	3 Month LIBID
Equities	FTSE all shares index
Property related investments	IPD balanced Property Unit Trust Index
Corporate bonds	BoE base rate

Performance against these indicators will be reported in both the annual mid-year and year-end treasury reports.

Policy on the use of treasury management advisers

56. The council has a joint contract for treasury management advisors with Vale of White Horse District Council. Capita Asset Services, a subsidiary of the Capita Group Plc provides a range of services, which include:

- technical support on treasury matters, capital finance issues, statutory reports;
- economic forecasts and interest rate analysis;
- credit ratings/market information service involving the three main credit rating agencies;
- strategic advice including a review of the investment and borrowing strategies and policy documents.

57. 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, resources and up to date market information.

Minimum revenue provision (MRP) policy statement 2017/18

58. MRP is the amount out of revenues set aside each year as a provision for debt i.e. the provision in respect of capital expenditure financed by borrowing.
59. The council is required by regulation to approve an annual MRP policy before the start of the year to which it relates. Any in-year changes must also be submitted to the council for approval.
60. Currently, the council's MRP liability is nil. This will remain the case unless new capital expenditure is financed by external borrowing.
61. The council has no outstanding capital liability and therefore the MRP for 2017/18 is nil. This will remain the case unless new capital expenditure is financed by borrowing.
62. The council's current capital programme can be financed from internal resources. However, new capital growth ideas may require external borrowing. If borrowing is undertaken then the council will be required by statute to set aside funds in the annual revenue budget to amortise the principal element of any borrowing – this is the MRP. There will also be a requirement to set aside revenue budget for the interest payments on any borrowing raised. Loans will generally be taken over the life of the assets being financed and amortised accordingly. The Head of Finance will determine the most appropriate repayment method, term of borrowing and duration of borrowing. As a general illustration, Table 7 below gives an example of the annual revenue costs associated with borrowing an amount of £2.5 million over a 50 year period, based on the current district tax base of 55,557 Band D equivalents:

Table 7: Example MRP and interest calculation		
Loan amount	£2,500,000	
Loan duration	50 years	
PWLB interest rate	2.87 per cent	
2017/18 Taxbase	55,557	
	£	£ per band D
MRP element	50,000	0.90
Annual interest cost	71,750	1.29
Total	121,750	2.19

Councillor and officer training

63. The requirement for increased councillor consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for councillors and officers. In compliance with the revised CIPFA Code, the council has provided treasury management training to councillors in January 2017. Further training can be provided if required or requested.

Treasury management scheme of delegation and the role of the section 151 officer

64. The treasury management scheme of delegation and the role of the Section 151 officer is as follows:

I. Council

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

II. Joint audit and governance Committee / Cabinet

- Approval of amendments to the organisations adopted clauses, treasury management policy statements and treasury management practices;
- Receiving and reviewing monitoring reports and acting on recommendations;
- Ensuring effective scrutiny of the treasury management function.

III. Section 151 Officer / Head of Finance

- Recommending clauses, treasury management policies/practices for approval, review and monitoring compliance;
- Submitting regular treasury management information reports;
- Submitting budgets and budget variations;
- Reviewing the performance of the treasury management function;
- Ensuring 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;
- Approving the selection of external service providers and agreeing terms of appointment.

Summary

65. Prior to the beginning of each financial year the council must approve the treasury management strategy. The strategy sets the parameters within which officers can manage the council's cash flows and invest any surplus funds.

66. This strategy provides a commentary on the current financial climate and sets out the council's lending strategy in response to this.

Economic conditions and interest rate forecasts

1. In order to put the investment strategy into context it is necessary to consider the strength of the UK economy, external factors in the financial markets and their impact on interest rate forecasts.

UK economy

2. Since the second quarter of 2013 the UK has reported rising levels of GDP. However, following the result of the EU referendum, growth has become volatile. Indicators suggest we will still see growth thanks to low unemployment and household spending, but the rate of growth will be slower than previously forecast.
3. Levels of unemployment currently stand at 4.9 per cent, lower than the initial threshold of seven per cent previously flagged by the MPC as the point before which it would not consider any increase in bank rate. The MPC broadened its forward guidance by looking at a much wider range of economic indicators in order to form a view on spare capacity in the domestic economy.
4. Consumer Price Inflation currently stands at 0.6 per cent. Forward indications are that rates of inflation will rise due to the weakness in sterling and the impact this is having on import prices.
5. The latest projection from Capita Asset Services is for a first increase in interest rates to occur around June 2019.

Eurozone economy

6. Growth has slowed in the Eurozone. Consumer confidence is falling, especially in Germany, which is pulling growth lower. The Euro has strengthened since the Brexit vote in June and if it remains strong, it will result in inflation in the bloc falling sharply in the coming months.

Capita Asset Services forward view

7. Economic forecasting continues to be difficult given the number of external influences affecting the UK. Key areas of risk include:
 - Economic uncertainty caused by the ongoing unrest in Eastern Europe, the Middle East and Asia;
 - UK economic growth is weaker than we currently anticipate;
 - Weak economic growth or recession in the European Union, the UK's main trading partners;
 - A resurgence of the Eurozone sovereign debt crisis;
 - Weak capitalisation of some European banks;

Annex 1

- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.
8. The view of Capita Asset Services is that the overall balance of risks to economic recovery in the UK is currently evenly weighted. However, uncertainty remains over how long the period of strong economic growth will last and the UK economy remains exposed to vulnerabilities in a number of key areas.

Prospects for interest rates

9. The bank base rate is forecast to remain unchanged at 0.25 per cent, rising in Q2 in 2019. Capita Asset Service's central view for bank rate forecasts is shown below:

	Dec-16	Mar-17	Jun-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank of England base rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50
PWLB rates										
5 year borrowing	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90
10 year borrowing	2.30	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50
25 year borrowing	3.00	2.90	2.90	2.90	3.00	3.00	3.00	3.10	3.10	3.20
50 year borrowing	2.70	2.70	2.70	2.70	2.80	2.80	2.90	2.80	2.90	3.00

Following the results of the EU referendum, we have been in a period of uncertainty. The MPC has made clear that interest rates will change in either direction in the coming months if the economic outlook changes considerably.

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service.

1. These benchmarks are targets and so could be exceeded from time to time. Any variation will be reported, along with supporting reasons, in the Annual Treasury Report.
2. **Yield.** Benchmarks are used to assess the performance of investments. The local measures of yield are as shown in Appendix A to this report.
3. **Liquidity.** Liquidity is defined as the council “having adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice).
4. In respect of this area the, the council shall seek to:
 - maintain a minimal balance held in the council’s main bank account at the close of each working day. Transfers to the councils call accounts, MMF and investments will be arranged in order to achieve this, while maintaining access to adequate working capital at short notice.
 - use the authorised bank overdraft facility or short term borrowing where there is clear business case for doing so, to cover working capital requirements at short notice
5. **Security of the investments.** In the context of benchmarking, assessing security is very much more a subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody’s and Standard and Poor’s). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch long term rating category over the last 20-30 years.

Average defaults for differing periods of investment

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.27%	0.38%
A	0.09%	0.24%	0.43%	0.61%	0.86%
BBB	0.20%	0.59%	1.02%	1.52%	2.00%

Annex 2

6. The council's minimum long term rating criteria is currently "A-" meaning the average expectation of default for a two year investment in a counterparty with an "A" long term rating would be 0.24 per cent of the total investment (e.g. for a £1 million investment the average loss would be £2,400). **This is only an average** - any specific counterparty loss could potentially be higher or lower. These figures act as a proxy benchmark for risk across the portfolio.

Property Investment Policy

1. The case for property

- 1.1 The council is restricted in the different investment vehicles it is legally allowed to invest in notwithstanding the over-riding need for prudence. Of the few options open, one is property and the returns from investing in property have generally been, and currently are, greater than the limited opportunities in the money markets.
- 1.2 In broad terms the returns can be higher because the risks are greater. Factors to be taken into account when deciding the principle of investing in property include:
- investment will be for the long term since it may not be possible, or wise, to sell quickly,
 - the costs of acquisition and disposal are higher,
 - there are management costs, risk of rent default and failure to honour maintenance agreements,
 - different types of property and different areas carry different risks,
 - generally property tends to appreciate in value, although this will vary by type and area; however, in some cases the value may go down,
 - property can become functionally obsolete necessitating major refurbishment,
 - without regular repair and maintenance the condition will deteriorate and the responsibility for repairs/maintenance may not always rest with the tenant,
 - certain types of property may become less desirable as time goes by; this can make re-letting difficult or attract a lower calibre of tenant.

2. How much to invest?

- 2.1 £8.9 million is currently held in property and £117 million is invested in treasury investments. The investment in property represents eight per cent of the overall total.
- 2.2 The maximum percentage of the investment portfolio in property should be no more than 80 per cent of the total amount invested, and the cash funds invested (i.e. not held for cash-flow purposes) should not fall below £10 million.

3. What type of property?

3.1 There are different types of property investment with assessment of prospects as follows:

i)	shops and offices	good - although may be subject to changing fashions and working practices
ii)	industrial	good but condition can be variable
iii)	leisure	good but may be best avoided since too close to our "core" business
iv)	agricultural	moderate but too risky now
v)	woodland	poor – some is owned for environmental/leisure purposes

3.2 **Average Yield Levels (%).** In general, property can be categorised as prime, secondary or tertiary in terms of its desirability. 'Rack-rented' means that the maximum market rental achievable is being received. Yield derives from both capital appreciation and rent. Lower yields can indicate that the investment attracts a lower degree of risk due to the ratio of rent to capital and other factors such as location, security and regularity of income.

3.3 In general, properties for investment will be retail, offices, and industrial land and buildings.

4. Where should it be located?

4.1 Direct property investments will be located in the UK and will be acquired subject to appropriate legal powers and business case.

5. What level of financial return?

5.1 As mentioned above, generally the greater the return, the greater the risk inherent in the investment. There are so many variables involving area, management, condition, leases, maintenance and the varying return on other investments that it is difficult to draw up hard and fast rules about them and their relationship with the rate of return.

5.2 With regard to the rate of return, each proposal will be considered on its merits.

6. Review

6.1 The policy is to be reviewed annually (along with the Treasury Management Strategy).

Explanation of Prudential Indicators

Central government control of borrowing was ended and replaced with Prudential borrowing by the Local Government Act 2003. Prudential borrowing permitted local government organisations to borrow to fund capital spending plans provided they could demonstrate their affordability. Prudential indicators are the means to demonstrate affordability.

Authorised limit for external debt – this is the maximum limit for external borrowing. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. This limit is set to allow sufficient headroom for day to day operational management of cash flows.

Operational boundary for external debt – this is set as the more likely amount that may be required for day to day cash flow.

Upper limit for fixed and variable interest rate exposure – these limits allow the council flexibility in its investment and borrowing options.

Upper limit for total principal sums invested for over 364 days – the amount it is considered can be prudently invested for periods in excess of a year.

Treasury Management Practice (TMP) 1 – credit and counterparty risk management

The CLG issued Investment Guidance in 2010, and this forms the structure of the council's policy below.

The key aim of the guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In accordance with the code, the head of finance has produced its treasury management practices (TMPs). This part, TMP1(1), covering investment counterparty policy requires approval each year.

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

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

The investment policy proposed for the council is:

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

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

- UK government Debt Management Agency Deposit Facility (DMADF)
- UK government – treasury stock (Gilts) with less than one year to maturity
- Supranational bonds of less than one year's duration
- Deposits with UK local authorities
- Pooled investment vehicles such as Money Market Funds (MMF) (AAA rated)
- Deposits with banks and building societies (minimum F1/A-)
- Certificates of deposits issued by banks and building societies (minimum rating as above)

Annex 5

Within these bodies, and in accordance with the Code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are as stated in table 5 to this report.

Non-specified investments

These are any other type of investment (i.e. not defined or specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are as set out in table 5.

GLOSSARY OF TERMS

Authorised Limit	The maximum amount of external debt at any one time in the financial year.
Basis Point (BP)	1/100 th 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 financial instrument financing trade.
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.)

CDS	Credit Default Swap – 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.
CFR	Capital Financing Requirement.
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.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
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 per cent. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
Enhanced Cash Funds	A pooled investment fund. Longer dated investment than a MMF and, unlike a MMF, enhanced cash funds have variable asset value. Assets are marked to market on a daily basis and the unit prices vary accordingly. Investments can be withdrawn on a notice basis (the length of which depends on the fund) although such funds would typically be used for investments of 3 to 6 month duration.
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 gain.
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.

Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Mark to Market Accounting	Accounting of the basis of the “fair value” of an asset or liability, based on the current market price. As a result, values will change with market conditions.
Minimum Revenue Provision	This is a prudent sum set aside each year to offset the principal repayment of any loan to smooth the impact on the local taxpayer.
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 a MMF relies on loans to companies rather than share holdings.
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 per cent of a central target of 2.5 per cent 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.
Operational Boundary	The most likely, prudent but not worst case scenario of external debt at any one time.
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 (Ex 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 Head of Finance

Author: William Jacobs

Tel: 01235 422480

E-mail: William.jacobs@southandvale.gov.uk

Cabinet Member responsible: Jane Murphy

Tel: 07970 932054

E-mail: jane.murphy@southandvale.gov.uk

1 February 2017 to CABINET

16 February 2017 to COUNCIL

Medium Term Financial Strategy 2017/18 – 2021/22

Recommendation to Council:

To recommend Council to approve the Medium Term Financial Strategy for 2017/18 – 2021/22 as attached to the report of the head of finance to the Cabinet meeting of 1 February 2017.

Purpose of report

1. This report asks Cabinet to consider and recommend Council approve the medium term financial strategy for 2017/18 – 2021/22.

Strategic objectives

2. Financial planning within a medium term strategy helps maintain our strong financial position in a structured way while directing resources to priority areas.
3. Sound financial management is central to the ongoing delivery of all the council's functions and a key part of our governance framework.

Background

4. The medium term financial strategy (MTFS) is reviewed and approved annually. The document sets a stable financial framework within which the council operates and as such should not require significant amendment on an annual basis.
5. Council approved the previous MTFS on 18 February 2016.

The Medium Term Financial Strategy

6. The MTFS for 2017/18 – 2021/22 is attached as appendix one. It sets out the fundamental financial objectives of the council and the principles to be followed in managing the council's finances to achieve its objectives. It helps inform our treasury management strategy that governs how we invest money held in balances.
7. In addition to objectives and principles, a narrative on significant current issues is included in each section.
8. The significant current issues have been updated. No changes to the principles or objectives of the MTFS are being proposed.

Financial implications

9. The MTFS provides a framework within which we will prepare annual spending plans. The implications of working within this framework are set out in the strategy. In essence, it creates a rigorous discipline to follow, but one which helps ensure sound financial management.

Legal implications

10. The MTFS will help ensure council sets its budget and council tax requirements and approves its annual statement of accounts within legislative requirements and deadlines.

Conclusion

11. A key target of the council is to keep our share of council tax as low as possible whilst continuing to deliver high quality services and the proposed MTFS 2017/18 – 2021/22 will help achieve this. The MTFS identifies the objectives the council will pursue, and the principles it will follow, in managing its finances.

Background Papers

- MTFS 2016/17 – 2020/21 Council 18 February 2016.

MEDIUM TERM FINANCIAL STRATEGY 2017/18 – 2021/22

1. Section one - revenue budget

1.1 Objectives:

- a) To set a balanced revenue budget (prepared in accordance with proper accounting practice), i.e. the estimated income in the year (including that from the Government, the council tax, business rates and use of revenue balances) that will equal the estimated expenditure.
- b) To set a revenue budget requirement that increases by no more than inflation each year, except where central government places new responsibilities on the council.
- c) To ensure the council's five year revenue spending plans match its medium term financial strategy objectives with regards its balances (see section four - balances below).
- d) To direct resources to meet council priorities.
- e) To continually strive to deliver services in an efficient and effective way.

1.2 In order to achieve our objectives we will follow these principles:

- a) We will ensure expenditure budgets are realistic estimates of necessary spend in the year.
- b) We will set income budgets at a prudent level, i.e. income will not be anticipated for budget purposes if there is reasonable doubt over its receipt.
- c) We will review and determine annually the allocation of interest to fund either revenue or capital expenditure or retain in specific reserves, as part of the budget setting process.
- d) We will use our reserves to:
 - fund revenue expenditure that supports the council's strategic objectives
 - help reduce the impact of reductions in government funding on service provision.
- e) The head of finance will set an adequate contingency budget sum.
- f) We will look for efficiency savings first as a way of meeting unavoidable additional costs or bids for additional expenditure.
- g) We will review fees and charges each year to assess if additional income can be generated from them.
- h) Bids for additional money will have to be justified by reference to our strategic objectives and priorities.

1.3 Significant current issues:

- a) The banking crisis and subsequent Government austerity measures have resulted in a number of adverse pressures on the council's budget:
 - Government funding is being significantly reduced over the medium term;
 - Interest rates have fallen significantly and remained low; reducing the amount of money we can earn to support revenue spending.
- b) The localisation of business rates offers financial opportunities and financial risks which are difficult to quantify as they depend on the future actions of third parties (i.e. all businesses within the district). The government has announced that by 2020 the scheme will be extended so that 100 per cent of business rates will be retained by local government. This will impact on the council but to what extent is not known as the new scheme has not yet been designed.
- c) New homes bonus rewards the council for net new homes built in the area. Changes to the distribution of NHB will adversely impact on the council.

During the budget setting process the above issues will be considered and prudent forecasts will be built in to budgets where precise estimates are not possible.

2. Section two - capital budget

2.1 Objectives:

- a) To set a capital expenditure programme that can be financed from our own resources.
- b) To retain our debt-free status, i.e. we will not borrow to fund capital expenditure.
- c) To direct capital resources to meet council priorities.

2.2 In order to achieve our objectives we will follow these principles:

- a) We will plan capital expenditure over a rolling five year period.
- b) Each year we will calculate the amount of uncommitted resources available to fund capital projects not yet included in the approved or provisional capital programme.
- c) Except in exceptional situations we will not allocate or use funds invested for the long term to pay for capital expenditure.
- d) In planning our capital expenditure we will only take into account future capital receipts and investment income where there is a high degree of certainty about their receipt.
- e) We will undertake periodic reviews of our assets to determine if they are still needed to meet our strategic objectives, and dispose of assets that are not required or do not generate a competitive investment return.
- f) Bids for additional money will have to be justified by reference to our strategic objectives and corporate priorities.

- g) All housing capital receipts otherwise subject to pooling arrangements will be allocated for reinvestment in affordable housing (public or private) or regeneration projects (within the local authority area).

2.3 Significant current issues:

- a) The council may have to consider using its own capital resources to fund schemes where government funding is withdrawn or reduced.
- b) Income from the sale of the council's assets will fall (as this is a finite resource).
- c) The location of the council's long term home following the fire at the council's Crowmarsh offices.

3. Section three - partnership working

3.1 Objective:

- a) To take account of the financial implications of significant partnerships in which we are involved.

3.2 In order to achieve this objective we will:

- a) Assess the financial implications of our commitments to partnership work, including on entering, during and at the exit from partnerships.
- b) Take these into account in setting annual budgets and in preparing the medium term financial plan (MTFP).¹
- c) Monitor and report on our financial commitments as a result of partnership working.

3.3 Significant current issues:

- a) The council has recently entered a five councils' partnership which involves a range of services being delivered by Capita and Vinci. Close attention will need to be paid to ensure the true costs of these contracts are correctly reflected in the council's financial planning and reporting reports.

4. Section four - balances

4.1 Objectives:

- a) To identify the levels of balances to be held in the short, medium and long term and to review these each year.
- b) To identify balances to be used for revenue and capital expenditure.
- c) To identify balances that can be invested for the short, medium and long term in accordance with our treasury management strategy to maximise investment returns.

¹ The medium term financial plan (MTFP) is a high level, five-year budget projection that is reported as part of the budget setting report to cabinet and council.

- d) To maintain an uncommitted revenue balance of at least £0.75 million to meet unforeseen or exceptional expenditure; the head of finance will review the amount each year.
- e) To ensure the earned interest used to support the revenue account is set at a sustainable level.

4.2 In order to achieve our objectives:

- a) We invest £50 million for the long term. All investments will generate an annual return of certainty. Up to £30 million can be used to support capital expenditure that generates a return of certainty. This MTFS definition of an investment is wider than the accounting definition. MTFS capital investments will not be shown on the council's balance sheet as usable balances. MTFS capital investments are likely to be particularly illiquid or may be unrealisable. All MTFS investments must be accounted for through the council's capital programme and each will be classified as a MTFS investment at the point at which Council is asked to approve the scheme for inclusion in the capital programme. These investments will provide regular income which we will use to:
 - support revenue expenditure
 - provide grants
 - fund capital projects.

We will review the allocation of income for these purposes each year as part of the budget process.

- b) We will hold around £25 million as medium term balances. We will hold these in a mixture of short and medium term investments and use them to provide regular income for the same purposes as long term investments.
- c) Short term balances will be held for the following purposes:
 - i) to provide cash as and when required for imminent capital works. This includes:
 - the capital programme
 - developer contributions and s106 receipts held to fund future expenditure
 - capital grants to fund future expenditure.

These balances are invested in the short-term in line with expected programme expenditure cash flows. Up to £20 million is held for these purposes.

- ii) in earmarked revenue reserves, including:
 - money set aside to fund planned revenue expenditure
 - money held in unallocated reserves, such as the enabling fund. We invest these balances short-term.
- iii) for working capital purposes that relate only to the timing of income and expenditure flows and are held to manage the cash flow. These balances are

not a reserve held on the balance sheet. The amount will vary between nil and £20 million, and are invested short term in line with known cash flow streams.

- d) When we propose any significant changes to the amounts of balances held, the structure of balances (e.g. the split between long, medium and short-term) or how the income earned on balances is used, the head of finance will separately report on the implications of these changes if made outside the budget setting process.
- e) We will include estimated future levels of balances in the MTFP.
- f) In setting its annual budget Council will agree the level of earned interest estimated to be used to support revenue spending.

4.3 Significant current issues:

- a) Further changes in the NHB scheme may reduce again the amounts the council earns from the scheme and this would have an impact on the balances the council holds.

5. Section five - Prudential indicators

5.1 Objectives:

- a) To ensure that our capital investment plans are affordable, prudent and sustainable.
- b) To ensure that our capital investment plans are consistent with and support local strategic planning, local asset management and follow proper option appraisal.
- c) To set the capital expenditure indicators to meet the objectives of the capital and revenue budget objectives outlined above.

5.2 In order to achieve our objectives we will follow these principles:

- a) The prudential indicators will be set through the annual budget process and before 1 April each year.
- b) The indicators will have regard to:
 - affordability
 - prudence and sustainability
 - value for money
 - stewardship of assets
 - service objectives
 - practicality.
- c) We will set the treasury management indicators in compliance with the CIPFA Code of Practice for Treasury Management in Public Services.
- d) We will review and monitor performance against all forward looking indicators, and report any significant deviations or take appropriate action, if required

5.3 Significant current issues:

- a) None.

6. Section six – budget planning and monitoring

6.1 Objectives:

- a) To produce annual budgets and the MTFP in a timely and accurate manner and linked to corporate and service planning.
- b) To produce budgets that are in accordance with the MTFS.
- c) To monitor income and expenditure against budgets in a timely manner to highlight where under or overspending is occurring, in order to take corrective action at the earliest opportunity.
- d) To monitor progress in achieving efficiency savings.
- e) To monitor performance against prudential indicators.

6.2 In order to achieve our objectives we will:

- a) Prepare a detailed budget timetable linked to corporate and service planning, and allocate resources accordingly.
- b) Incorporate into the timetable scrutiny of the budgets by both officers and members.
- c) Produce budget monitoring reports as at the end of September and the end of December in each financial year.
- d) Distribute detailed budget monitoring statements to heads of service within one week of the end of the month.
- e) Issue budget monitoring reports with the members' information sheet (In focus).
- f) Review prudential indicators at least quarterly.

6.3 Significant current issues:

- a) As a consequence of in-year savings, overly prudent income projections, securing new sources of finance and budget underspends the council has spent significantly below its budget in recent years. Additional budget setting and budget monitoring training has been given to all budget holders.

7. Section seven - closure of the accounts and production of the statement of accounts

7.1 Objectives:

- a) To close the accounts and publish the statement of accounts in a timely and accurate manner, within statutory deadlines and in accordance with relevant accounting and audit regulations.
- b) To take into account actual expenditure in future years' budgets and the MTFP.

7.2 In order to achieve this objective we will:

- a) Agree a detailed timetable for the closure of the accounts with Capita.
- b) Liaise with our external auditors over the closedown timetable.
- c) Enable review of the accounts by the Joint Audit and Governance Committee.

7.3 Significant current issues:

- a) This function was outsourced to Capita on 1 August 2016. The 2016/17 statement of accounts will be the first Capita prepare.

8. Section eight - review

This strategy will be reviewed annually.

Report to: Cabinet Scrutiny Committee Council



Listening Learning Leading

Report of Head of Finance

Author: William Jacobs

Tel: 01235 422480

E-mail: William.Jacobs@southandvale.gov.uk

Cabinet Member responsible: Jane Murphy

Tel: 07970 932054

E-mail: Jane.Murphy@southoxon.gov.uk

To: CABINET

1 February 2017

To: SCRUTINY COMMITTEE

9 February 2017

To: COUNCIL

16 February 2017

Revenue Budget 2017/18 and Capital Programme to 2021/22

RECOMMENDATIONS

1. That cabinet recommends to council that it:
 - a. sets the revenue budget for 2017/18 as set out in appendix A.1 to this report,
 - b. agrees that the capital schemes listed in paragraph 33 to this report remain in the capital programme
 - c. approves the capital programme for 2017/18 to 2021/22 as set out in appendix D.1 to this report, together with the capital growth bids set out in appendix D.2 of this report ,
 - d. sets the council's prudential limits as listed in appendix E to this report,
 - e. approves the medium term financial plan to 2021/22 as set out in appendix F to this report,
 - f. allocates £1,000,000 to fund the Communities Capital and Revenue Grant Scheme.
2. That cabinet agrees that the cabinet member for finance, in conjunction with the head of finance, may make minor adjustments to this report and the prudential indicators should they prove necessary prior to its submission to council on 16 February 2017.

Purpose of report

1. This report:

- brings together all relevant information to allow cabinet to recommend to council a revenue budget for 2017/18 and a capital programme for 2017/18 to 2021/22;
- recommends the prudential indicators to be set by the council in accordance with 'the Prudential Code' introduced as part of the Local Government Act 2003;
- contains the opinion of the council's chief financial officer on the robustness of estimates and adequacy of the council's financial reserves;
- contains the Medium Term Financial Plan (MTFP) which provides details of the forward budget model for the next five years.

2. This report should be read in conjunction with the Medium Term Financial Strategy (MTFS)¹. This sets out a number of objectives to be achieved and a set of principles to be followed in the preparation of budgets.

Budget setting process

3. In preparing and setting the revenue budget for 2017/18 and capital programme to 2021/22 a number of complexities arose that delayed the process including:

- provisional settlement issued in December 2016;
- changes to rules surrounding the calculation of new homes bonus requiring internal projections to be reviewed in detail;
- a new operating environment and management team providing more robust challenges.

Strategic objectives

4. Setting the budget in accordance with prescribed timetables enables the council to maintain its strong financial position.

5. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The objectives identify where investment, including proposed growth, will take place in order to help the council achieve its corporate plan targets.

6. Where growth proposals (known as growth bids) have been made, each bid sets out how it will help achieve the council's objectives. The cabinet member for finance has chosen to include some growth bids in these budget proposals and these are identified in **appendix B.1** (revenue) and **appendix D.2** (capital), together with some revenue savings proposals in **appendix B.2**.

¹ MTFS considered by Cabinet 1 February 2017, Council 16 February 2017

Revenue budget 2017/18

Budget target 2017/18

7. The MTF¹ sets a target within which the revenue budget will be set each year. It is:

‘to set a revenue budget requirement that increases by no more than inflation each year, except where new responsibilities are placed on the council’.

Budget composition 2017/18

8. **Appendix A.1** summarises the movements in the base budget from £14,369,062 in 2016/17 to £15,914,180 in 2017/18. These movements are detailed below.
9. **Opening budget adjustment reduction £712,380, (appendix A.2)**. This includes the removal of one-off growth items relating to 2016/17 and before, and the realisation of the full-year effect of savings proposals identified in previous years.
10. Additions to the base budget:
- **inflation, salary increments and other salary adjustments £129,016 (appendix A.3)**. The salary and contract inflation totals £65,375, representing an average increase of 0.44 per cent on the 2016/17 net expenditure budgets. For council employees an overall increase in salary of 1.3 per cent is budgeted for 2017/18. Increments payable to council employees not at the top of their salary range total £80,491. The decrease of £16,850 in other salary adjustments include changes to employment taxes, staff working hours and corrections to prior year budgets.
 - **essential growth – one-off £1,382,022 and ongoing £1,515,858 (appendix A.4)**, these items comprise additional expenditure which is considered unavoidable, and reflect changes that have occurred in the current year or which are known will happen in 2017/18.
 - In addition to essential items brought forward by services, there are a number of corporate essential growth items that have arisen following further work undertaken on the Five Councils’ Partnership and the management restructure since the previous budget was set.
 - When the 2016/17 budget was set, the contracting process for Five Council’s Partnership was still ongoing and only estimates of savings were available, based on future costs being smoothed on an annual basis. Following on from the signing of the contracts it is clear that the savings profile sees a greater realisation of savings in the later years of the contract, so there is a need to increase cost in the MTFP period - the earlier years of the contract - compared to previous thinking. In addition, the savings include innovation and procurement hub savings, which officers do not feel can be taken as certain at this stage, and more prudent savings estimates have been added. As a result of these factors the savings estimate arising from the contract costs has been re-profiled over the MTFP period compared to the previous year’s budget.

- Following the commencement of the Five Councils' Partnership, and the arrival of the new chief executive, the council is currently reviewing its future workforce requirements. At this stage we have budgeted £400,000 per annum for potential additional staff.

11. Deductions from the base budget:

- **base budget reductions £749,415 (appendix A.5)** These base budget savings are reductions in costs identified by officers which may be the result of more efficient working or previously agreed policy decisions, cost reductions outside of the council's control, increases in income, or correction to budgets. These savings do not affect frontline service delivery.
- **reduction in revenue contingency £79,983 (appendix A.6).** This brings the level of revenue contingency to £438,405. This includes specific provision for certain events should they occur, together with a general contingency amount of £200,000.
- **decrease in managed vacancy factor £60,000**, this provision is set at two per cent of budgeted employee costs and reduces the overall employees budget to reflect the savings that result from vacancies arising as part of normal staff turnover. As budgeted costs increase or decrease the provision is adjusted accordingly.

12. As a result of these changes the council's revised base budget for 2017/18 is **£15,914,180**.

Revenue growth proposals

13. A number of revenue growth proposals are being recommended to council for inclusion in the budget for 2017/18. These are detailed in **appendix B.1** and total **£679,035**. The growth proposals have been selected on the basis that they support the council's strategic objectives as set out in the council's corporate plan 2016-2020 and enhance service provision.
14. In addition to revenue growth proposals, a number of savings proposals are being recommended. These are detailed in **appendix B.2** and total **£197,072**. The equalities implications of the proposals are considered later in the report.
15. The revenue consequence of proposed capital growth is **£27,080**. Capital growth is detailed in **appendix D.2** and is considered later in this report.

Gross treasury income

16. Treasury income earned in 2017/18 will be available to finance expenditure in 2018/19 and is currently forecast to be **£2,201,300**, and would be used as follows under current practice:
- £1,745,300 to support the revenue budget for 2018/19; and
 - £456,000 reinvested in financial instruments.

17. More details of treasury income can be found in the council's Treasury Management Strategy report².
18. Including growth and treasury income results in a net expenditure budget for the council of **£14,221,923**.

Reserves and other funding

New Homes Bonus (NHB)

19. The provisional government allocation for NHB payment for 2017/18 is **£3,527,673**. Of this figure **£3,356,943** will be used in year to support the revenue budget, while the rest will be transferred to reserves. Projections of future NHB earnings and how they will be used are detailed later in this report.

Transfers to/from reserves

20. In addition to the transfer to reserves of the NHB payment, the other proposed transfers to / from earmarked reserves reflect:
- The transfer to reserves of investment income from property in Didcot for future investment - **£270,000**.
 - The transfer to reserves of the treasury income earned in 2017/18 **£2,201,300**;
 - The transfer from reserves of treasury income earned in 2016/17 and earmarked to support the revenue account in 2017/18 of **£1,857,000**;
 - The transfer from the revenue grants reserve of **£363,084**
 - The transfer from the revenue budget smoothing reserve of **£1,597,366** to arrive at a budget requirement that can be funded from the government grant settlement and council tax level which are discussed later in this report.
21. Based on the above use of reserves and other funding, the amount of revenue expenditure to be financed from government and from council tax 2017/18 is **£9,518,830**.

Funding

Local government settlement

22. As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government offered to councils a four-year funding settlement³ for the period 2016/17 to 2019/20. To qualify councils had to publish an Efficiency Plan which covered the four-year time period. The council published an efficiency statement on 11 October 2016 and as a result qualified for the four year settlement. Table 1 below details the funding for the council up to 2019/20.

² Considered by Cabinet 1 February 2017, Council 16 February 2017

³ The four year settlement agreed by government only related to RSG and not to funding relating to business rates

Table 1: Four year settlement funding assessment (provisional)

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	1,195	572	192	0
Business Rates Baseline Funding Level	2,384	2,431	2,503	2,583
Settlement Funding Assessment	3,579	3,003	2,695	2,583
Tariff/Top-Up adjustment	0	0	0	(233)
Total	3,579	3,003	2,695	2,350

23. The settlement for 2017/18 is 16.1 per cent lower than 2016/17. Whilst the baseline funding element of the settlement is increasing in line with the increase in national non domestic rates, to achieve the overall reduction in funding the government has significantly reduced the Revenue Support Grant (RSG) element. This pattern is due to continue until RSG is reduced to nil in 2019/20. The figures indicate that in that year additional tariff payment will be due, reflecting a redistribution of government funding. This has commonly been referred to as negative RSG. It should be noted that these figures exclude NHB funding which is discussed later in the report.
24. At the time of writing this report the final settlement funding assessment had not been received from the government. It is not anticipate that when this information is available it will be significantly different to the provisional figures.

Business rate retention scheme

25. For budget setting purposes it has been assumed that the council's share of business rates income after payment of tariff will be at the safety net level and remain at that level for the period of the MTFP.
26. Should the council decide to join the Oxfordshire Business Rate Pooling Distribution Group surpluses arising will be added to the council's reserves at the end of the financial year.
27. Included in the budget for the first time is **£90,098** business rates retained by the council as planning authority relating to facilities generating renewable energy within the district.

Collection fund

28. The surplus on the collection fund is estimated in 2016/17 to be **£277,786**.

Cabinet member for finance's revenue budget proposal

29. Based on the amendments detailed above, and as shown in **appendix A.1** of this report, the cabinet member's budget proposal, including growth, is for a net revenue budget of **£9,518,830**. This revenue budget as proposed would result in an increase of £5.00 to current band "D" council tax to **£116.24**. **Appendix C** shows the breakdown of the revenue budget.
30. The cabinet member for finance's revenue budget proposal of **£9,518,830** is lower than the previous year's budget requirement of **£9,812,913** and is therefore

within the revenue budget target, meeting the requirement laid down in the medium term financial strategy.

Capital programme 2017/18 to 2021/22

Current capital programme

31. The latest capital programme (before growth) is attached at **appendix D.1** and is summarised in table 2 below. It is the capital programme as set by council in February 2016 plus:-

- slippage (caused by delays to projects) carried forward from 2015/16
- new schemes approved by council during 2016/17
- re-profiling of expenditure on schemes from the 2016/17 financial year to future years where delays to schemes have occurred
- cabinet approved movement of schemes from the provisional to the approved capital programme
- the deletion of previously agreed schemes that have completed or are no longer to be pursued.

Cabinet capital programme proposals

32. **Appendix D.2** contains a list of new capital schemes that are being recommended for inclusion in the capital programme. Officers will amend the provisional capital programme to include the proposals if approved by cabinet and council.

33. Capital schemes that have been in the provisional capital programme for two years without activity being incurred are automatically deleted. However, cabinet is recommending to council that the following schemes are kept in the programme:

- Town centre boost – scheme value £192,000

34. Capital schemes of greater than £500,000 deleted from the provisional programme during the year are listed below:

- Didcot town centre development – scheme value £500,000. This budget relates to phase I redevelopment and has now been superseded.
- Didcot & Science Vale – scheme value £5,750,000. This budget was added to the capital programme in 2016/17. The current head of Development, regeneration and housing has confirmed that it is no longer required and that capital schemes will be brought forward as and when required.
- Housing supply – scheme value £2 million. This budget was added to the capital programme in 2016/17. The current head of Development,

regeneration and housing has confirmed that it is no longer required and that capital schemes will be brought forward as and when required.

Financing the capital programme

35. **Table 2** contains a schedule identifying showing the current and proposed capital programme and how it will be financed, including the growth proposals, if they are approved. The programme proposed can be fully funded from existing and anticipated capital resources. The total planned capital expenditure is **£48.6 million**.

Table 2: current and proposed capital programme with financing

	2016/17 latest estimate	2017/18 estimate	2018/19 estimate	2019/20 estimate	2020/21 estimate	2021/22 estimate	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000
Capital programme before growth							
- approved	4,638	5,342	920	920	920	920	13,660
- provisional	8,058	1,696	8,903	11,466	2,392	1,083	33,598
	12,696	7,038	9,823	12,386	3,312	2,003	47,258
Cabinet capital growth proposals	0	1,063	202	(14)	(29)	71	1,293
Total expenditure	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Financing							
Grant funding	654	893	493	493	493	493	3,519
Developers' contributions	181	0	0	0	0	0	181
Usable capital receipts/revenue reserves	11,861	7,208	9,532	11,879	2,790	1,581	44,851
Total financing	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Estimated balances as at 31 March 2022							
Usable capital receipts							2,603
Enabling fund							5,753
New homes bonus:							
Unringfenced							0
Affordable homes							1,629

Future pressures on the capital programme

36. **Table 2** also shows the balances of usable capital receipts, NHB and the enabling fund at the end of the MTFP period. Officers advise cabinet not to earmark all available resources in proposing the budget to council, as the prudential code requires local authorities to set sustainable budgets. By retaining unallocated balances, cabinet can demonstrate that through a combination of this and future income (that can be expected beyond the period of the budget) it can fund future pressures.

The prudential code and prudential indicators

37. In setting its revenue and capital budgets for 2017/18, the council must agree prudential indicators in accordance with the prudential code (see below). When recommending its budgets to council, cabinet must also recommend the prudential indicators.
38. From 1 April 2004, government control of local authorities' borrowing was abolished and replaced by a prudential system of self-regulation. Authorities are able to borrow based on need and affordability, which they demonstrate through compliance with the prudential code developed by the Chartered Institute of

Public Finance and Accountancy (CIPFA) and given statutory force by government regulation.

39. The key objectives of the prudential code are to ensure that the capital investment plans of the authority are affordable, prudent and sustainable. To demonstrate that authorities have had regard to these objectives, the prudential code sets out a number of indicators that must be considered covering five distinct areas – capital expenditure, affordability, prudence, external debt and treasury management. Council must approve the indicators through the budget process before 1 April each year, but they can be revised during the year if required.
40. The key indicators that will drive the capital budget decision making process will be those concerning affordability, as these measure the impact of capital investment decisions on the overall revenue budget and in particular the precept against the collection fund.
41. In setting or revising the prudential indicators the council is required to have regard to:
- affordability e.g. implications for the precept
 - prudence and sustainability e.g. implications for external borrowing
 - value for money e.g. option appraisal
 - stewardship of assets e.g. asset management planning
 - service objectives e.g. strategic planning for the council
 - Practicality e.g. achievability of the forward plan.
42. Under the code, the head of finance as chief finance officer is responsible for ensuring that the council considers all relevant matters when setting or revising indicators through a report. The head of finance is also required to establish procedures to monitor performance against all forward-looking indicators; and report upon any significant deviations from forward forecasts with proposed actions.
43. **Appendix E** contains the recommended prudential indicators, which have been calculated based on the budget proposals. The head of finance is satisfied that these indicators show that the council's capital investment plans are affordable, prudent and sustainable.

The Medium Term Financial Plan (MTFP)

44. The MTFP provides a forward budget model for the next five years. **Appendix F** contains the MTFP for 2017/18 to 2021/22. This is a projection of the revenue budget up to 31 March 2022. The projection allows for budget pressures in later years and assumes that council approves all the budget proposals within this report. Officers have made no adjustments for the costs of contracts that will be re-let during this period. They could rise or fall depending on market conditions.
45. The MTFP identifies some potential challenges ahead for the council. It reflects the provisional four year settlement figures first published in draft by the government in December 2015 and shown in table 1 above and anticipates that

the basis of funding in 2019/20 continues into 2021/22. Ongoing funding after 2020/21 is an estimate by officers, and is subject to change. It also incorporates assumptions on interest income, and other known pressures on the council, such as inflation and salary increments.

46. Estimates of future receipts of new homes bonus are shown in table 3 below, and are also included in the MTFP (detailed in row 42). In total the council is expected to have received in excess of £12.2 million during the MTFP period.
47. The element of the bonus that relates to the new homes bonus premium is ring-fenced to support the provision of additional affordable housing.

Table 3: new homes bonus

Year earned	Year of receipt				
	2017/18 actual £000	2018/19 indicative £000	2019/20 indicative £000	2020/21 indicative £000	2021/22 indicative £000
2013/14	537	0	0	0	0
2014/15	763	0	0	0	0
2015/16	972	972	0	0	0
2016/17	675	675	675	0	0
2017/18	581	581	581	581	0
2018/19	0	778	778	778	778
2019/20	0	0	401	401	401
2020/21	0	0	0	128	128
2021/22	0	0	0	0	23
Total	3,528	3,006	2,435	1,888	1,330

48. Officers consider that the pressures highlighted are manageable in the period covered by the MTFP (in light of the reserves and balances available to the council and our ability to vary budgets and redirect funding). However, it is expected that savings will be required within the parameters set by the MTFP in future years, and this represents a significant challenge.
49. The graph and table 4 below illustrates the gap between funding and expenditure over the period of the MTFP.

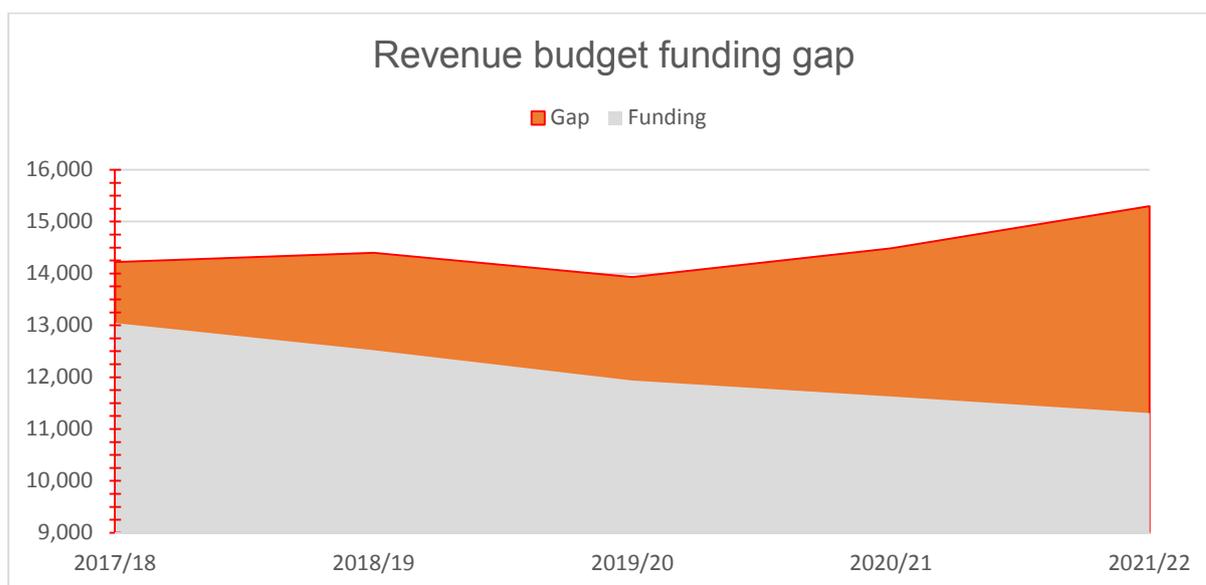


Table 4: revenue budget funding gap

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Net expenditure	14,222	14,405	13,934	14,489	15,302
Funding	13,047	12,523	11,937	11,626	11,311
Gap	(1,175)	(1,882)	(1,997)	(2,862)	(3,991)
Gap cumulative	(1,175)	(3,058)	(5,054)	(7,917)	(11,908)

50. The council's MTFS states that the council will hold £50 million of investments of which £30 million can be invested in capital schemes that will produce a return of certainty. The remaining £20 million can be invested in treasury investments. Whilst the treasury investments are capable of being realised, investment in capital schemes is not capable of being realised.

51. As at 31 March 2022 the council is projected to have invested £30 million in the following capital schemes:

- Didcot leisure centre - £15 million
- Loan to South Oxfordshire Housing Association - £15 million

The remaining £20 million comprises £17 million held in long term investments, and £3 million held in capital and revenue balances.

52. Excluding the £50 million investment, the council is projected to hold £6.5 million of general revenue balances and £7.8 earmarked revenue reserves as at 31 March 2022.

Communities Capital and Revenue Grant Scheme

53. On an annual basis, the council has considered the amount to be made available for the Community Capital Grant Scheme. From 2017/18, some of this funding has been allocated to revenue projects. Thus the council is asked to consider the amount to be made available for the Community Capital and Revenue Scheme and it is recommended that a grants budget of £1,000,000 be set for 2017/18.

The robustness of the estimates and the adequacy of reserves

54. The Local Government Act 2003 places a duty on the chief finance officer (i.e. the head of finance) to report on the robustness of the estimates and the adequacy of reserves. The council must have regard to this report when making decisions about the setting of the budget.
55. The construction of the budget has been managed by qualified accountants and has been subject to challenge, specifically by strategic management board, the head of finance, other heads of service and cabinet members. Informal meetings of cabinet have considered the budget, and a briefing will be given to the council's scrutiny committee members which will be open to all councillors. In view of the process undertaken and his own knowledge of the budget, the head of finance is satisfied that the budget is both prudent and robust.
56. The council's practice is not to use interest in the year it is earned, but in later years. On the basis of the settlement the head of finance is satisfied that this allows retention of sufficient uncommitted balances at the end of the period to ensure that the overall level of reserves is adequate in relation to the proposed revenue budget and capital programme and that the budgets are sustainable. The enabling fund balance as at 31 March 2022 is estimated to be £5.8 million. In the MTFP the 2021/22 revenue budget is balanced by using a combination of un-ring-fenced NHB receipts and the enabling fund when the un-ring-fenced NHB receipts are extinguished.
57. The one significant risk identified is further possible changes to the NHB scheme in addition to those already announced.
58. Scheme changes already known and built into the estimates are :
- A move to five year payments for both existing and future bonus allocations in 2017/18 and then to four years from 2018/19;
 - the introduction of a national baseline of 0.4 per cent for 2017/18 for NHB below which allocations will not be made.
59. Should further changes occur a fundamental review of the council's budget will be necessary. Table 5 below shows that £7.029 million of expenditure budgeted for within the budget proposals from 2018/19 onwards is dependent on the receipt of NHB not yet received or confirmed as payable by the government. The table also shows that from 2018/19 onwards more NHB monies are being used to support revenue expenditure than are being received.

Table 5.1: New Homes Bonus account

Year	Opening balance £000	Receipt £000	Revenue expenditure £000	Closing balance £000
2017/18	10,179	3,528	(3,357)	10,350
2018/19	10,350	3,006	(5,070)	8,286
2019/20	8,286	2,435	(4,892)	5,829
2020/21	5,829	1,888	(5,178)	2,539
2021/22	2,539	1,330	(2,239)	1,630
Total		12,187	(20,736)	

Note that the figures in **bold** represent monies confirmed or received. The closing balance of £1.6 million has been ring fenced by the council for affordable housing.

Table 5.2 Expenditure at risk

	£000
Total expenditure to be funded from NHB per table 5.1	(20,736)
NHB funding received or confirmed (2017/18 in bold)	13,707
Expenditure to be funded from NHB not yet received or confirmed	(7,029)

60. The funding of local government will undergo change over the next few years as the government move to a 100 per cent business rates retention model and further reviews the new homes bonus scheme. In the light of this, consideration will be given to produce a medium term financial strategy for the council that will set the parameters and principle on which the council's budget will be built.

61. The head of finance's full report will be available at full council.

Legal Implications

62. The cabinet needs to make recommendations to council on its spending proposals. Under the Local Government Act 2000 it is council that must agree the revenue and capital spending plans, and then set the council tax. Council will meet on 16 February 2017 in order to set the budget, and the council tax (including amounts set by Oxfordshire County Council and the Police and Crime Commissioner for the Thames Valley).

63. The requirement placed on council by the Local Government Act 2003 to set prudential indicators and for the chief finance officer to make a report to the authority on the robustness of the estimates and the adequacy of reserves are addressed within the body of this report.

Equalities Implications of revenue savings proposals

64. The council has reviewed the revenue savings proposals in line with our public sector equality duties to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation,

- advance equality of opportunity between people who share a protected characteristic⁴ and those who do not,
- foster good relations between people who share a protected characteristic and those who do not.

65. Consideration was also given to those groups not protected by legislation such as low income groups, in line with the requirement of the Equality Framework for Local Government

66. It is **the equality officer's view that all of the budget reduction proposals are likely to have a low or negligible equality impact.** Those reductions include:

- **Increase garden waste subscription fee** - It is perceived that the increase of £2 per year is likely to have a low equality impact. Residents can share bins if they do not need the full service or could take their garden waste to the household waste recycling centres. There is also the option to purchase a compost bin and discounts are offered on these if purchased at our compost give away days. However, we recognise the increase could prevent those on a low income still wishing to use the service who are unable to share with neighbours.
- **To close the young achievers scheme** - We do not consider there will be any equality impact of ceasing the scheme, as the scheme is not supporting vulnerable people and it is not likely to impact on the person's ability to take part in their chosen sport, art or citizenship. As our leisure provider GLL offers a similar scheme to our sports category we can encourage young people to apply to this instead of our scheme, which will account for most potential applicants to our scheme.
- **Cease to provide funding to Thames Valley Police (TVP), currently used to fund the Police Community Support Officers (PCSOs)** - The PCSOs are currently tasked to deal with risk, harm and vulnerability. If TVP are unable to bridge the gap in funding there could be a reduction of PCSO presence. This could contribute towards a decline in feelings of safety for elderly and vulnerable people. As PCSOs form a key part of their community safety policing, TVP will need to consider any potential impact.

Other Implications

67. Agreement of the revenue and capital budgets authorises expenditure in accordance with the council's delegated powers and financial procedure rules. The officer, councillor or councillor body taking those decisions will take into account the human resources, sustainability and equality and diversity implications of individual spending decisions.

⁴ A 'protected characteristic' under the Act is colour, race, nationality, ethnic or national origin, disability, age, sex, gender reassignment, sexual orientation, religion, belief, marriage or civil partnership, pregnancy and maternity

Conclusion

68. This report provides details of the revenue base budget for 2017/18, the capital programme 2017/18 to 2021/22, government grants (the settlement), uncommitted reserves and balances, the cabinet member for finance's budget proposals and the resulting prudential indicators.

69. In light of the information provided cabinet must make a number of recommendations to council regarding the revenue budget, the capital programme and the prudential indicators.

Appendices

Appendix A.1	Revenue budget 2017/18
Appendix A.2	Opening budget adjustments
Appendix A.3	Inflation, salary increments and other salary adjustments
Appendix A.4	Essential growth
Appendix A.5	Base budget savings
Appendix A.6	Revenue contingency
Appendix B.1	Revenue growth
Appendix B.2	Revenue savings
Appendix C	Service budget analysis
Appendix D.1	Capital programme before growth
Appendix D.2	Capital growth bids
Appendix E	Prudential indicators
Appendix F	Medium term financial plan

Background Papers

Provisional settlement figures (December 2016)

Medium term financial strategy 2017/18-2021/22 – Cabinet 1 February 2017, Council 16 February 2017

Council tax base 2017/18 – Cabinet 1 December 2016, Council 15 December 2016

Treasury management strategy – Cabinet 1 February 2017, Council 16 February 2017

South Oxfordshire DC - revenue budget summary 2017/18

	2016/17 Budget	2017/18 Budget	Appendix Ref:
Opening base budget 2017/18		14,369,062	
Revisions to base budget			
Opening budget adjustments		(712,380)	Appendix A.2
Inflation, salary increments and other salary adjustments		129,016	Appendix A.3
Essential growth - one-off		1,382,022	Appendix A.4
Essential growth - ongoing		1,515,858	Appendix A.5
Base budget savings		(749,415)	Appendix A.6
Movement in revenue contingency		(79,983)	Appendix A.6
Movement in managed vacancy factor		60,000	
Total base budget after revisions	14,369,062	15,914,180	
Growth proposals			
Revenue - one-off		259,000	Appendix B.1
Revenue - ongoing		420,035	Appendix D.2
Capital (revenue consequences of)		27,080	Appendix B.2
Savings proposals		(197,072)	
Gross treasury income	(2,196,350)	(2,201,300)	
Net expenditure	12,172,712	14,221,923	
Funding			
Funding from reserves and New Homes Bonus	(2,359,799)	(4,703,093)	Appendix C
Funding from government grants and council tax	(9,812,913)	(9,518,830)	
Total Funding	(12,172,712)	(14,221,923)	
Council tax yield required	6,114,307	6,457,969	

South Oxfordshire DC - 2017/18 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
ALL SERVICES						
2015/16	Corporate costs	(7,647)	(7,647)	(7,647)	(7,647)	(7,647)
		(7,647)	(7,647)	(7,647)	(7,647)	(7,647)
5 COUNCILS PARTNERSHIP						
2016/17	Corporate contract savings	(261,757)	(261,757)	(261,757)	(261,757)	(261,757)
2016/17	Investment property income	270,000	270,000	270,000	270,000	270,000
		8,243	8,243	8,243	8,243	8,243
CORPORATE STRATEGY						
2013/14	Additional leisure staff	(31,080)	(31,080)	(31,080)	(31,080)	(31,080)
2016/17	Grounds maintenance additional payment	(18,750)	(18,750)	(18,750)	(18,750)	(18,750)
2014/15	Waste new properties	11,550	23,100	23,100	23,100	23,100
2015/16	Waste new properties	17,455	34,910	52,365	52,365	52,365
2015/16	Collection cost increases	23,958	47,916	71,874	71,874	71,874
2015/16	Delivery cost increases	11,240	22,480	33,720	33,720	33,720
2015/16	Funding for tree works	0	(5,000)	(5,000)	(5,000)	(5,000)
		14,373	73,576	126,229	126,229	126,229
DEVELOPMENT AND HOUSING						
2014/15	Community engagement	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)
2016/17	Growth board	0	0	(50,000)	(50,000)	(50,000)
2016/17	Didcot Gateway	(250,000)	(500,000)	(500,000)	(500,000)	(500,000)
2016/17	Strategic site masterplanning	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
2016/17	Rough Sleepers - connections	0	(12,000)	(12,000)	(12,000)	(12,000)
2016/17	Studies to inform housing strategies	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
		(473,000)	(735,000)	(785,000)	(785,000)	(785,000)

South Oxfordshire DC - 2017/18 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
HR, IT & TECHNICAL SERVICES						
2015/16	Statutory compliance officer	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
2014/15	Bi-annual residents survey	24,000	0	24,000	0	24,000
2016/17	Market town support	0	(33,000)	(33,000)	(33,000)	(33,000)
2015/16	Mastering Management	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
		6,000	(51,000)	(27,000)	(51,000)	(27,000)
LEGAL & DEMOCRATIC						
2016/17	CCTV running costs	4,651	(14,792)	(14,792)	(14,792)	(14,792)
		4,651	(14,792)	(14,792)	(14,792)	(14,792)
PLANNING						
2014/15	Joint planning policy work	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
2014/15	Major applications	(93,000)	(93,000)	(93,000)	(93,000)	(93,000)
2014/15	Planning applications and pre applications advice	(29,000)	(29,000)	(29,000)	(29,000)	(29,000)
2016/17	S106/CIL monitoring officer	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
2016/17	Feasibility work and master planning - potential housing allocations	0	(100,000)	(100,000)	(100,000)	(100,000)
2016/17	Joint landscape study	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
2016/17	Recruitment retention	0	0	(90,000)	(90,000)	(90,000)
2016/17	Recruitment retention funding	0	0	28,000	28,000	28,000
2016/17	CIL officer	0	(20,000)	(20,000)	(20,000)	(20,000)
2016/17	CIL officer funding	0	20,000	20,000	20,000	20,000
2016/17	South Local Plan 2031	100,000	(100,000)	(100,000)	(100,000)	(100,000)
2016/17	Income funded resources	0	(184,000)	(184,000)	(184,000)	(184,000)
		(80,000)	(564,000)	(626,000)	(626,000)	(626,000)

South Oxfordshire DC - 2017/18 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
STRATEGIC MANAGEMENT BOARD						
2016/17	Management restructure savings	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
2014/15	Contract renewal	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
2015/16	Corporate services contract	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
		(185,000)	(185,000)	(185,000)	(185,000)	(185,000)
GRAND TOTAL		(712,380)	(1,475,620)	(1,510,967)	(1,534,967)	(1,510,967)

South Oxfordshire DC - 2017/18 budget build changes
Inflation, salary increments and other salary adjustments

Summary	Spending profile				
	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
ALL SERVICES					
Salary inflation	98,174	198,802	301,745	406,137	512,925
Salary increments	80,491	162,994	247,394	332,983	420,535
Other salary adjustments	(16,850)	(16,850)	(16,850)	(16,850)	(16,850)
Other net inflation	(32,799)	39,492	87,160	127,695	167,529
GRAND TOTAL	129,016	384,437	619,449	849,964	1,084,139

South Oxfordshire DC - 2017/18 budget build changes

Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CLIENT TEAM								
1	Security at Crowmarsh site	Security patrols required at Crowmarsh while the building remains in its current state.	One-off	20,000	0	0	0	0
2	5 Councils Partnership	Reprofiling of contract savings	Ongoing	612,794	1,044,600	276,622	203,643	87,923
3	Rental of 135 Milton Park	Rental of council offices at 135 Milton Park. Cost met from insurance settlement until January 2018. Assumption for budget purpose is that the lease will be extended.	Ongoing	161,250	645,000	645,000	645,000	645,000
4	Parking at 183 Milton Park	Cost of additional staff parking at 183 Milton Park. Assumption for budget purpose is that the lease will be extended.	Ongoing	42,000	42,000	42,000	42,000	42,000
				836,044	1,731,600	963,622	890,643	774,923
CORPORATE STRATEGY AND WASTE								
1	Increased contractor payments to the grounds maintenance contractor	This is an additional payment agreed by Cabinet to be paid to the grounds maintenance contractor as part of a three year extension	One-off	25,000	25,000	25,000	0	0
2	Recycling - Increased payments to Biffa - additional properties	Increased dry recycling and food collection payments to Biffa for additional properties. Based on a further additional increase of 400 properties being added to current predictions.	Ongoing	12,672	12,672	12,672	12,672	12,672
3	Purchase of replacement garden waste bins	Increased number of replacement damaged bins. Due to their age the number of bin having to be replaced is increasing. Based on actual bin replacements in 2015/16.	Ongoing	10,000	10,000	10,000	10,000	10,000
4	Decrease in garden waste income	Decreased income due to under achievement of predicted new customers in 2015/16 and current predictions for 2016/17.	Ongoing	25,000	25,000	25,000	25,000	25,000
5	Schedule I payments for disposal	Payment to OCC for disposal costs relating to schedule I collections for example nursing homes	Ongoing	10,000	10,000	10,000	10,000	10,000
6	Refuse - Increased payments to Biffa - additional properties	Increased refuse collection payments to Biffa for additional properties. Based on a further additional increase of 400 properties being added to current predictions.	Ongoing	10,000	10,000	10,000	10,000	10,000
7	Reduction in recycling credits	Reduction in income due to reduced recycling tonnage	Ongoing	28,142	28,142	28,142	28,142	28,142
8	Revenue grants	This reprofiling of an existing budget is required to give officers enough budget to pay the 2017/18 and 2018/19 revenue grants awarded. Budgets for 2019/20 and 2020/21 have been reduced by an equivalent amount.	One-off	92,788	32,321	(39,820)	(85,289)	0
				213,602	153,135	80,994	10,525	95,814

South Oxfordshire DC - 2017/18 budget build changes

Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
DEVELOPMENT AND HOUSING								
1	Housing related support - Funding of accommodation for rough sleepers	To fund the provision of six complex needs beds (located in Oxford City) and seven high need beds for rough sleepers following the withdrawal of Housing Related Support funding by Oxfordshire County Council. This proposal has been to Cabinet Briefing and approved by an ICMD	One-off	36,300	36,300	36,300	0	0
2	Syrian Vulnerable Person resettlement Scheme	In response to a government request, both South and Vale have agreed to house and support up to eight Syrian refugee families (2 for South and 6 for Vale). A budget of £84,415 has been approved for this year. Smaller budgets are required for future years, due the reduced level of support needed over time	One-off	28,759	5,092	5,244	5,402	0
		This is funded in full by the Home Office		(28,759)	(5,092)	(5,244)	(5,402)	
3	Development & Regeneration Staff costs	£96,000 budget approved by the previous Chief Executive to establish a permanent Development and Regeneration team was provided subject to the submission of an essential growth bid. The funding was agreed on the basis of a 50/50 split basis between South and Vale	Ongoing	48,000	48,000	48,000	48,000	48,000
4	Berinsfield regeneration	2017/18 share of the £1.5m virement from capital to revenue for the comprehensive regeneration strategy and delivery plan for Berinsfield. (Cabinet approved the virement in April 2016)	One-off	644,850	0	0	0	0
5	Building capacity and accelerating housing growth	Building capacity and accelerating housing growth. DCLG funded from previous years. ICMD approved August 2016. Funded by use of reserves	One-off	363,084	77,417	0	0	0
				1,092,234	161,717	84,300	48,000	48,000

South Oxfordshire DC - 2017/18 budget build changes

Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
PLANNING								
1	Local Plan 2033	Local Plan costs of QC, examination inspector and update studies	One-off	200,000	100,000	0	0	0
2	Planning application advertising	Due to the increase in planning application work load (majors) where by legislation we have to place notices in the press, the budget is insufficient to cover costs. We have tried to absorb these costs and that they have increased in cost annually, but it is now too substantial to cover	Ongoing	40,000	40,000	40,000	40,000	40,000
3	Drainage advice (Monson)	To provide consultancy advice for DM applications regarding drainage and SUDs. Current budget £28K does not cover cost of service, which has been absorbed year on year, but now can't sustain. Current cost £44K. Balance required £16K	Ongoing	16,000	16,000	16,000	16,000	16,000
				256,000	156,000	56,000	56,000	56,000
STRATEGIC MANAGEMENT BOARD								
1	Council workforce review	Estimate of costs arising review of current workforce capacity	Ongoing	400,000	400,000	400,000	400,000	400,000
				400,000	400,000	400,000	400,000	400,000
ALL SERVICES								
1	Employers pension costs	Increases as a result of the triannual actuarial valuation of the LGPS	Ongoing	100,000	119,000	138,000	138,000	138,000
				100,000	119,000	138,000	138,000	138,000
GRAND TOTAL				2,897,880	2,721,452	1,722,916	1,543,168	1,512,737

South Oxfordshire DC - 2017/18 budget build changes

Base budget savings

Item		One-off / ongoing	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CORPORATE STRATEGY							
1	Reduction in contract payments to Biffa	Ongoing	(86,116)	(86,116)	(86,116)	(86,116)	(86,116)
2	Increase in food safety courses income	Ongoing	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
3	Increased income from community facility at Great Western Park	Ongoing	(1,362)	(1,362)	(1,362)	(1,362)	(1,362)
			(89,478)	(89,478)	(89,478)	(89,478)	(89,478)
CLIENT TEAM							
1	Station road Didcot car park income	One-off	(270,000)	0	0	0	0
2	Housing benefit costs	Ongoing	(150,432)	(150,432)	(150,432)	(150,432)	(150,432)
			(420,432)	(150,432)	(150,432)	(150,432)	(150,432)
HR, IT & TECHNICAL							
1	Reduction in tourism budget	Ongoing	(4,750)	(4,750)	(4,750)	(4,750)	(4,750)
2	Other budget reductions	Ongoing	(907)	(907)	(907)	(907)	(907)
3	E-government budget saving	Ongoing	(5,848)	(5,848)	(5,848)	(5,848)	(5,848)
			(11,505)	(11,505)	(11,505)	(11,505)	(11,505)
PLANNING							
1	Building control income increase	Ongoing	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
2	Planning income increase	Ongoing	(211,000)	(211,000)	(211,000)	(211,000)	(211,000)
			(228,000)	(228,000)	(228,000)	(228,000)	(228,000)
Overall total			(749,415)	(479,415)	(479,415)	(479,415)	(479,415)

South Oxfordshire DC - 2017/18 budget build changes

Revenue contingency

SUMMARY		Provision 2016/17 £
Revenue contingency 2016/17		518,388
Movement		(79,983)
Total revenue contingency budget 2017/18		438,405

DETAIL		Worst case liability (£)	Probability (%)	Provision 2015/16 £
		£	%	£
ALL SERVICES				
1	General contingency	N/A	100	200,000
				200,000

CORPORATE STRATEGY				
1	Waste contract inflation costs	55,310	50	27,655
				27,655

DEVELOPMENT AND HOUSING				
1	Homelessness nightly paid	124,000	25	31,000
				31,000

FINANCE				
1	HB bad debt provision	60,000	95	57,000
				57,000

CLIENT TEAM				
1	Increase in recruitment costs	20,000	50	10,000
				10,000

LEGAL AND DEMOCRATIC				
1	External legal costs - other	40,000	95	38,000
2	Domestic homicide review funding	10,000	95	9,500
3	By-elections	14,000	50	7,000
4	Code of conduct investigations	5,000	25	1,250
				55,750

PLANNING				
1	Transport feasibility studies	50,000	95	47,500
2	Growth Board Programme Manager	10,000	95	9,500
				57,000

Overall total			438,405
----------------------	--	--	----------------

South Oxfordshire DC - 2017/18 revenue budgets bids

No	Title of bid	Summary	One-off or ongoing?	South only or joint bid?	Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CORPORATE STRATEGY AND WASTE									
1	Leisure officer and delivery budget	Additional leisure resource with delivery budget to advance health agenda..details to follow	One-off	South only	35,000	35,000			
2	Individual Councillors Grant Scheme	Creat a budget for individual councillors to support small community projects in their own area, to be funded from £1million allocation to Communities grant scheme	Ongoing	South only	189,000	189,000	189,000	189,000	189,000
3	Leisure projects officer post - making this post ongoing	This post was agreed in 2012 to deliver capital leisure projects including the new leisure facility in Didcot. Initially the salary budget was agreed for five years but due to the nature of projects coming forward and the expected time to delivery for existing projects, this post is now required for the foreseeable future. The post is split 50:50 with the Vale.	Ongoing	Joint	24,864	24,864	24,864	24,864	24,864
					248,864	248,864	213,864	213,864	213,864
DEVELOPMENT AND HOUSING									
1	Development and regeneration administrative support	Recruit one grade 2-3 admin support officer for the whole of Development and Regeneration team	Ongoing	Joint	15,500	15,500	15,500	15,500	15,500
2	Berinsfield	To provide a discretionary fund to support and enhance community led local services so that they can take on the proposed new community facilities that will emerge from Berinsfield Community Investment Scheme	One off	South only	50,000	50,000	0	0	0
					65,500	65,500	15,500	15,500	15,500
FINANCE									
1	Emergency planning officer	The purpose of this bid is to increase the current joint staff resource for emergency planning from 0.5FTE to 1FTE. The post is in the establishment list at G5 SCP 27, and the current EPO is seconded from OCC.	Ongoing	Joint	7,671	7,671	7,671	7,671	7,671
					7,671	7,671	7,671	7,671	7,671
HR, IT & TECHNICAL									
1	Local lottery scheme	To introduce a local lottery scheme to raise funds for local voluntary & community groups, to be funded from existing community grants funding	One-off	South	22,000	0	0	0	0
2	Grant scheme to support volunteer costs - one year pilot	Introducing a new grant scheme to support potential volunteers with the costs of volunteering	One-off	South	25,000	0	0	0	0

South Oxfordshire DC - 2017/18 revenue budgets bids

No	Title of bid	Summary	One-off or ongoing?	South only or joint bid?	Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
HR, IT & TECHNICAL continued									
3	Volunteer development officer post	Additional resource to progress the Corporate Plan commitments to increasing volunteering in the district	One-off	South	34,000	34,000	0	0	0
4	Condition surveys	To carry out condition surveys on council properties in order to determine future maintenance needs	One-off	Joint	38,000	0	0	0	0
					119,000	34,000	0	0	0
PLANNING									
1	Building Control Surveyor (trainee)	As part of developing our own staff and to address a gap in the lack of qualified and experienced building control surveyors, the service has a strategy to 'grow our own' staff, support them through training and offer them career potential within the service. Funded from increase in building control income.	Ongoing	Joint	17,000	17,000	17,000	17,000	17,000
2	CIL Support officer	We currently have a temporary role for SODC until March 2017 (no budget), who checks all applications at registration stage whether the proposed development is CIL liable including floor space measurements. This has to be agreed with applicants, which is time consuming and challenging as every sqm affects the £ and CIL income. We have piloted work this year to see how we can absorb the additional work, but it is apparent at this stage, with it being new, that it is time consuming and it has taken nearly a full time position. We believe there are efficiencies and a post can achieve this work for the two councils. This work can be funded from CIL admin income applied as part of the CIL charge.	Ongoing	Joint	14,000	14,000	14,000	14,000	14,000
		The cost will be matched by an increase in CIL income	Ongoing	Joint	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
4	Planning Appeals support	Both councils have had an increase in planning appeals. At South we don't have 5YHLS and have had a significant number of appeals to date and five (currently) in the pipeline. This is demanding officer time and costs for temp additional resources/witnesses for both councils. We have an appeals officer to assist the professional witnesses and ensure we challenge cost cases. However, we need a planner to assist on some common aspects like the provision of our 5YHLS, working with the monitoring officer (non planner). This is a temp post for 2 years while we experience this intense period of appeals at both councils. This post will take some pressure off experienced planners who need to focus on the important planning arguments in the appeal.	One-off	Joint	17,000	17,000	0	0	0

South Oxfordshire DC - 2017/18 revenue budgets bids

No	Title of bid	Summary	One-off or ongoing?	South only or joint bid?	Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
PLANNING continued									
5	Major application and planning officers (keep existing posts)	Three years ago we had an increase in major applications which has continued with our current 5YHLS position. We have also increased our income budget. The expenditure budget originally secured for these posts falls out 2017/18. The workload and income continues and we anticipate this work to continue until we secure a sound adopted Local plan. There are 2.5 posts (.5x majors, 1x senior, 1 x enq officer (latter deal with condition discharges on major apps). These roles mean that we can deal with customer applications and maintain our performance that meet Govt targets. Income has previously increased year on year and so cover the DM costs, however income is lower this year, but many applications are in the pipeline.	Ongoing	South only	156,000	156,000	156,000	156,000	156,000
6	S106 Monitoring Officer	Significant work has been undertaken to capture and monitor all our S106 agreements, secured, receipts and expenditure, with live data online and regular reports (six monthly) to T&P's and Cabinet/Cabinet member. Current post is funded until 31 March 2017. Some funding exists as an obligation to support the post in most s106 agreements and as the post holder assists with CIL demand notices and the managing of CIL income/expenditure, the post can be part funded by CIL. However 50% of the post needs to be funded elsewhere. (CIL in place at South, generating income, Vale expected to commence April/May 2017) Post is shared 50:50	Ongoing	Joint	18,000	18,000	18,000	18,000	18,000
		The cost will be partly matched by S106 income of £6,000 and an increase in CIL income of £2,000	Ongoing	Joint	(8,000)	(8,000)	(18,000)	(18,000)	(18,000)
7	Neighbourhood planning support	To provide planning officer and community engagement officer support to the neighbourhood planning role, dealing with the planning process. For example dealing with the designation process and reports, managing the progress of NPs, updating tool kit and funding regime and assisting NPGs in external bids for funding (lottery, locality). The use of an experienced planner to undertake this work is not a good use of their skills and time, when there is a shortage of experienced planners in the market. We need to better engage with T&Ps and NPGs to improve our support and provide a more efficient way of working, to help speed up the process of NPs. This bid amounts to a dedicated Enquiry officer and community engagement officer for neighbourhood planning, though they will support planning policy/service when required. These posts are shared (50:50)	One-off	Joint	38,000	38,000	38,000	38,000	0
					238,000	238,000	211,000	211,000	173,000
GRAND TOTAL					679,035	594,035	448,035	448,035	410,035

South Oxfordshire DC - 2017/18 revenue savings proposals

No	Title of bid	Summary	One-off or ongoing?	South only or joint bid?	Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CORPORATE STRATEGY AND WASTE									
1	Young Achievers Scheme	This proposal is to close the young achiever award (YAA) scheme. The sports category accounts for about 80 per cent of the applications we receive and most could apply to the scheme our leisure contractors (GLL) run, which offers more money than ours. We receive very few applications for the other two categories. We haven't spent the full budget allocated to this scheme for at least the last five years.	Ongoing	South	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
2	Brown Bin Income	Increase cost to customer of brown bin waste service above inflation	Ongoing	Joint	(36,382)	(36,382)	(36,382)	(36,382)	(36,382)
					(51,382)	(51,382)	(51,382)	(51,382)	(51,382)
LEGAL AND DEMOCRATIC									
1	Reduction in funding to Thames Valley Police (TVP)	Cease to provide funding to TVP, currently used to fund the police community support officers. This will be effective from 1 April 2017. The provision of this service to the public is the responsibility of TVP.	Ongoing	South	(99,190)	(99,190)	(99,190)	(99,190)	(99,190)
					(99,190)	(99,190)	(99,190)	(99,190)	(99,190)
PLANNING									
1	Reduced printing costs	To cease printing off planning application details to send off to town and parishes and save costs/staffing costs.	Ongoing	Joint	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
2	Provision of neighbourhood planning training sessions	To provide (chargeable) regular and repeat neighbourhood planning training for councillors/town & parishes outside our organisations about how to start/set up a Neighbourhood Development Plan	Ongoing	Joint	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
3	Provision of back up registration service	Following the sustainable success of registering planning applications within 24hrs, we could provide this back-up service virtually to other councils.	Ongoing	Joint	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
4	Provision of consultancy design service and training	Using our nominated South Urban Design Guide and, Vale's recent Design Guide, we can provide a chargeable service to other councils for developing design guides and (in due course) advise on scheme design/layout to address planning issues for other Local Planning Authorities.	Ongoing	Joint	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
5	Provision of councillor training sessions on planning	To provide chargeable regular and repeat planning training for councillors outside our organisations about the planning application process, material planning considerations and permitted development.	Ongoing	Joint	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
					(46,500)	(46,500)	(46,500)	(46,500)	(46,500)
GRAND TOTAL					(197,072)	(197,072)	(197,072)	(197,072)	(197,072)

South Oxfordshire DC Service budget analysis 2017/18		
Budget head	Final Budget £	Final Budget £
Corporate strategy		6,202,037
5 Councils partnership		1,589,069
Development & Housing		2,299,626
Finance		844,043
HR IT & Technical		1,058,357
Legal and democratic		1,368,553
Planning		1,995,048
Strategic management board		663,702
Managed vacancy factor		(135,618)
All services		100,000
Contingency		438,405
Net cost of delivering services		16,423,223
Gross treasury income		(2,201,300)
Net expenditure		14,221,923
Government grant funding:		
New Homes Bonus	(3,527,673)	
Transfer to reserves		
New Homes Bonus	3,527,673	
Didcot reserve	270,000	
Interest and dividends	2,201,300	
Funding from existing resources:		
Transfer from reserves		
Previous years interest	(1,857,000)	
Revenue grants reserve	(363,084)	
Revenue budget smoothing reserve	(1,597,366)	
New Homes Bonus	(3,356,943)	
		(4,703,093)
Total net revenue budget		9,518,830

SOUTH OXFORDSHIRE DISTRICT COUNCIL

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

	No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
APPROVED PROGRAMME											
Client Team		App		581	0	126	0	0	0	0	0
Corporate Strategy		App		4,361	2,861	3,406	3,667	920	920	920	920
Development and Housing		App		6,731	193	168	1,649	0	0	0	0
Economy, Leisure and Property		APP		0	0	0	0	0	0	0	0
Finance		App		176	0	54	0	0	0	0	0
HR, IT and Technical Services		App		1,925	806	883	26	0	0	0	0
Legal and Democratic Services		App		11	0	1	0	0	0	0	0
Planning		App		0	0	0	0	0	0	0	0
TOTAL APPROVED PROGRAMME		App		13,785	3,860	4,638	5,342	920	920	920	920
PROVISIONAL PROGRAMME		Prov			5,973	8,058	1,696	8,903	11,466	2,392	1,083
GRAND TOTAL		Both		13,785	9,833	12,696	7,038	9,823	12,386	3,312	2,003

Cumulative Total Budget (Approved & Provisional)	47,258
---	---------------

CAPITAL FINANCING											
Grants		Both			493	654	893	493	493	493	493
Developers contributions		Both			0	181	0	0	0	0	0
Usable capital and earmarked revenue receipts		Both			11,008	11,861	6,145	9,330	11,893	2,819	1,510
GRAND TOTAL		Both			11,501	12,696	7,038	9,823	12,386	3,312	2,003

SOUTH OXFORDSHIRE DISTRICT COUNCIL

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
-----	----------	----------------------	-----------------------------	-------------------------------	----------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

Client Team										
Property										
Car Park Resurfacing & Improvement	142	APP	200	148		52				
Car Park Furniture	249	APP	27	14		13				
Wallingford Cemetery	265	APP				5				
Customer Service, Licensing & Land Charges										
Licensing Software Project		APP	7	5		2				
IT Operations										
Upgrade GIS	088	APP	20	15		5				
IT Infrastructure	251	APP	448	399		49				
			702	581	0	126	0	0	0	0

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

	No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Corporate Strategy											
GWP											
GWP Neighbourhood Community Centre	233	App	200	159		41					
CIF Grants		App									
Revenue Grants - 13/14 Delegated Powers	010	App	857	747		110					
Revenue Grants - 14/15 Delegated Powers	010	App	440	225		215					
Revenue Grants - 15/16 Delegated Powers		App	768	60		708					
Revenue Grants - 16/17 Delegated Powers		App	999	0		499	500				
Other Grants		App									
Chinnor Parish Council	256	App	220	200		20					
Waste		App									
Waste Management - wheeled bins	192	App	270	189		81					
Open Spaces		App									
Ladygrove Loop	180	App	439	425		14					
Private housing renovation		App									
Mandatory disabled facilities grants	011	App	N/A	N/A	875	938	1,675	875	875	875	875
Discretionary assistance	012	App	N/A	N/A	45	20	45	45	45	45	45
Leisure		APP									
Riverside Water Feature	193	APP	148	146		2					
Didcot Leisure Centre	227	APP	1,161	152	999	36	973				
Henley & Thame Leisure Centre	263	App	146	4		9	133				
Abbey Sports Centre - spend to save	273	APP	25	2	22	0	23				
Abbey Sports Centre - gym equipment replacement	285	APP			75	78					
Henley Leisure Centre capital investment	274	APP	420	146	199	206	68				
Park Sports Centre capital investment	275	APP	136	122		14					
Thames Leisure Centre capital investment	276	APP	62	8	50	2	52				
Thame Leisure Centre - splash pool	286	APP	207	0	200	9	198				
Thame Leisure Centre - gym equipment replacement	287	APP	196	0	189	196					
Thame Leisure Centre Floor	292	APP	77	77		0					
Leisure Centre - capital works	078	APP	1,907	1,699	207	208					
		App									
			8,678	4,361	2,861	3,406	3,667	920	920	920	920

SOUTH OXFORDSHIRE DISTRICT COUNCIL

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

	No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Development and Housing											
Private housing renovation											
Social Housing Initiatives	057	App	5,560	5,405	180	155					
Online Housing Advice	228	App	25	12	13	13					
Growth Points	136	App	2,152	877		0	1,275				
Didcot Station Forecourt	207	App	811	437		0	374				
			8,548	6,731	193	168	1,649	0	0	0	0
Finance											
Fixed Asset System	190	APP	13	9		4					
Arts Development											
Cornerstone Capital Works	242	APP	167	167		0					
Cornerstone Café	294	APP	50	0		50					
			230	176	0	54	0	0	0	0	0

SOUTH OXFORDSHIRE DISTRICT COUNCIL

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

	No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
HR, IT and Technical Services											
Technical		APP									
Housing Act Works Refurbishment	103	APP	789	631	150	158					
Flood Alleviation	143	APP	74	41		33					
Riverside Park Link Road	245	APP	75	75		0					
Improvements to WCs at Henley	240	APP	96	33		63					
Economic Development		APP									
Town Centre Infrastructure	241	APP	88	88	70	0					
Broadband	250	APP	1,090	530	560	560					
Town Centre Initiatives	111	APP	301	275	26	0	26				
Wallingford Sports Park	284	APP	45	11		34					
Carbon Management		App									
Carbon Management Programme	176	App	231	211		20					
Energy Grants Scheme	237	App	45	30		15					
			2,834	1,925	806	883	26	0	0	0	0
Legal and Democratic Services											
Legal Case Management System	025	APP	12	11		1					
			12	11	0	1	0	0	0	0	0

CAPITAL PROGRAMME TO 31 MARCH 2022 LAST UPDATED 23 JANUARY 2017

	No.	App/Prov	Scheme Total £000	Spend to 31.3.16 £000	2016/17 Original Budget	2016/17 Latest Budget £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Provisional Capital Programme											
STRATEGIC MANAGEMENT BOARD											
Town Centre Boost	234	PROV				192					
Capital Contingency	235	PROV			1,707	1,657					
CLIENT TEAM											
Car Park Resurfacing & Improvement	142	PROV			45	0	45				
Car Park Furniture	249	PROV				68					
Refurb Kidmore and Wallingford cemeteries	265	PROV				35					
CORPORATE STRATEGY											
Purchase of new bins	279	PROV			83	0	83	83	83	83	83
New Website	288	PROV			25	25					
External Capital Grants	009, 010	PROV			1,000	322	1,000	1,000	1,000	1,000	1,000
Leisure Centres Essential Works	173	PROV			220	220	220	250	220	220	
Didcot Leisure Centre	227	PROV			2,700	2,700		7,500	10,134	1,060	
Henley and Thame LC changing rooms	263	PROV				0	150				
Thame Leisure Centre Sports Hall	264	PROV				0	125				
DEVELOPMENT AND HOUSING											
Land purchase	268	PROV				2,000					
FINANCE											
Public Art - Chinnor cement works	247	PROV				25					
Public Art - Great Western Park	248	PROV				156					
Cornerstone Capital Works	242	PROV			25	22	25	70	29	29	
HR, IT AND TECHNICAL SERVICES											
Greys Road WC	291	PROV			120	120					
HAW Moulsoford	194	PROV				170					
Housing Act Works	280	PROV				150					
Flood Alleviation Wheatley	246	PROV				59					
Flood Defence	281	PROV				67					
LEGAL AND DEMOCRATIC SERVICES											
Replacement CCTV Cameras	271	PROV			48	70	48				
					5,973	8,058	1,696	8,903	11,466	2,392	1,083

South Oxfordshire DC - 2017/18 capital budgets bids

No	Title of bid	Summary	One-off or rolling	South only or joint bid?	CAPITAL SPEND					REVENUE CONSEQUENCES				
					Spending profile:					Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CORPORATE STRATEGY & WASTE														
1	Essential Works Leisure Centres	To undertake the priority one and two works identified in recent condition surveys undertaken at our leisure centres. These were completed to establish the structural condition, mechanical, electrical and specialist plant and machinery.	Rolling	South Only	250,000	150,000	150,000	150,000	250,000	0	0	0	0	0
2	Didcot Wave Essential Capital Works	Didcot Wave is the council's busiest swimming facility and was built in the late 1980s. Due to the continuous high level of use, some of the key parts of the building are in need of replacement in order for the facility to continue to operate effectively and safely.	One-off	South Only	100,000	0	0	0	0	0	0	0	0	0
3	Purchase of Wheeled Bins	To purchase wheeled bins for new properties for the provision of the waste collection service.	Ongoing	South Only	10,000	10,000	10,000	10,000	10,000	0	0	0	0	0
4	Communities capital grants scheme	Reallocation of grants funding from capital to revenue	Ongoing	South Only	(270,000)	(223,000)	(189,000)	(189,000)	(189,000)					
					90,000	(63,000)	(29,000)	(29,000)	71,000	0	0	0	0	0

DEVELOPMENT AND HOUSING														
1	Rent management software for temporary accommodation	To improve financial efficiency by purchasing a software module for the management of temporary accommodation rent accounts.	One-off	South Only	22,530	0	0	0	0	4,580	4,580	4,580	4,580	4,580
2	Berinsfield A4074 pedestrian crossing	Currently, Berinsfield residents need to cross the busy A4074 to access bus other local services and represents an unacceptably high risk to pedestrian safety. A pedestrian crossing, apart from reducing the risk of accidents, will provide residents with a clear, early and demonstrable sign of the Council's commitment to the Berinsfield Community Investment Scheme (BCIS) and secure the effective community engagement needed to make it a success.	One-off	South Only	150,000	0	0	0	0	0	0	0	0	0
					172,530	0	0	0	0	4,580	4,580	4,580	4,580	4,580

South Oxfordshire DC - 2017/18 capital budgets bids

No	Title of bid	Summary	One-off or rolling	South only or joint bid?	CAPITAL SPEND					REVENUE CONSEQUENCES				
					Spending profile:					Spending profile:				
					2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
HR IT AND TECHNICAL														
1	Continuation of fuel poverty grants	Continuation of scheme to provide small scale grants to residents in fuel poverty to make essential improvements and repairs to their homes	One-off	South Only	15,000	15,000	15,000	0	0	0	0	0	0	0
2	Broadband	To maximise roll out of superfast broadband for residents and businesses in South Oxfordshire beyond the completion of phase 2 of the Better Broadband for Oxfordshire scheme	One-off	South Only	250,000	250,000	0	0	0	22,500	22,500	0	0	0
3	Volunteer brokerage - IT solution	This bid is to provide volunteer brokerage, to link potential volunteers with volunteering opportunities via an IT solution.	One-off	South Only	40,000	0	0	0	0	0	0	0	0	0
4	Car Park Wallingford	Provision of car parking in Wallingford	One-off	South Only	470,000	0	0	0	0	0	(15,000)	(15,000)	(15,000)	(15,000)
					775,000	265,000	15,000	0	0	22,500	7,500	(15,000)	(15,000)	(15,000)
PLANNING														
1	Repairs to Castle Lane Wall	To repair a section of the boundary wall of Wallingford Castle Meadows running along Castle Lane, Wallingford. Recent investigations have shown that a section of the retaining boundary wall is in a state of disrepair and, if it is not subject to repairs could collapse.	One-off	South Only	25,000	0	0	0	0	0	0	0	0	0
					25,000									
GRAND TOTAL					1,062,530	202,000	(14,000)	(29,000)	71,000	27,080	12,080	(10,420)	(10,420)	(10,420)

	A	B	C	D	E	F
1	South Oxfordshire District Council	Budget	Indicative	Indicative	Indicative	Indicative
2		2017/18	2018/19	2019/20	2020/21	2021/22
3		£	£	£	£	£
4	Base budget					
5	Corporate strategy	5,906,677	5,906,677	5,906,677	5,906,677	5,906,677
6	5 Councils partnership	1,190,418	1,190,418	1,190,418	1,190,418	1,190,418
7	Development & Housing	1,599,023	1,599,023	1,599,023	1,599,023	1,599,023
8	Finance	668,924	668,924	668,924	668,924	668,924
9	HR IT & Technical	946,733	946,733	946,733	946,733	946,733
10	Legal and democratic	1,417,512	1,417,512	1,417,512	1,417,512	1,417,512
11	Planning	1,848,885	1,848,885	1,848,885	1,848,885	1,848,885
12	Strategic management board	361,938	361,938	361,938	361,938	361,938
13	Managed vacancy factor	(195,618)	(195,618)	(195,618)	(195,618)	(195,618)
14	Contingency	624,570	624,570	624,570	624,570	624,570
15	Total base budget	14,369,062	14,369,062	14,369,062	14,369,062	14,369,062
16	Revisions to base budget					
17	Opening budget adjustments	(712,380)	(1,475,620)	(1,510,967)	(1,534,967)	(1,510,967)
18	Inflation, salary increments and adjustments	129,016	384,437	619,449	849,964	1,084,139
19	Essential growth - one-off	1,382,022	271,038	21,480	0	0
20	Essential growth - ongoing	1,515,858	2,450,414	1,701,436	1,543,168	1,512,737
21	Base budget savings	(749,415)	(479,415)	(479,415)	(479,415)	(479,415)
22	Other movement in revenue contingency	(79,983)	(79,983)	(79,983)	(79,983)	(79,983)
23	Movement in managed vacancy factor	60,000	60,000	60,000	60,000	60,000
26	Total revised base budget	15,914,180	15,499,934	14,701,063	14,727,830	14,955,573
27	Growth, savings and other budget adjustments					
29	Growth proposals					
30	Revenue - one-off	259,000	174,000	38,000	38,000	0
31	Revenue - ongoing	420,035	420,035	410,035	410,035	410,035
32	Capital (revenue consequences of)	27,080	12,080	(10,420)	(10,420)	(10,420)
33	Savings proposals	(197,072)	(197,072)	(197,072)	(197,072)	(197,072)
34	Assumed future essential growth	0	500,000	1,000,000	1,500,000	2,000,000
36	Net cost of services	16,423,223	16,408,977	15,941,606	16,468,373	17,158,116
38	Gross treasury income	(2,201,300)	(2,003,870)	(2,007,590)	(1,979,840)	(1,856,090)
39	Net expenditure	14,221,923	14,405,107	13,934,016	14,488,533	15,302,026
40	New Homes Bonus	(3,527,673)	(3,005,779)	(2,435,147)	(1,888,175)	(1,330,155)
41	Transfers to/from earmarked reserves	2,181,523	3,187,779	2,895,147	2,316,175	1,662,155
42	Amount to be financed	12,875,773	14,587,107	14,394,016	14,916,533	15,634,026
43	Financing					
44	Revenue support grant	(572,386)	(191,980)	0	0	0
45	Business rates retention scheme	(2,430,842)	(2,502,554)	(2,582,540)	(2,634,191)	(2,686,875)
46	Total start-up funding allocation	(3,003,228)	(2,694,534)	(2,582,540)	(2,634,191)	(2,686,875)
47	Less - Parish share of council tax support grant	127,938	114,787	110,016	112,217	114,461
48	Less - tariff adjustment	0	0	232,955	237,614	242,366
49	Add - renewable energy	(90,098)	(90,098)	(90,098)	(90,098)	(90,098)
50	+/- estimated NNDR over/under collection	182,313	187,692	193,691	197,564	201,516
51	Collection fund surplus/deficit	(277,786)	(250,000)	(250,000)	(250,000)	(250,000)
52	Council tax req'ment before reserves funding	9,814,912	11,854,953	12,008,039	12,489,639	13,165,397
53	Use of New Homes Bonus to balance budget	(3,356,943)	(5,070,095)	(4,891,868)	(5,178,230)	(2,239,150)
54	Use of general fund balance to balance budget	0	0	0	0	(3,414,243)
55	Council tax req'ment after reserves funding	6,457,969	6,784,859	7,116,171	7,311,409	7,512,003
56	Tax base	55,557.2	55,962.2	56,370.2	56,781.1	57,195.0
57	Band D Council tax	116.24	121.24	126.24	128.76	131.34
58	Council tax increase from previous year	4.5%	4.3%	4.1%	2.0%	2.0%
59	Usable balances at year end:*	£000	£000	£000	£000	£000
60	General fund balance	(16,075)	(14,283)	(12,778)	(11,258)	(6,503)
61	Earmarked revenue reserves	(15,088)	(13,206)	(11,209)	(8,347)	(7,770)
62	Capital receipts	0	0	0	0	0
63	Total	(31,163)	(27,489)	(23,987)	(19,605)	(14,273)
64						
65	* Excludes balances held for the long term as per the Medium Term Financial Strategy					

South Oxfordshire District Council

Revenue Budget 2017/18 and Capital Programme to 2021/22

Addendum to the report of the Head of Finance to Cabinet on Wednesday 1 February 2017

The budget report presented to Cabinet on Wednesday 1 February recommended a revenue budget for 2017/18 that included a proposed £5 increase to the current band “D” council tax of £111.24, resulting in a band “D” council tax for 2017/18 of £116.24. However, at the Cabinet meeting, Cabinet decided to change the recommended budget to include no increase in council tax.

This decision changes some of the numbers quoted in the report, and also Appendix A.1, Appendix C and Appendix F. Revised copies of these appendices are attached to this addendum which should be read in conjunction with the original report.

Where numbers have changed in the report then revised paragraphs and tables are shown below – numbers that have changes are underlined.

19. The provisional government allocation for NHB payment for 2017/18 is **£3,527,673**. Of this amount **£262,200** will be ring fenced for affordable housing. The remaining amount, plus £369,656 from the NHB reserve, will be used to support the revenue budget in year. Projections of future NHB earnings and how they will be used are detailed later in this report.
21. Based on the above use of reserves and other funding, the amount of revenue expenditure to be financed from government and from council tax 2017/18 is **£9,241,044**.
29. Based on the amendments detailed above, and as shown in **appendix A.1** of this report, the cabinet member’s budget proposal, including growth, is for a net revenue budget of **£9,241,044**. This revenue budget as proposed would result in no change to the current band “D” council tax of £111.24. **Appendix C** shows the breakdown of the revenue budget.
30. The cabinet member for finance’s revenue budget proposal of **£9,241,044** is lower than the previous year’s budget requirement of **£9,812,913** and is therefore within the revenue budget target, meeting the requirement laid down in the medium term financial strategy.

Table 2: current and proposed capital programme with financing

	2016/17 latest estimate	2017/18 estimate	2018/19 estimate	2019/20 estimate	2020/21 estimate	2021/22 estimate	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000
Capital programme before growth							
- approved	4,638	5,342	920	920	920	920	13,660
- provisional	8,058	1,696	8,903	11,466	2,392	1,083	33,598
	12,696	7,038	9,823	12,386	3,312	2,003	47,258
Cabinet capital growth proposals	0	1,063	202	(14)	(29)	71	1,293
Total expenditure	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Financing							
Grant funding	654	893	493	493	493	493	3,519
Developers' contributions	181	0	0	0	0	0	181
Usable capital receipts/revenue reserves	11,861	7,208	9,532	11,879	2,790	1,581	44,851
Total financing	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Estimated balances as at 31 March 2022							
Usable capital receipts							2,603
Enabling fund							4,327
New homes bonus:							
Unringfenced							0
Affordable homes							1,629

49. The graph and table 4 below illustrates the gap between funding and expenditure over the period of the MTFP.

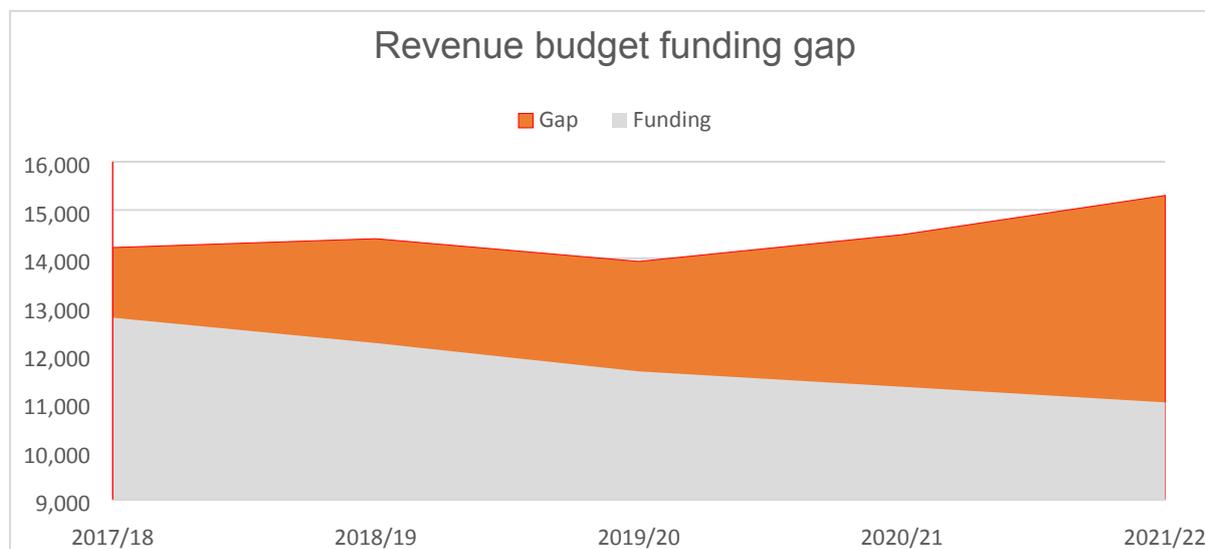


Table 4: revenue budget funding gap

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Net expenditure	14,222	14,405	13,934	14,489	15,302
Funding	<u>12,769</u>	<u>12,243</u>	<u>11,655</u>	<u>11,337</u>	<u>11,013</u>
Gap	<u>(1,453)</u>	<u>(2,162)</u>	<u>(2,279)</u>	<u>(3,152)</u>	<u>(4,289)</u>
Gap cumulative	<u>(1,453)</u>	<u>(3,615)</u>	<u>(5,894)</u>	<u>(9,046)</u>	<u>(13,334)</u>

59. Should further changes occur a fundamental review of the council's budget will be necessary. Table 5 below shows that £7.029 million of expenditure budgeted for within the budget proposals from 2018/19 onwards is dependent on the receipt of NHB not yet received or confirmed as payable by the government. The table also shows that from 2017/18 onwards more NHB monies are being used to support revenue expenditure than are being received.

Table 5.1: New Homes Bonus account

Year	Opening balance £000	Receipt £000	Revenue expenditure £000	Closing balance £000
2017/18	10,179	3,528	(3,635)	10,072
2018/19	<u>10,072</u>	3,006	(5,350)	<u>7,728</u>
2019/20	<u>7,728</u>	2,435	(5,174)	<u>4,989</u>
2020/21	<u>4,989</u>	1,888	(5,390)	<u>1,487</u>
2021/22	<u>1,487</u>	1,330	(1,187)	1,630
Total		12,187	(20,736)	

Note that the figures in **bold** represent monies confirmed or received. The closing balance of £1.6 million has been ring fenced by the council for affordable housing.

South Oxfordshire DC - revenue budget summary 2017/18

	2016/17 Budget	2017/18 Budget	Appendix Ref:
Opening base budget 2017/18		14,369,062	
Revisions to base budget			
Opening budget adjustments		(712,380)	Appendix A.2
Inflation, salary increments and other salary adjustments		129,016	Appendix A.3
Essential growth - one-off		1,382,022	Appendix A.4
Essential growth - ongoing		1,515,858	
Base budget savings		(749,415)	Appendix A.5
Movement in revenue contingency		(79,983)	Appendix A.6
Movement in managed vacancy factor		60,000	
Total base budget after revisions	14,369,062	15,914,180	
Growth proposals			
Revenue - one-off		259,000	Appendix B.1
Revenue - ongoing		420,035	
Capital (revenue consequences of)		27,080	Appendix D.2
Savings proposals		(197,072)	Appendix B.2
Gross treasury income	(2,196,350)	(2,201,300)	
Net expenditure	12,172,712	14,221,923	
Funding			
Funding from reserves and New Homes Bonus	(2,359,799)	(4,980,879)	Appendix C
Funding from government grants and council tax	(9,812,913)	(9,241,044)	
Total Funding	(12,172,712)	(14,221,923)	
Council tax yield required	6,114,307	6,180,183	

South Oxfordshire DC Service budget analysis 2017/18		
Budget head	Final Budget £	Final Budget £
Corporate strategy		6,202,037
5 Councils partnership		1,589,069
Development & Housing		2,299,626
Finance		844,043
HR IT & Technical		1,058,357
Legal and democratic		1,368,553
Planning		1,995,048
Strategic management board		663,702
Managed vacancy factor		(135,618)
All services		100,000
Contingency		438,405
Net cost of delivering services		16,423,223
Gross treasury income		(2,201,300)
Net expenditure		14,221,923
Government grant funding:		
New Homes Bonus	(3,527,673)	
Transfer to reserves		
New Homes Bonus	3,527,673	
Didcot reserve	270,000	
Interest and dividends	2,201,300	
Funding from existing resources:		
Transfer from reserves		
Previous years interest	(1,857,000)	
Revenue grants reserve	(363,084)	
Revenue budget smoothing reserve	(1,597,366)	
New Homes Bonus	(3,634,729)	
		(4,980,879)
Total net revenue budget		9,241,044

	A	B	C	D	E	F
1	South Oxfordshire District Council	Budget	Indicative	Indicative	Indicative	Indicative
2		2017/18	2018/19	2019/20	2020/21	2021/22
3		£	£	£	£	£
4	Base budget					
5	Corporate strategy	5,906,677	5,906,677	5,906,677	5,906,677	5,906,677
6	5 Councils partnership	1,190,418	1,190,418	1,190,418	1,190,418	1,190,418
7	Development & Housing	1,599,023	1,599,023	1,599,023	1,599,023	1,599,023
8	Finance	668,924	668,924	668,924	668,924	668,924
9	HR IT & Technical	946,733	946,733	946,733	946,733	946,733
10	Legal and democratic	1,417,512	1,417,512	1,417,512	1,417,512	1,417,512
11	Planning	1,848,885	1,848,885	1,848,885	1,848,885	1,848,885
12	Strategic management board	361,938	361,938	361,938	361,938	361,938
13	Managed vacancy factor	(195,618)	(195,618)	(195,618)	(195,618)	(195,618)
14	Contingency	624,570	624,570	624,570	624,570	624,570
15	Total base budget	14,369,062	14,369,062	14,369,062	14,369,062	14,369,062
16	Revisions to base budget					
17	Opening budget adjustments	(712,380)	(1,475,620)	(1,510,967)	(1,534,967)	(1,510,967)
18	Inflation, salary increments and adjustments	129,016	384,437	619,449	849,964	1,084,139
19	Essential growth - one-off	1,382,022	271,038	21,480	0	0
20	Essential growth - ongoing	1,515,858	2,450,414	1,701,436	1,543,168	1,512,737
21	Base budget savings	(749,415)	(479,415)	(479,415)	(479,415)	(479,415)
22	Other movement in revenue contingency	(79,983)	(79,983)	(79,983)	(79,983)	(79,983)
23	Movement in managed vacancy factor	60,000	60,000	60,000	60,000	60,000
26	Total revised base budget	15,914,180	15,499,934	14,701,063	14,727,830	14,955,573
27	Growth, savings and other budget adjustments					
29	Growth proposals					
30	Revenue - one-off	259,000	174,000	38,000	38,000	0
31	Revenue - ongoing	420,035	420,035	410,035	410,035	410,035
32	Capital (revenue consequences of)	27,080	12,080	(10,420)	(10,420)	(10,420)
33	Savings proposals	(197,072)	(197,072)	(197,072)	(197,072)	(197,072)
34	Assumed future essential growth	0	500,000	1,000,000	1,500,000	2,000,000
36	Net cost of services	16,423,223	16,408,977	15,941,606	16,468,373	17,158,116
38	Gross treasury income	(2,201,300)	(2,003,870)	(2,007,590)	(1,979,840)	(1,856,090)
39	Net expenditure	14,221,923	14,405,107	13,934,016	14,488,533	15,302,026
40	New Homes Bonus	(3,527,673)	(3,005,779)	(2,435,147)	(1,888,175)	(1,330,155)
41	Transfers to/from earmarked reserves	2,181,523	3,187,779	2,895,147	2,316,175	1,662,155
42	Amount to be financed	12,875,773	14,587,107	14,394,016	14,916,533	15,634,026
43	Financing					
44	Revenue support grant	(572,386)	(191,980)	0	0	0
45	Business rates retention scheme	(2,430,842)	(2,502,554)	(2,582,540)	(2,634,191)	(2,686,875)
46	Total start-up funding allocation	(3,003,228)	(2,694,534)	(2,582,540)	(2,634,191)	(2,686,875)
47	Less - Parish share of council tax support grant	127,938	114,787	110,016	112,217	114,461
48	Less - tariff adjustment	0	0	232,955	237,614	242,366
49	Add - renewable energy	(90,098)	(90,098)	(90,098)	(90,098)	(90,098)
50	+/- estimated NNDR over/under collection	182,313	187,692	193,691	197,564	201,516
51	Collection fund surplus/deficit	(277,786)	(250,000)	(250,000)	(250,000)	(250,000)
52	Council tax req'ment before reserves funding	9,814,912	11,854,953	12,008,039	12,489,639	13,165,397
53	Use of New Homes Bonus to balance budget	(3,634,729)	(5,349,906)	(5,173,719)	(5,390,413)	(1,187,976)
54	Use of general fund balance to balance budget	0	0	0	(77,401)	(4,762,946)
55	Council tax req'ment after reserves funding	6,180,183	6,505,048	6,834,320	7,021,825	7,214,475
56	Tax base	55,557.2	55,962.2	56,370.2	56,781.1	57,195.0
57	Band D Council tax	111.24	116.24	121.24	123.66	126.14
58	Council tax increase from previous year	0.0%	4.5%	4.3%	2.0%	2.0%
59	Usable balances at year end:*	£000	£000	£000	£000	£000
60	General fund balance	(16,075)	(14,283)	(12,778)	(11,181)	(5,077)
61	Earmarked revenue reserves	(14,810)	(12,648)	(10,369)	(7,295)	(7,769)
62	Capital receipts	0	0	0	0	0
63	Total	(30,885)	(26,931)	(23,147)	(18,476)	(12,846)
64						
65	* Excludes balances held for the long term as per the Medium Term Financial Strategy					

Council Report



Listening Learning Leading

Report of Head of Finance

Author: Simon Hewings

Tel: 01235 422499

E-mail: simon.hewings@southandvale.gov.uk

Cabinet Member responsible: Jane Murphy

Tel: 07970 932054

E-mail: jane.murphy@southoxon.gov.uk

To: COUNCIL

DATE: 16 February 2017

Council Tax 2017/18

Recommendations

1. To **note** that at its meeting on 15 December 2016 the council calculated the council tax base 2017/18:
 - (a) for the whole council area as **55,557.2** [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 column 1 of appendix 1.
2. To **resolve** that the council tax requirement for the council's own purposes for 2017/18 (excluding parish precepts) is £6,180,183
3. To **resolve** that the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:
 - (a) £79,943,285 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.
 - (b) £69,101,019 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £10,842,266 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).
 - (d) £195.16 being the amount at (3)(c) above (Item R), all divided by Item T (1(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).

- (e) £4,662,083 being the aggregate amount of all special items referred to in Section 34(1) of the Act, as set out in column 2 of appendix 1.
- (f) £1111.24 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 relates.

4. To **note** that for the year 2017/18 Oxfordshire County Council has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	£897.06
Band B	£1,046.57
Band C	£1,196.08
Band D	£1,345.59
Band E	£1,644.61
Band F	£1,943.63
Band G	£2,242.65
Band H	£2,691.18

5. To **note** that for the year 2017/18 the Police and Crime Commissioner for Thames Valley has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	£113.52
Band B	£132.44
Band C	£151.36
Band D	£170.28
Band E	£208.12
Band F	£245.96
Band G	£283.80
Band H	£340.56

6. To **resolve** that the council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in appendix 3 as the amounts of council tax for 2017/18 for each part of its area and for each of the categories of dwellings shown in appendix 3.
7. Determine that 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.

Purpose of report

1. The parish councils informed us of their 2017/18 precept requirements by 27 January 2017. Oxfordshire County Council set its council tax for 2017/18 on 14 February 2017 and the Police and Crime Commissioner for Thames Valley (PCCTV) set his council tax requirement on 3 February 2017. This council finalised its revenue budget at its meeting of 16 February 2017. Following these decisions, the council has to calculate and set the council tax to include the County Council and the PCCTV, as well as the district and parish taxes.
2. The council tax for 2017/18 is the result of calculations in accordance with the legislation and regulations which have been issued. The recommendations above are phrased to comply with the statutory requirements which may make them difficult to comprehend. The sequence of calculations leading to the council tax is therefore set out in detail in this report.
3. **A summary of the calculation of the council tax is given in paragraph 28 (table 7). The district council's element of the band D council tax for 2017/18 will be £111.24, which is the same as 2016/17.**

Strategic objectives

4. Setting the council tax in accordance with the prescribed timetable enables the council to maintain its strong financial position.

Council tax base

5. At its meeting on 15 December 2016 the council agreed the calculation of the tax base for its area and for each parish within the district. These figures are set out in column 1 of appendix 1. **(recommendation (1))**.
6. The tax base for the district has been calculated to be 55,557.2 which means that for each £1 increase of council tax a sum of £55,557.20 is expected to be raised. Whilst a band D property taxpayer would pay the extra £1, taxpayers in other bands would pay less (bands A to C) or more (bands E to H).

District council expenditure

7. At its meeting on 16 February 2017 the council set its own council tax requirement at £6,180,183. **(recommendation (2))**.
8. In order to comply with the legislation, district council expenditure and income met from or credited to all accounts, together with parish precepts, must be added. The resulting figures for gross expenditure and gross income are shown in table 1 below.

Table 1: gross expenditure and gross income 2017/18

	2017/18 £
Gross expenditure	79,943,285
Gross income	69,101,019

9. The council is asked to approve these calculations. **(recommendations (3)(a) and (3)(b))**
10. The council tax requirement of the district council is therefore £10,842,266, as detailed in table 2 below.

Table 2: district council tax requirement 2017/18

	2017/18 £
District council element	6,180,183
Parish council element	4,662,083
Council tax requirement	10,842,266

11. The council is asked to approve this calculation. **(recommendation (3)(c)).**

Basic amount of council tax

12. The next step is to calculate the basic amount of council tax for the district. This is an average which includes both district and parish expenditure and is for a band D property. The calculation is shown in table 3 below.

Table 3: calculation of basic amount of council tax

	2017/18 £
Council tax requirement (inc. parishes)	10,842,266
Divided by tax base	55,557.2

The basic amount of council tax for 2017/18 is **£195.16** (2016/17 was £191.53). This is an increase of 1.9 per cent from 2016/17. **(recommendation (3)(d)).**

Special items

13. Having previously resolved that all the expenses of the district council are to be treated as general expenses and therefore met by all taxpayers the only special items are parish precepts.
14. The parish precepts are set out in column 2 of appendix 1 and total £4,662,083 (2016/17 was £4,412,995). The increase of £249,088 from 2016/17 is 5.6 per cent. **(recommendation (3)(e)).**

Basic amount of council tax with no parish precept

15. The parish precepts total £4,662,083 and the average tax for parish purposes is £83.92 (2016/17 was £80.29). The basic amount of tax applying where the parish

precept is nil is £111.24 (2016/17 was £111.24). This is the council's council tax requirement. **(recommendation (3)(f))**

16. S52ZB of the Local Government Finance Act 1992 sets out the duty on authorities to determine whether their basic amount of council tax for a financial year is excessive. Guidance from Communities and Local Government is that any increase of more than £5 in the basic amount of council tax would generate the requirement under S52ZB to hold a referendum. For 2017/18 the council is proposing no increase in its basic amount of council tax. **(recommendation 7)**.

Basic amount of council tax by parish

17. Where there is a parish precept this is divided by the tax base for that parish and the result is added to the basic amount applying where there is no parish precept. This ensures that each parish precept is met only by taxpayers in that parish area.
18. The schedule of amounts for each parish is given in column 6 of appendix 1.

Amount of council tax by property band

19. The basic amount for each parish is then scaled up or down to give the tax applying to each property band. The factors laid down in the legislation are shown in table 4 below.

Table 4: council tax property bands

Property band	Factor
Band A	6/9
Band B	7/9
Band C	8/9
Band D	9/9
Band E	11/9
Band F	13/9
Band G	15/9
Band H	18/9

20. Applying these factors gives the council tax covering district and parish expenditure for each property band. These are given, parish by parish, in columns 3 to 10 of appendix 2.

Council tax for Oxfordshire County Council

21. At its meeting on 14 February 2017 the County Council set its council tax as shown in table 5 below.

Table 5: council tax for Oxfordshire County Council 2017/18

Property band	2017/18 Council Tax £
Band A	897.06
Band B	1,046.57
Band C	1,196.08
Band D	1,345.59
Band E	1,644.61
Band F	1,943.63
Band G	2,242.65
Band H	2,691.18

22. The council is asked to note these figures. The amount of money payable to the County Council by way of a precept in 2017/18 is £74,757,213 (2016/17 was £70,445,343). **(recommendation (4))**

Council tax for Police and Crime Commissioner for Thames Valley

23. We were notified by the PCCTV on 3 February 2017 that his council tax will be as set out in table 6 below.

Table 6: council tax for PCCTV 2017/18

Property band	2017/18 Council Tax £
Band A	113.52
Band B	132.44
Band C	151.36
Band D	170.28
Band E	208.12
Band F	245.96
Band G	283.80
Band H	340.56

24. The council is asked to note these figures. The amount of money payable to the PCCTV by way of a precept in 2017/18 is £9,460,280 (2016/17 was £9,176,956). **(recommendation (5))**

The council tax for 2017/18

25. The county council's council tax, together with the PCCTV, and district and parish council tax figures, are shown in appendix 3. The amounts are the aggregate council tax payable in 2017/18 for each band of property in each parish, assuming no discounts or exemptions apply. **(recommendation (6))**

Legal implications

26. The Local Government Finance Act 1992 requires the council to set the council tax by 11 March preceding the start of the financial year. The Act sets out the calculations that must be made and this report is structured to meet those requirements.

Financial implications

27. These are dealt with in the body of the report.

Conclusion

28. In summary the council tax calculation is as shown in table 7 below.

Table 7: summary council tax calculation 2017/18

	2017/18	
	Amount £	Band D council tax £
Oxfordshire County Council	74,757,213	1,345.59
PCCTV	9,460,280	170.28
South Oxfordshire District Council	6,180,183	111.24
Parish councils	4,662,083	83.92
Total council tax (average)	95,059,759	1,711.03

29. The percentage changes in council tax are shown in table 8 below.

Table 8: Percentage increase / (decrease) in council tax 2017/18

	2017/18 £	2016/17 £	Increase/ (decrease) %
Oxfordshire County Council	1,345.59	1,281.64	4.99
PCCTV	170.28	166.96	1.99
South Oxfordshire District Council	111.24	111.24	0.00
Parish councils	83.92	80.29	4.52
Overall (average)	1,711.03	1,640.13	4.32

Appendices:

1. 2017/18 parish and district council tax based on band D
2. 2017/18 South Oxfordshire District Council and parish council tax
3. 2017/18 total council tax (OCC, PCCTV, SODC and parishes)

2017/18 Parish and district council tax based on "Band D"					
(1)	(2)	(3)	(4)	(5)	(6)
Tax Base	2017/18 Precept £	TOWN/PARISH	2017/18 Parish Tax £	2017/18 District Tax £	2017/18 Total £
12.6	0	Adwell	0.00	111.24	111.24
425.0	22,500	Aston Rowant	52.94	111.24	164.18
256.1	16,800	Aston Tirrold & Upthorpe	65.60	111.24	176.84
270.6	36,470	Beckley & Stowood	134.77	111.24	246.01
1,693.4	130,631	Benson	77.14	111.24	188.38
633.4	116,280	Berinsfield	183.58	111.24	294.82
165.2	6,514	Berrick Salome	39.43	111.24	150.67
311.1	12,000	Binfield Heath	38.57	111.24	149.81
325.9	7,100	Bix & Assendon	21.79	111.24	133.03
102.7	1,000	Brightwell Baldwin	9.74	111.24	120.98
647.2	29,700	Brightwell cum Sotwell	45.89	111.24	157.13
99.7	1,000	Britwell	10.03	111.24	121.27
1,054.1	107,000	Chalgrove	101.51	111.24	212.75
233.5	13,000	Checkendon	55.67	111.24	166.91
2,421.9	288,300	Chinnor	119.04	111.24	230.28
1,504.5	111,458	Cholsey	74.08	111.24	185.32
281.1	14,000	Clifton Hampden	49.80	111.24	161.04
58.4	0	Crowell	0.00	111.24	111.24
673.3	38,201	Crowmarsh	56.74	111.24	167.98
162.6	7,400	Cuddesdon & Denton	45.51	111.24	156.75
171.4	14,373	Culham	83.86	111.24	195.10
62.9	0	Cuxham with Easington	0.00	111.24	111.24
9,023.6	960,822	Didcot	106.48	111.24	217.72
542.7	42,280	Dorchester	77.91	111.24	189.15
131.5	3,520	Drayton St Leonard	26.77	111.24	138.01
498.3	30,956	East Hagbourne	62.12	111.24	173.36
56.6	1,100	Elsfield	19.43	111.24	130.67
366.7	30,000	Ewelme	81.81	111.24	193.05
180.8	12,900	Eye & Dunsden	71.35	111.24	182.59
328.6	15,500	Forest Hill with Shotover	47.17	111.24	158.41
684.0	22,660	Garsington	33.13	111.24	144.37
1,693.2	95,066	Goring-on-Thames	56.15	111.24	167.39
586.7	26,500	Goring Heath	45.17	111.24	156.41
249.3	13,500	Great Haseley	54.15	111.24	165.39
312.2	16,090	Great Milton	51.54	111.24	162.78
231.1	6,000	Harpsden	25.96	111.24	137.20
5,668.7	493,177	Henley	87.00	111.24	198.24
161.4	4,000	Highmoor	24.78	111.24	136.02
176.9	14,601	Holton	82.54	111.24	193.78
609.6	22,000	Horspath	36.09	111.24	147.33
162.4	7,560	Ipsden	46.55	111.24	157.79
666.5	36,060	Kidmore End	54.10	111.24	165.34
306.7	14,700	Lewknor	47.93	111.24	159.17

2017/18 Parish and district council tax based on "Band D"					
(1)	(2)	(3)	(4)	(5)	(6)
	2017/18	TOWN/PARISH	2017/18	2017/18	2017/18
Tax Base	Precept		Parish Tax	District Tax	Total
	£		£	£	£
212.1	11,250	Little Milton	53.04	111.24	164.28
34.0	0	Little Wittenham	0.00	111.24	111.24
349.6	18,531	Long Wittenham	53.01	111.24	164.25
124.0	4,680	Mapledurham	37.74	111.24	148.98
122.2	5,232	Marsh Baldon	42.82	111.24	154.06
244.9	13,250	Moulsford	54.10	111.24	165.34
360.8	14,700	Nettlebed	40.74	111.24	151.98
58.9	3,450	Newington	58.57	111.24	169.81
191.2	8,000	North Moreton	41.84	111.24	153.08
233.3	6,200	Nuffield	26.58	111.24	137.82
99.8	5,530	Nuneham Courtenay	55.41	111.24	166.65
183.8	4,800	Pishill with Stonor	26.12	111.24	137.36
111.4	1,000	Pyrton	8.98	111.24	120.22
204.7	7,888	Rotherfield Greys	38.53	111.24	149.77
905.4	35,978	Rotherfield Peppard	39.74	111.24	150.98
487.8	37,800	Sandford on Thames	77.49	111.24	188.73
979.9	28,100	Shiplake	28.68	111.24	139.92
58.5	1,100	Shirburn	18.80	111.24	130.04
1,599.1	103,504	Sonning Common	64.73	111.24	175.97
129.9	7,000	South Moreton	53.89	111.24	165.13
222.8	20,503	South Stoke	92.02	111.24	203.26
324.6	11,582	Stadhampton	35.68	111.24	146.92
220.6	17,000	Stanton St John	77.06	111.24	188.30
316.1	10,000	Stoke Row	31.64	111.24	142.88
26.5	0	Stoke Talmage	0.00	111.24	111.24
134.7	5,773	Swyncombe	42.86	111.24	154.10
158.6	10,000	Sydenham	63.05	111.24	174.29
297.9	19,471	Tetsworth	65.36	111.24	176.60
4,434.4	644,530	Thame	145.35	111.24	256.59
266.8	14,000	Tiddington with Albury	52.47	111.24	163.71
69.3	2,616	Toot Baldon	37.75	111.24	148.99
178.1	14,000	Towersey	78.61	111.24	189.85
2,941.6	349,901	Wallingford	118.95	111.24	230.19
476.3	42,000	Warborough	88.18	111.24	199.42
86.5	2,600	Waterperry with Thomley	30.06	111.24	141.30
42.1	600	Waterstock	14.25	111.24	125.49
1,157.4	121,956	Watlington	105.37	111.24	216.61
120.6	6,690	West Hagbourne	55.47	111.24	166.71
15.2	0	Wheatfield	0.00	111.24	111.24
1,696.1	112,705	Wheatley	66.45	111.24	177.69
394.5	25,773	Whitchurch on Thames	65.33	111.24	176.57
1,043.8	68,871	Woodcote	65.98	111.24	177.22
37.3	800	Woodeaton	21.45	111.24	132.69
55,557.2	4,662,083				

2017/18 South Oxfordshire District Council + parish council tax									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BAND		BAND							
D		A	B	C	D	E	F	G	H
£		£	£	£	£	£	£	£	£
111.24	Adwell	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
164.18	Aston Rowant	109.45	127.70	145.94	164.18	200.66	237.15	273.63	328.36
176.84	Aston Tirrold & Upthorpe	117.89	137.54	157.19	176.84	216.14	255.44	294.73	353.68
246.01	Beckley & Stowood	164.01	191.34	218.68	246.01	300.68	355.35	410.02	492.02
188.38	Benson	125.59	146.52	167.45	188.38	230.24	272.10	313.97	376.76
294.82	Berinsfield	196.55	229.30	262.06	294.82	360.34	425.85	491.37	589.64
150.67	Berrick Salome	100.45	117.19	133.93	150.67	184.15	217.63	251.12	301.34
149.81	Binfield Heath	99.87	116.52	133.16	149.81	183.10	216.39	249.68	299.62
133.03	Bix & Assendon	88.69	103.47	118.25	133.03	162.59	192.15	221.72	266.06
120.98	Brightwell Baldwin	80.65	94.10	107.54	120.98	147.86	174.75	201.63	241.96
157.13	Brightwell cum Sotwell	104.75	122.21	139.67	157.13	192.05	226.97	261.88	314.26
121.27	Britwell	80.85	94.32	107.80	121.27	148.22	175.17	202.12	242.54
212.75	Chalgrove	141.83	165.47	189.11	212.75	260.03	307.31	354.58	425.50
166.91	Checkendon	111.27	129.82	148.36	166.91	204.00	241.09	278.18	333.82
230.28	Chinnor	153.52	179.11	204.69	230.28	281.45	332.63	383.80	460.56
185.32	Cholsey	123.55	144.14	164.73	185.32	226.50	267.68	308.87	370.64
161.04	Clifton Hampden	107.36	125.25	143.15	161.04	196.83	232.61	268.40	322.08
111.24	Crowell	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
167.98	Crowmarsh	111.99	130.65	149.32	167.98	205.31	242.64	279.97	335.96
156.75	Cuddesdon & Denton	104.50	121.92	139.33	156.75	191.58	226.42	261.25	313.50
195.10	Culham	130.07	151.74	173.42	195.10	238.46	281.81	325.17	390.20
111.24	Cuxham w Easington	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
217.72	Didcot	145.15	169.34	193.53	217.72	266.10	314.48	362.87	435.44
189.15	Dorchester	126.10	147.12	168.13	189.15	231.18	273.22	315.25	378.30
138.01	Drayton St Leonard	92.01	107.34	122.68	138.01	168.68	199.35	230.02	276.02
173.36	East Hagbourne	115.57	134.84	154.10	173.36	211.88	250.41	288.93	346.72
130.67	Elsfield	87.11	101.63	116.15	130.67	159.71	188.75	217.78	261.34
193.05	Ewelme	128.70	150.15	171.60	193.05	235.95	278.85	321.75	386.10
182.59	Eye & Dunsden	121.73	142.01	162.30	182.59	223.17	263.74	304.32	365.18
158.41	Forest Hill w Shotover	105.61	123.21	140.81	158.41	193.61	228.81	264.02	316.82
144.37	Garsington	96.25	112.29	128.33	144.37	176.45	208.53	240.62	288.74
167.39	Goring-on-Thames	111.59	130.19	148.79	167.39	204.59	241.79	278.98	334.78
156.41	Goring Heath	104.27	121.65	139.03	156.41	191.17	225.93	260.68	312.82
165.39	Great Haseley	110.26	128.64	147.01	165.39	202.14	238.90	275.65	330.78
162.78	Great Milton	108.52	126.61	144.69	162.78	198.95	235.13	271.30	325.56
137.20	Harpsden	91.47	106.71	121.96	137.20	167.69	198.18	228.67	274.40
198.24	Henley	132.16	154.19	176.21	198.24	242.29	286.35	330.40	396.48
136.02	Highmoor	90.68	105.79	120.91	136.02	166.25	196.47	226.70	272.04
193.78	Holton	129.19	150.72	172.25	193.78	236.84	279.90	322.97	387.56
147.33	Horspath	98.22	114.59	130.96	147.33	180.07	212.81	245.55	294.66
157.79	Ipsden	105.19	122.73	140.26	157.79	192.85	227.92	262.98	315.58
165.34	Kidmore End	110.23	128.60	146.97	165.34	202.08	238.82	275.57	330.68
159.17	Lewknor	106.11	123.80	141.48	159.17	194.54	229.91	265.28	318.34

2016/17 South Oxfordshire District Council + parish council tax									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BAND		BAND							
D		A	B	C	D	E	F	G	H
£		£	£	£	£	£	£	£	£
164.28	Little Milton	109.52	127.77	146.03	164.28	200.79	237.29	273.80	328.56
111.24	Little Wittenham	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
164.25	Long Wittenham	109.50	127.75	146.00	164.25	200.75	237.25	273.75	328.50
148.98	Mapledurham	99.32	115.87	132.43	148.98	182.09	215.19	248.30	297.96
154.06	Marsh Baldon	102.71	119.82	136.94	154.06	188.30	222.53	256.77	308.12
165.34	Moulsford	110.23	128.60	146.97	165.34	202.08	238.82	275.57	330.68
151.98	Nettlebed	101.32	118.21	135.09	151.98	185.75	219.53	253.30	303.96
169.81	Newington	113.21	132.07	150.94	169.81	207.55	245.28	283.02	339.62
153.08	North Moreton	102.05	119.06	136.07	153.08	187.10	221.12	255.13	306.16
137.82	Nuffield	91.88	107.19	122.51	137.82	168.45	199.07	229.70	275.64
166.65	Nuneham Courtenay	111.10	129.62	148.13	166.65	203.68	240.72	277.75	333.30
137.36	Pishill w Stonor	91.57	106.84	122.10	137.36	167.88	198.41	228.93	274.72
120.22	Pyrton	80.15	93.50	106.86	120.22	146.94	173.65	200.37	240.44
149.77	Rotherfield Greys	99.85	116.49	133.13	149.77	183.05	216.33	249.62	299.54
150.98	Rotherfield Peppard	100.65	117.43	134.20	150.98	184.53	218.08	251.63	301.96
188.73	Sandford	125.82	146.79	167.76	188.73	230.67	272.61	314.55	377.46
139.92	Shiplake	93.28	108.83	124.37	139.92	171.01	202.11	233.20	279.84
130.04	Shirburn	86.69	101.14	115.59	130.04	158.94	187.84	216.73	260.08
175.97	Sonning Common	117.31	136.87	156.42	175.97	215.07	254.18	293.28	351.94
165.13	South Moreton	110.09	128.43	146.78	165.13	201.83	238.52	275.22	330.26
203.26	South Stoke	135.51	158.09	180.68	203.26	248.43	293.60	338.77	406.52
146.92	Stadhampton	97.95	114.27	130.60	146.92	179.57	212.22	244.87	293.84
188.30	Stanton St John	125.53	146.46	167.38	188.30	230.14	271.99	313.83	376.60
142.88	Stoke Row	95.25	111.13	127.00	142.88	174.63	206.38	238.13	285.76
111.24	Stoke Talmage	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
154.10	Swyncombe	102.73	119.86	136.98	154.10	188.34	222.59	256.83	308.20
174.29	Sydenham	116.19	135.56	154.92	174.29	213.02	251.75	290.48	348.58
176.60	Tetsworth	117.73	137.36	156.98	176.60	215.84	255.09	294.33	353.20
256.59	Thame	171.06	199.57	228.08	256.59	313.61	370.63	427.65	513.18
163.71	Tiddington w Albury	109.14	127.33	145.52	163.71	200.09	236.47	272.85	327.42
148.99	Toot Baldon	99.33	115.88	132.44	148.99	182.10	215.21	248.32	297.98
189.85	Towersey	126.57	147.66	168.76	189.85	232.04	274.23	316.42	379.70
230.19	Wallingford	153.46	179.04	204.61	230.19	281.34	332.50	383.65	460.38
199.42	Warborough	132.95	155.10	177.26	199.42	243.74	288.05	332.37	398.84
141.30	Waterperry w Thomley	94.20	109.90	125.60	141.30	172.70	204.10	235.50	282.60
125.49	Waterstock	83.66	97.60	111.55	125.49	153.38	181.26	209.15	250.98
216.61	Watlington	144.41	168.47	192.54	216.61	264.75	312.88	361.02	433.22
166.71	West Hagbourne	111.14	129.66	148.19	166.71	203.76	240.80	277.85	333.42
111.24	Wheatfield	74.16	86.52	98.88	111.24	135.96	160.68	185.40	222.48
177.69	Wheatley	118.46	138.20	157.95	177.69	217.18	256.66	296.15	355.38
176.57	Whitchurch on Thames	117.71	137.33	156.95	176.57	215.81	255.05	294.28	353.14
177.22	Woodcote	118.15	137.84	157.53	177.22	216.60	255.98	295.37	354.44
132.69	Woodeaton	88.46	103.20	117.95	132.69	162.18	191.66	221.15	265.38

2017/18 Total Council Tax								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	BAND							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Adwell	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Aston Rowant	1,120.03	1,306.71	1,493.38	1,680.05	2,053.39	2,426.74	2,800.08	3,360.10
Aston Tirrold & Upthorpe	1,128.47	1,316.55	1,504.63	1,692.71	2,068.87	2,445.03	2,821.18	3,385.42
Beckley & Stowood	1,174.59	1,370.35	1,566.12	1,761.88	2,153.41	2,544.94	2,936.47	3,523.76
Benson	1,136.17	1,325.53	1,514.89	1,704.25	2,082.97	2,461.69	2,840.42	3,408.50
Berinsfield	1,207.13	1,408.31	1,609.50	1,810.69	2,213.07	2,615.44	3,017.82	3,621.38
Berrick Salome	1,111.03	1,296.20	1,481.37	1,666.54	2,036.88	2,407.22	2,777.57	3,333.08
Binfield Heath	1,110.45	1,295.53	1,480.60	1,665.68	2,035.83	2,405.98	2,776.13	3,331.36
Bix & Assendon	1,099.27	1,282.48	1,465.69	1,648.90	2,015.32	2,381.74	2,748.17	3,297.80
Brightwell Baldwin	1,091.23	1,273.11	1,454.98	1,636.85	2,000.59	2,364.34	2,728.08	3,273.70
Brightwell cum Sotwell	1,115.33	1,301.22	1,487.11	1,673.00	2,044.78	2,416.56	2,788.33	3,346.00
Britwell	1,091.43	1,273.33	1,455.24	1,637.14	2,000.95	2,364.76	2,728.57	3,274.28
Chalgrove	1,152.41	1,344.48	1,536.55	1,728.62	2,112.76	2,496.90	2,881.03	3,457.24
Checkendon	1,121.85	1,308.83	1,495.80	1,682.78	2,056.73	2,430.68	2,804.63	3,365.56
Chinnor	1,164.10	1,358.12	1,552.13	1,746.15	2,134.18	2,522.22	2,910.25	3,492.30
Cholsey	1,134.13	1,323.15	1,512.17	1,701.19	2,079.23	2,457.27	2,835.32	3,402.38
Clifton Hampden	1,117.94	1,304.26	1,490.59	1,676.91	2,049.56	2,422.20	2,794.85	3,353.82
Crowell	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Crowmarsh	1,122.57	1,309.66	1,496.76	1,683.85	2,058.04	2,432.23	2,806.42	3,367.70
Cuddesdon & Denton	1,115.08	1,300.93	1,486.77	1,672.62	2,044.31	2,416.01	2,787.70	3,345.24
Culham	1,140.65	1,330.75	1,520.86	1,710.97	2,091.19	2,471.40	2,851.62	3,421.94
Cuxham w Easington	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Didcot	1,155.73	1,348.35	1,540.97	1,733.59	2,118.83	2,504.07	2,889.32	3,467.18
Dorchester	1,136.68	1,326.13	1,515.57	1,705.02	2,083.91	2,462.81	2,841.70	3,410.04
Drayton St Leonard	1,102.59	1,286.35	1,470.12	1,653.88	2,021.41	2,388.94	2,756.47	3,307.76
East Hagbourne	1,126.15	1,313.85	1,501.54	1,689.23	2,064.61	2,440.00	2,815.38	3,378.46
Elsfield	1,097.69	1,280.64	1,463.59	1,646.54	2,012.44	2,378.34	2,744.23	3,293.08
Ewelme	1,139.28	1,329.16	1,519.04	1,708.92	2,088.68	2,468.44	2,848.20	3,417.84
Eye & Dunsden	1,132.31	1,321.02	1,509.74	1,698.46	2,075.90	2,453.33	2,830.77	3,396.92
Forest Hill w Shotover	1,116.19	1,302.22	1,488.25	1,674.28	2,046.34	2,418.40	2,790.47	3,348.56
Garsington	1,106.83	1,291.30	1,475.77	1,660.24	2,029.18	2,398.12	2,767.07	3,320.48
Goring-on-Thames	1,122.17	1,309.20	1,496.23	1,683.26	2,057.32	2,431.38	2,805.43	3,366.52
Goring Heath	1,114.85	1,300.66	1,486.47	1,672.28	2,043.90	2,415.52	2,787.13	3,344.56
Great Haseley	1,120.84	1,307.65	1,494.45	1,681.26	2,054.87	2,428.49	2,802.10	3,362.52
Great Milton	1,119.10	1,305.62	1,492.13	1,678.65	2,051.68	2,424.72	2,797.75	3,357.30
Harpsden	1,102.05	1,285.72	1,469.40	1,653.07	2,020.42	2,387.77	2,755.12	3,306.14
Henley	1,142.74	1,333.20	1,523.65	1,714.11	2,095.02	2,475.94	2,856.85	3,428.22
Highmoor	1,101.26	1,284.80	1,468.35	1,651.89	2,018.98	2,386.06	2,753.15	3,303.78
Holton	1,139.77	1,329.73	1,519.69	1,709.65	2,089.57	2,469.49	2,849.42	3,419.30
Horspath	1,108.80	1,293.60	1,478.40	1,663.20	2,032.80	2,402.40	2,772.00	3,326.40
Ipsden	1,115.77	1,301.74	1,487.70	1,673.66	2,045.58	2,417.51	2,789.43	3,347.32
Kidmore End	1,120.81	1,307.61	1,494.41	1,681.21	2,054.81	2,428.41	2,802.02	3,362.42
Lewknor	1,116.69	1,302.81	1,488.92	1,675.04	2,047.27	2,419.50	2,791.73	3,350.08

2016/17 Total Council Tax								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	BAND							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Little Milton	1,120.10	1,306.78	1,493.47	1,680.15	2,053.52	2,426.88	2,800.25	3,360.30
Little Wittenham	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Long Wittenham	1,120.08	1,306.76	1,493.44	1,680.12	2,053.48	2,426.84	2,800.20	3,360.24
Mapledurham	1,109.90	1,294.88	1,479.87	1,664.85	2,034.82	2,404.78	2,774.75	3,329.70
Marsh Baldon	1,113.29	1,298.83	1,484.38	1,669.93	2,041.03	2,412.12	2,783.22	3,339.86
Moulsford	1,120.81	1,307.61	1,494.41	1,681.21	2,054.81	2,428.41	2,802.02	3,362.42
Nettlebed	1,111.90	1,297.22	1,482.53	1,667.85	2,038.48	2,409.12	2,779.75	3,335.70
Newington	1,123.79	1,311.08	1,498.38	1,685.68	2,060.28	2,434.87	2,809.47	3,371.36
North Moreton	1,112.63	1,298.07	1,483.51	1,668.95	2,039.83	2,410.71	2,781.58	3,337.90
Nuffield	1,102.46	1,286.20	1,469.95	1,653.69	2,021.18	2,388.66	2,756.15	3,307.38
Nuneham Courtenay	1,121.68	1,308.63	1,495.57	1,682.52	2,056.41	2,430.31	2,804.20	3,365.04
Pishill w Stonor	1,102.15	1,285.85	1,469.54	1,653.23	2,020.61	2,388.00	2,755.38	3,306.46
Pyrton	1,090.73	1,272.51	1,454.30	1,636.09	1,999.67	2,363.24	2,726.82	3,272.18
Rotherfield Greys	1,110.43	1,295.50	1,480.57	1,665.64	2,035.78	2,405.92	2,776.07	3,331.28
Rotherfield Peppard	1,111.23	1,296.44	1,481.64	1,666.85	2,037.26	2,407.67	2,778.08	3,333.70
Sandford	1,136.40	1,325.80	1,515.20	1,704.60	2,083.40	2,462.20	2,841.00	3,409.20
Shiplake	1,103.86	1,287.84	1,471.81	1,655.79	2,023.74	2,391.70	2,759.65	3,311.58
Shirburn	1,097.27	1,280.15	1,463.03	1,645.91	2,011.67	2,377.43	2,743.18	3,291.82
Sonning Common	1,127.89	1,315.88	1,503.86	1,691.84	2,067.80	2,443.77	2,819.73	3,383.68
South Moreton	1,120.67	1,307.44	1,494.22	1,681.00	2,054.56	2,428.11	2,801.67	3,362.00
South Stoke	1,146.09	1,337.10	1,528.12	1,719.13	2,101.16	2,483.19	2,865.22	3,438.26
Stadhampton	1,108.53	1,293.28	1,478.04	1,662.79	2,032.30	2,401.81	2,771.32	3,325.58
Stanton St John	1,136.11	1,325.47	1,514.82	1,704.17	2,082.87	2,461.58	2,840.28	3,408.34
Stoke Row	1,105.83	1,290.14	1,474.44	1,658.75	2,027.36	2,395.97	2,764.58	3,317.50
Stoke Talmage	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Swyncombe	1,113.31	1,298.87	1,484.42	1,669.97	2,041.07	2,412.18	2,783.28	3,339.94
Sydenham	1,126.77	1,314.57	1,502.36	1,690.16	2,065.75	2,441.34	2,816.93	3,380.32
Tetsworth	1,128.31	1,316.37	1,504.42	1,692.47	2,068.57	2,444.68	2,820.78	3,384.94
Thame	1,181.64	1,378.58	1,575.52	1,772.46	2,166.34	2,560.22	2,954.10	3,544.92
Tiddington w Albury	1,119.72	1,306.34	1,492.96	1,679.58	2,052.82	2,426.06	2,799.30	3,359.16
Toot Baldon	1,109.91	1,294.89	1,479.88	1,664.86	2,034.83	2,404.80	2,774.77	3,329.72
Towersey	1,137.15	1,326.67	1,516.20	1,705.72	2,084.77	2,463.82	2,842.87	3,411.44
Wallingford	1,164.04	1,358.05	1,552.05	1,746.06	2,134.07	2,522.09	2,910.10	3,492.12
Warborough	1,143.53	1,334.11	1,524.70	1,715.29	2,096.47	2,477.64	2,858.82	3,430.58
Waterperry	1,104.78	1,288.91	1,473.04	1,657.17	2,025.43	2,393.69	2,761.95	3,314.34
Waterstock	1,094.24	1,276.61	1,458.99	1,641.36	2,006.11	2,370.85	2,735.60	3,282.72
Watlington	1,154.99	1,347.48	1,539.98	1,732.48	2,117.48	2,502.47	2,887.47	3,464.96
West Hagbourne	1,121.72	1,308.67	1,495.63	1,682.58	2,056.49	2,430.39	2,804.30	3,365.16
Wheatfield	1,084.74	1,265.53	1,446.32	1,627.11	1,988.69	2,350.27	2,711.85	3,254.22
Wheatley	1,129.04	1,317.21	1,505.39	1,693.56	2,069.91	2,446.25	2,822.60	3,387.12
Whitchurch on Thames	1,128.29	1,316.34	1,504.39	1,692.44	2,068.54	2,444.64	2,820.73	3,384.88
Woodcote	1,128.73	1,316.85	1,504.97	1,693.09	2,069.33	2,445.57	2,821.82	3,386.18
Woodeaton	1,099.04	1,282.21	1,465.39	1,648.56	2,014.91	2,381.25	2,747.60	3,297.12

Council Report



Listening Learning Leading

Report of Head of HR, IT and Technical Services

Author: Andrew Down

Telephone: 01235 422300

E-mail: andrew.down@southandvale.gov.uk

To: Council

Date: 16 February 2017



Pay policy statement 2017-18

Recommendation

That Council approve the attached statement of pay policy for 2017-18.

Purpose of report

1. The Localism Act 2011 requires the council to produce and publish annually a pay policy statement. By approving the attached statement the council will discharge this responsibility.

Background

2. The purpose of the pay policy statement is to promote transparency on public sector pay, particularly in relation to remuneration of senior officers. Comparisons are also made with the remuneration of the lowest paid employees and with average salaries.
3. The pay policy statement must be approved by 31 March each year, by a meeting of the full council. The pay policy statement may be amended during the year by further resolution of the council.
4. Once approved, the pay policy statement must be published on the council website and by any other means that the council sees fit.
5. Because officers of each council are placed at the disposal of the other and their costs are shared, the pay policy statement attached has been drafted jointly with Vale of White Horse District Council.

Recommendation

6. Council is asked to approve the pay policy statement for 2017-18.

Background papers

None

Pay Policy Statement for 2017-18

INTRODUCTION

1. This is a joint statement of South Oxfordshire and Vale of White Horse District Councils.
2. The Localism Act 2011 requires each council to produce and publish annually a pay policy statement. The statement must be approved by 31 March each year, by a meeting of the full council, and must then be published on the council's website. The pay policy statement may be amended during the year by further resolution of the council.
3. The pay policy statement must as a minimum include details of the council's policy on:
 - the remuneration of its chief officers
 - the remuneration of its lowest-paid employees
 - the relationship between the remuneration of its chief officers and other officers.
4. For the purposes of the Localism Act 2011 and this statement, the term "chief officers" is defined by Section 2 of the Local Government and Housing Act 1989. For these councils, the term "chief officers" refers to the chief executive and heads of service.
5. Chief officers may be employed by either council, and are placed at the disposal of the other by means of an agreement made under Section 113 of the Local Government Act 1972.

MANAGEMENT STRUCTURE

6. It is likely that a new management structure will be proposed during 2017-18. This may require changes to the pay policy statement, to be detailed in a report when the time comes.

REMUNERATION OF CHIEF OFFICERS

7. Chief officers are paid a spot salary. The spot salaries which apply for the whole of 2017-18 are increased by 1.3 per cent from the 2016-17 salaries, and are as follows:

- chief executive: £141,820
 - heads of service: £79,601.
8. Where heads of service have previously received additional allowances for the responsibilities of monitoring officer or Section 151 officer, their total salaries may be protected at a higher level.
 9. Chief officers do not receive any performance-related pay or bonuses.
 10. The chief executive has been appointed as the councils' returning officer. In this role he receives additional remuneration, which varies from year to year. He may also employ other chief officers to support him in his work. Fees payable for district and parish council elections have been agreed by each council. Fees for other types of election are agreed and payable by the government or other bodies such as Oxfordshire County Council.
 11. Chief officers do not receive essential car user allowances, overtime, on-call or stand-by payments.
 12. On recruitment of a new head of service within the current management structure, the gross base salary on recruitment will be the spot salary stated in paragraph 7, though this may be varied if an interim appointment is made.
 13. On recruitment of a new chief executive, the gross base salary will be determined by the Joint Staff Committee.
 14. In the event of a chief officer's post becoming redundant, any severance payment will be made on the same basis as to any other employee, according to the councils' organisational change policy. Other than any pension to which they are statutorily entitled, no other payments will be made to chief officers on their ceasing to be employees of the council unless in settlement of any dispute.
 15. Chief officers' contributions to the Local Government Pension Scheme (LGPS) are determined by their salary and by the rules of the scheme. For those who are members of the LGPS and paying contributions on the whole of their salary, heads of service currently pay 9.9 per cent of their salary into the scheme, while the chief executive pays 11.4 per cent.
 16. No enhancements will normally be paid to chief officers' pensions other than in the event of a chief officer being offered early retirement on efficiency grounds, and only then with the approval of the Joint Audit and Governance Committee.
 17. The councils will not re-employ a chief officer who has left their employment and is now drawing a local government pension, unless there are exceptional circumstances.

LOWEST-PAID EMPLOYEES

18. The lowest salary paid for 2017-18 to staff currently on the payroll will be £14,071. The chief executive's salary is thus 10.1 times the salary of the lowest-paid member of staff.

REMUNERATION OF CHIEF OFFICERS COMPARED WITH OTHER OFFICERS

19. Employees who are not chief officers are paid according to locally agreed pay scales, with annual increments paid until the employee reaches the top of the scale. These pay scales will increase by 1.3 per cent with effect from 1 April 2017.
20. The Department for Communities and Local Government (DCLG) published in February 2015 a code of recommended practice for local authorities on data transparency. This code of practice recommends publishing the "pay multiple", the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce. For these councils the median salary during 2017-18 will be £33,225 (based on current data). The pay multiple defined above is thus 4.27.