

Agenda



Listening Learning Leading

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Date: 27 November 2019
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A MEETING OF THE

Cabinet

WILL BE HELD ON THURSDAY 5 DECEMBER 2019 AT 6.00 PM

**FOUNTAIN CONFERENCE CENTRE, HOWBERY PARK, CROWMARSH
GIFFORD, WALLINGFORD, OX10 8BA**

Members of the Cabinet

Member	Portfolio
Sue Cooper (Chair)	Leader of the Council, Cabinet member for legal and democratic and Didcot Garden Town
David Turner (Vice-Chair)	Deputy Leader and Cabinet member for finance
Pieter-Paul Barker	Cabinet member for partnership and insight
Robin Bennett	Cabinet member for economic development and regeneration
Maggie Filipova-Rivers	Cabinet member for community services
Andrea Powell	Cabinet member for corporate services and communications
Leigh Rawlins	Cabinet member for planning
David Rouane	Cabinet member for housing and environment

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ITEMS TO BE CONSIDERED WITH THE PUBLIC PRESENT

Reports considered with the public present are available on the council's website.

1 Apologies for absence

To record apologies for absence.

2 Minutes (Pages 4 - 14)

To adopt and sign as a correct record the minutes of the Cabinet meeting held on 3, 8 and 25 October 2019.

3 Declaration 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.

CABINET DECISIONS

6 Budget monitoring (Pages 15 - 30)

To consider the head of finance's report.

RECOMMENDATIONS TO COUNCIL

7 Berrick Salome Neighbourhood Plan (Pages 31 - 35)

To consider the head of planning's report.

8 Treasury management outturn 2018/19 (Pages 36 - 56)

To consider the head of finance's report.

9 Council tax base 2020/21 (Pages 57 - 60)

To consider the head of finance's report.

10 Exclusion of the Public

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

- (i) it involves the likely disclosure of exempt information as defined in paragraphs 1 to 7 Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

ITEMS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

The council hereby gives notice that it intends to hold part of this Cabinet meeting in private to consider the following items for the reasons set out in the 'exclusion of the public' item above. These reports are not available on the council's website.

11 Minutes (Pages 61 - 62)

To adopt and sign as a correct record the exempt minutes of the Cabinet meeting held on 8 October 2019.

MARGARET REED

Head of Legal and Democratic

Minutes

OF A MEETING OF THE

Cabinet



Listening Learning Leading

HELD ON THURSDAY 3 OCTOBER 2019 AT 6.00 PM

**MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,
OX14 4SB**

Present:

Cabinet members: Councillors Sue Cooper (Chair), Pieter-Paul Barker, Robin Bennett, Maggie Filipova-Rivers, Andrea Powell, Leigh Rawlins and David Rouane

Officers: Steven Corrigan, Adrian Duffield, Holly Jones, Suzanne Malcolm, Adrianna Partridge, Margaret Reed, Andy Roberts and Mark Stone

Apologies:

David Turner tendered apologies.

20 Declaration of disclosable pecuniary interest

None.

21 Urgent business and chairman's announcements

None.

22 Public participation

Nine members of the public addressed Cabinet on the emerging South Oxfordshire Local Plan:

David Pryor, Chair of Didcot First, addressed Cabinet. He urged Cabinet to recommend the adoption of the Local Plan. He expressed the view that Didcot had experienced fragmented investment with insufficient infrastructure and facilities to support the population growth. The Local Plan and the associated HIF funding provided an opportunity for Didcot to benefit from much needed infrastructure - new roads and bridges, which could support economic growth, provide much need facilities and regenerate the town.

Iain Duff addressed Cabinet on behalf of East Hagbourne Parish Council. He expressed concern that Cabinet may recommend the withdrawal of the Local Plan which could lead to further speculative planning applications. The parish council had successfully fought off a

number of applications and as the Local Plan had progressed the number of speculative planning applications had decreased. He expressed concern that withdrawal of the Local Plan could also jeopardise the Housing Infrastructure Fund funding and the construction of an alternative road to Oxford. He urged Cabinet to recommend the adoption of the Local Plan.

Michael Tyce addressed Cabinet on behalf of CPRE Oxfordshire. He stated that the Local Plan provided for twice as many houses as even the Government thinks are required. A failure to deliver the five year supply would lead to predatory development. The proposed level of housebuilding in the plan would result in an unsustainable level of population growth, straining communities and services and have a detrimental impact on the countryside and settlements. He urged Cabinet to recommend the withdrawal of the plan. He expressed the view that the risk to Government funding was unlikely having regard to the funds to support house building in neighbouring authorities. He stated that a new plan for the district would provide an opportunity to provide the number and kind of homes required in the right places taking account of the climate emergency and allow an assessment of Oxford's unmet need. He urged Cabinet to recommend the withdrawal of the plan.

Patrick McGuirk addressed Cabinet on behalf of Haseley Brook Action Group. He expressed the view that there is a need for sustainable and affordable housing located near areas of employment. He welcomed the provision of sites near Oxford to provide much needed affordable housing for nurses, teachers and other public sector and key workers. He expressed concern regarding the proposed allocation at Chalgrove which would encourage a car based settlement. Any proroguing of the Local Plan would encourage speculative development to the detriment of local communities. He urged Cabinet to recommend the adoption of the Local Plan and lobby for the removal of the Chalgrove site at examination stage.

Kathy Rushton addressed Cabinet on behalf of Save Culham Green Belt. She stated that the proposals for Culham would lead to the loss of wildlife and open fields. She urged Cabinet to recommend the withdrawal of the plan. The provision of new large scale developments in the countryside was incompatible with the climate emergency. She questioned the need for the projected housing and population growth, which would lead to further traffic congestion in the area, and Oxford City's unmet housing need figure. She stated that the provision of housing on land adjacent to Culham Science Centre should not be linked to new road infrastructure, that whilst UKAEA backs the bypass and river crossing it has not expressed a need for housing on the adjacent land and that housing in Culham should not be linked to Didcot Garden Town when Abingdon is Culham's local town.

Ian Chapman addressed Cabinet on behalf of UKAEA. He urged Cabinet not to jeopardise the HIF which is required to deliver much need infrastructure in the district to support local businesses. The Culham Science Centre is a growing site and needs the infrastructure to continue to make it attractive – other locations existed. Whilst stating that additional sustainable housing is required in the district, he did not consider it was a matter for UKAEA to offer a view on its location.

Nigel Hewitson addressed Cabinet on behalf of Killinchy Aerospace Holdings Limited and its operating subsidiary Martin-Baker. He referred to the fact that Gowling WLG had addressed Cabinet previously on why Chalgrove Airfield is not available and as to the incompatibility of Baker-Martin's operations alongside a housing development. He stated

that deliverability is a key to the soundness of the Plan and the Inspectors will be looking for evidence as to how the homes proposed at Chalgrove will be delivered on the site within the plan period, taking into account, among other matters, the existence of Martin-Baker's active use. He questioned Homes England's suggestion that it could accommodate Martin-Baker's operations alongside a housing development. It was not the case that the nature of testing and manufacture at the site will change during the plan period. Any relocation of the existing operation was not possible due to uncertainty over CAA licensing, safety and security risks and the risk of noise nuisance claims. He stated that Chalgrove is not deliverable and therefore the housing allocation should be removed from the draft plan by main modification.

Richard Harding addressed Cabinet on behalf of Extinction Rebellion. He referred to a number of extreme weather events that had occurred during 2019 around the world and in the UK which all pointed towards a climate emergency. He stated that the proposed Local Plan did not address the climate emergency and provides a vision for a commuter and car based society with housing developments dotted around the district supported by further road networks. He stated that there was no analysis of the impact of new developments on emissions, no plan to reduce current emissions and no targets for emission reduction and renewable energy. He stated that the plan contravened Government policy and the Climate Change Act of 2008, the international Paris Agreement and the council's own declaration of a Climate Emergency. He urged Cabinet to recommend the withdrawal of the draft local plan and then formulate a plan with environmentally sustainable growth targets and plans to protect the environment and develop a wide ranging plan for carbon emission reduction across the District.

Paul Boone, Chair of Chalgrove Airfield Action Group, addressed Cabinet opposing the inclusion of Chalgrove Airfield in the Local Plan as a housing site. The site was unsustainable and should be removed from the plan. The proposed housing numbers would increase traffic, there was insufficient public transport or cycleways and only one road serving the site. He also questioned whether the site was deliverable which could jeopardise the plan.

23 Local Plan 2034: options to progress

Cabinet considered the report of the head of planning on the progress made in responding to the Council resolution of 18 July 2019 regarding the Housing and Infrastructure Fund and, having assessed the risks, the options to progress the Local Plan 2034.

Councillor Leigh Rawlins, Cabinet member for planning, thanked the public speakers for their addresses. He thanked councillors and officers for the work they had done.

He explained that the purpose of the Cabinet report is to update councillors on the progress made in responding to the Council resolution of 18 July 2019; and to consider, having assessed the benefits and risks, which option to progress the Local Plan.

The report set out three options for progression of the Local Plan for the district. Option A is the officers recommended option, which is to continue with the Local Plan examination. Option B is to withdraw the Local Plan from examination and re-consult on a revised Regulation 19 in due course. Option C is to withdraw the Local Plan from examination and to re-start the Local Plan. The advantages and risks of those options are set out in the report for each option.

Having considered the officer's report, he moved the following motion seconded by Councillor Andrea Powell.

"That Cabinet recommends Council to:

1. withdraw the emerging South Oxfordshire Local Plan 2034, for the following reasons:
 - the uplift above the standard method from 627 homes to 775 homes a year is excessive, and the existence of the Growth Deal should not be used as a justification for this uplift
 - the overall supply of homes in the Local Plan period is considered excessive as it is over 5,000 homes greater than the need identified for South Oxfordshire, even allowing provision for Oxford City's unmet housing need.
 - the Local Plan does not give sufficient weight to responding to the climate emergency that we face as recognised by the decision of Council of 11 April 2019
 - concerns about site selection issues including:
 - that the scale of Green Belt release is not justified
 - flawed site selection having regard to the sustainability and deliverability of strategic allocations
 - concerns about the impact of the housing mix delivery and density policy
2. withdraw from the Oxfordshire Statements of Common Ground linked to the emerging South Oxfordshire Local Plan 2034
3. agree to commence work as soon as practicable on a new ambitious Local Plan, to seek to address the above concerns
4. request a report on the merits of a joint Local Plan with neighbouring authorities
5. request the Ministry of Housing, Communities and Local Government to provide financial support to support a new ambitious Local Plan
6. explore other opportunities for funding
7. bring forward revenue expenditure on a new Local Plan currently estimated at £2 million into the next Medium-Term Financial Plan period, representing the most cost-effective option
8. ask officers to prepare a new Local Development Scheme and work programme and bring this to Cabinet for approval."

In moving the motion, Councillor Rawlins stated that he had been on a journey in respect of the Local Plan. Whilst he knew many of the perceived shortfalls prior to his election as a councillor in May 2019 he knew more now. He and other Cabinet members had considered the benefits and importance of infrastructure funding. He noted that the inspectors had advised that there is very limited scope to make changes via the examination process. In respect of option B – there are a number of drawbacks, despite it seeming to offer a faster resolution. Those drawbacks were made greater by threats and pressures made with the objective of forcing option A. Given the challenges that the council faces with finance he stated that option C offered the most cost effective option over time and, as officers advise, carries less risk than option B.

He stated that the administration would continue to take forward reasonable arrangements with partners and that the council's housing land supply is and will remain robust to avoid speculative development. The motion provides the best way forward for the district, a new

local plan with a solid evidence base, designed more coherently than the previous divided administration was able to put in place, able to respond to the climate emergency and reduce long commuting.

Cabinet members spoke in support of the motion. The new administration was elected in May 2019, in part, to address concerns regarding the Local Plan. A new local plan would address the climate emergency. It would provide an opportunity to develop a plan to address social, economic and environmental issues. In respect of the threat to infrastructure funding, the view was expressed that the justification existed for the infrastructure without the new housing. Consideration of infrastructure funding issues should not override consideration of other issues. The Local Plan was based on outdated data.

RESOLVED TO RECOMMEND COUNCIL: to

1. withdraw the emerging South Oxfordshire Local Plan 2034, for the following reasons:
 - the uplift above the standard method from 627 homes to 775 homes a year is excessive, and the existence of the Growth Deal should not be used as a justification for this uplift
 - the overall supply of homes in the Local Plan period is considered excessive as it is over 5,000 homes greater than the need identified for South Oxfordshire, even allowing provision for Oxford City's unmet housing need
 - the Local Plan does not give sufficient weight to responding to the climate emergency that we face as recognised by the decision of Council of 11 April 2019
 - concerns about site selection issues including:
 - that the scale of Green Belt release is not justified
 - flawed site selection having regard to the sustainability and deliverability of strategic allocations
 - concerns about the impact of the housing mix delivery and density policy
2. withdraw from the Oxfordshire Statements of Common Ground linked to the emerging South Oxfordshire Local Plan 2034
3. agree to commence work as soon as practicable on a new ambitious Local Plan, to seek to address the above concerns
4. request a report on the merits of a joint Local Plan with neighbouring authorities
5. request the Ministry of Housing, Communities and Local Government to provide financial support to support a new ambitious Local Plan
6. explore other opportunities for funding
7. bring forward revenue expenditure on a new Local Plan currently estimated at £2 million into the next Medium Term Financial Plan period, representing the most cost-effective option
8. ask officers to prepare a new Local Development Scheme and work programme and bring this to Cabinet for approval

The meeting closed at 7.10pm

Chairman

Date

Minutes

OF A MEETING OF THE

Cabinet



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HELD ON TUESDAY 8 OCTOBER 2019 AT 9.30 AM

MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON, OX14
4SB

Present:

Cabinet members: Councillors Sue Cooper (Chair), David Turner, Pieter-Paul Barker, Robin Bennett, Maggie Filipova-Rivers, Andrea Powell, Leigh Rawlins and David Rouane

Officers: John Backley, Ben Coleman, Andrew Down, Adrian Duffield, Phil Ealey, Liz Hayden, William Jacobs, Suzanne Malcolm, Adrianna Partridge, Margaret Reed, Ron Schrieber, Richard Spraggett, Mark Stone, Shona Ware and Michelle Wells

Also present:

Councillor Sue Roberts, Matthew Francis, Richard Kitto and Matthew Richards (Ridge)

20 Minutes

RESOLVED: to approve the minutes of the meetings held on 10 July and 1 August 2019 as a correct record and agree that the Chairman sign them as such.

21 Declaration of disclosable pecuniary interest

Councillor Rawlins, Cabinet member for Planning declared that he would be standing down from the meeting and taking no part in any discussion regarding agenda item 13, New office accommodation – design, sustainability and building specification.

22 Urgent business and chairman's announcements

None.

23 Public participation

None.

24 Recommendations from the Climate Emergency Advisory Committee

Councillor Sue Roberts, chair of the Climate Emergency Advisory Committee, addressed Cabinet and outlined the recommendations of the committee's meeting of 19 September.

The committee's principal recommendation was that South Oxfordshire aim to become a carbon neutral council by 2025 and a carbon neutral district by 2030. The committee had also recommended a number of actions to help achieve these targets.

Cabinet noted that a motion had been submitted to the 10 October Council, seeking agreement to the committee's recommendation.

RESOLVED: to note the views and recommendations of the Committee, endorse the direction of travel and support the motion to Council on 10 October.

25 Affordable Housing and Oxfordshire Growth Deal

This item was withdrawn and Cabinet noted that a report would be submitted to a future meeting.

26 Global resettlement scheme and asylum seeker dispersal scheme

Cabinet considered the report of the head of housing and environment which provided an appraisal of options for participation in the Government's Global Resettlement Scheme and Asylum Dispersal Scheme.

The Global Resettlement Scheme replaced previous refugee schemes, including the Syrian Vulnerable Persons Resettlement Scheme. Participation in the scheme was voluntary and the council could decide how many families it would pledge to resettle in the district.

Under the Asylum Dispersal Scheme, the Home Office was seeking an "agreement in principle" that would permit an accommodation provider to source accommodation for asylum seekers in South Oxfordshire.

RESOLVED to:

- (a) participate in both schemes, details of which are set out in the report of the head of housing and environment to Cabinet on 8 October 2019.
- (b) accept three families within the current service design for the Global Resettlement Scheme.
- (c) review both schemes after one year.

27 Capital grants policy update

Cabinet considered the report of the head of community services which sought approval for a revised Capital Grants Policy which introduced standard terms and conditions for all

grants awarded under this scheme and which reflected the council's Climate Emergency Declarations.

Cabinet supported the proposed changes as a means of speeding up and streamlining the process, involving community outcomes and reflecting the council's climate emergency declaration.

RESOLVED to:

- (a) approve the revised policy for awarding capital grants, attached as appendix one to the report of the head of community services to Cabinet on 8 October 2019.
- (b) authorise the relevant head of service, in consultation with the relevant Cabinet member, to make minor amendments to the standard terms and conditions.

28 Replacement of sewage treatment works in Moulsoford

Cabinet considered the report of the head of housing and environment regarding the replacement of the Moulsoford sewage treatment works.

Cabinet supported the proposals as the preferred way of resolving the capacity, design problems and age of the current sewage treatment works.

RESOLVED to:

- (a) transfer £170,000 from the provisional capital programme (ref. no. 194, HAW Moulsoford) to the approved budget no. 103, Housing Act Works refurbishment.
- (b) begin a procurement process to identify a suitable supplier for a new replacement sewage treatment works at Moulsoford.
- (c) subject to the winning tender being within the capital allocation, to agree that the decision to award the contract to supply and install a new sewage treatment works will be taken by the cabinet member responsible for housing and environment via an Individual Cabinet Member Decision.

29 Budget monitoring April - May 2019

Cabinet considered the head of finance's budget monitoring report for the period April – May 2019.

RESOLVED: to note the contents of the report.

30 Exclusion of the Public

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

- i. it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and

- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

31 New office accommodation - design, sustainability and building specification

Councillor Leigh Rawlins, the Cabinet member for planning, left the room for the consideration of this item.

Cabinet considered the report of the deputy acting chief executive – transformation and operations which outlined the progress of the new council office building and car park programme at the council’s Crowmarsh Gifford site.

Representatives of Ridge, the council’s appointed project managers for the design and build, attended to answer members’ questions.

Councillor Sue Roberts, chair of the Climate Emergency Advisory Committee, addressed the meeting and outlined the recommendations of the committee’s meeting of 19 September 2019 regarding the sustainability options for the project.

RECOMMENDED: to Council to

- (a) note the progress of the new council office building and car park programme at the council’s Crowmarsh Gifford site.
- (b) allocate additional budget provision to the capital scheme in the approved programme.

Minutes

OF A MEETING OF THE

Cabinet

HELD ON FRIDAY 25 OCTOBER 2019 AT 9.30 AM

MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON, OX14 4SB

Present:

Cabinet members: Councillors Sue Cooper (Chair), Pieter-Paul Barker, Robin Bennett, Maggie Filipova-Rivers, Andrea Powell, Leigh Rawlins and David Rouane

Officers: Lucy Billen, Jayne Bolton, Steven Corrigan, Margaret Reed and Mark Stone

Apologies:

David Turner tendered apologies.

Also present: Elizabeth Gillespie

32 Declaration of disclosable pecuniary interest

None

33 Urgent business and chairman's announcements

None

34 Public participation

No members of the public had registered to address Cabinet.

35 Housing delivery

Cabinet considered the head of development and regeneration's report on housing delivery and ways the council can put in place a new approach to council intervention to bring forward a wide range of housing delivery in South Oxfordshire.

Cabinet supported the proposals as a means of developing a new approach to the delivery of housing to tackle the issue of genuine affordability, the development of greener communities with the right quality and type of housing in the right location and to support



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the council's goals to reduce climate change and make a contribution to the council's long term financial position.

In response to questions officers confirmed that S106 monies provided a potential source of funding to subsidise the delivery of affordable housing, that any financial return would have to justify the risk and that the council could potentially have an approach for the delivery of more affordable housing operational within a year. The council would seek to identify sites to bring forward for development.

Views were expressed that the council should explore working with other public agencies, including the health service, to identify potential sites for collaboration.

RESOLVED to:

1. request officers to undertake an exploratory study and prepare a report to recommend suitable options for proactive action by the council to bring forward a wider range of housing in South Oxfordshire;
2. ask officers to consider, as part of this report, what options exist to prioritise Berinsfield as a location to pilot any new approach to housing delivery in the district; and
3. ask officers to identify whether the housing market conditions across South Oxfordshire and Vale of White Horse District Council are such that the option of a joint solution and approach would be beneficial.

The meeting closed at 9.55am

Chairman

Date

Cabinet Report



Listening Learning Leading

Report of Head of Finance

Author: Richard Spraggett

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Wards affected: All

Cabinet member responsible: David Turner

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To: CABINET

Date: 5 December 2019

Budget monitoring April – August 2019

Recommendations

Cabinet is recommended to note the contents of the report

Purpose of Report

1. To report the revenue and capital expenditure against budget for the period April to August 2019.

Corporate Objectives

1. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The budget monitoring report shows how these resources have been during the first five months of the financial year.

Background

2. This report reviews the council's revenue and capital expenditure performance against budget to the end of month five (August).

Revenue budget monitoring

3. On 14 February 2019, Council agreed a net revenue budget for 2019/20 of £16.809 million. This has subsequently increased to £21.016 million due to the carry forward of unspent one-off project budgets from 2018/19.
4. In reviewing in-year financial performance, the focus is on two things:

- Comparing expenditure and income for the year to date (in the case of this report for April to August 2019), against the “profiled” working¹ budget for the year to date. The profiled working budget is the proportion of the budget that would have been expected to have been incurred at the end of August 2019
 - Reviewing the outturn forecast of expenditure and income at year end compared to the working budget for the whole year.
5. Appendix 1 is a summary, by service, of both of these. Whilst budget managers review and manage all lines and variances, for the purposes of reporting heads of service provide commentary on the reasons for variances of over £50,000. This would be for variances in either net expenditure to date against profiled working budget, or in forecast net expenditure against whole year budget. The appendix is forecasting a year end outturn of £18.977 million, £2.039 million below budget.
6. This outturn projection includes the expected carry forward of budgets for a number of previously agreed one-off projects. These include:

Community Services	£218,000
Berinsfield co-location project	
Development and Regeneration	
Didcot Garden Town	£480,000
Berinsfield	£954,000
Housing and Environment	
Public realm team	£276,000
Partnership and Innovation	
Didcot Growth	£372,000
Planning	
Planning Policy	£220,000
Total	£2,520,000

Removing these expected carry forwards from the outturn projection indicates an overspend of £0.481 million.

7. There are a number overspends and savings across the council but the principal adverse variances behind the £0.481 million overspend after carry-forwards are:

¹ The working budget is the latest budget. It is the original budget agreed by Council, plus any additions such as carry forwards, in year supplementary estimates and externally funded expenditure

Finance

Additional costs in respect of revenues and benefits service, primarily due to reduction in net income for benefits overpayments	£249,000
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Legal Services

Additional anticipated spend on planning appeals	£100,000
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Planning

Reduction in development management income due to market slowdown	£200,000
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All services

Additional spend on premises costs across all council properties	£173,000
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Net balance of other (under) and over spends	(£241,000)
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Total	£481,000
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8. Overall, the forecast may be too pessimistic. Officers will continue to refine the year end forecast position ahead of the next formal budget monitoring period at the end of November.

Capital budget monitoring

9. On 14 February 2019, Council agreed a capital programme for 2019/20 as follows:

- Approved programme - £5.186 million
- Provisional programme (including Cabinet growth proposals) - £9.811 million.

10. At the end of August 2019, the approved programme had increased to £8.109 million. This reflects the approved capital programme as approved by Council, plus slippage from the previous financial year, additions and deletions, and transfers from the provisional capital programme.

11. As shown in appendix 2, spend against the latest approved capital programme² was £743,000. At this stage a year end underspend of £186,000 against this budget has been forecast.

Financial, legal and any other implications

12. The financial implications are as set out in the body of the report. There are no other implications of this report.

Conclusion

13. At this stage of the financial year, for revenue an overall underspend is forecast, but this changes to an on overspend once the projected carry forward of one-off budgets is taken account of. In capital, although little has been spent to date, it is forecast that

² The latest approved capital programme is referred to as "Working budget full year" in appendix 2

most of capital budget will be spent by year end. Both of these scenarios will continue to be closely monitored by the accountancy team.

Appendices

- 1) Revenue budget monitoring
- 2) Capital budget monitoring

Background Papers

- Budget papers for 2019/20

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Appendix 1

Net Revenue Expenditure	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Explanation of forecast variances >£50,000 Manual input required
Staff costs (inclusive of intra-council recharges)	5,327,119	5,309,346	(17,773)		12,609,479	12,692,774	83,295	
Premises	974,225	1,127,539	153,314		1,741,748	1,914,483	172,735	
Transport costs	54,745	44,918	(9,827)		131,415	116,303	-15,112	
Supplies and services	3,854,113	2,261,574	(1,592,539)		9,331,102	7,119,285	-2,211,817	
Third party payments (contract costs)							0	
Biffa	2,492,950	2,313,686	(179,264)		5,983,079	5,909,793	-73,286	
Capita	1,242,099	4,398,207	3,156,108		3,127,273	3,149,615	22,342	
Other contracts and inter council recharges	1,422,308	1,422,669	361		561,869	534,213	-27,656	
Net cost of benefits	(202,590)	336,163	538,753		(486,201)	(414,995)	71,206	
Fees, Charges and non benefits grants	(6,397,875)	(8,499,574)	(2,101,699)		(11,984,025)	(12,044,265)	-60,240	
	8,767,095	8,714,529	(52,566)		21,015,738	18,977,205	(2,038,533)	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Appendix 1

Community Services	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Quarter	Forecast variance this period	Explanation of forecast variances >£50,000 Manual input required
Arts Development	236,978	178,681	-58,296	Cornerstone receipt of prepaid income for shows in future months.	549,230	548,601	-630	
Community Services Admin	11,060	6,773	-4,287		26,540	26,540	0	
GWP Community Facilities	21,628	9,138	-12,489		49,626	49,440	-186	
General Grants	366,795	289,107	-77,687	Delay in commencing Councillor grant scheme and remainder of year three grant agreements have not been paid out yet.	880,302	854,723	-25,579	
Leisure In House	117,770	82,590	-35,180		282,640	277,596	-5,044	
Leisure	91,001	0	-91,001	Project currently being reviewed as part of the Berinsfield regeneration project.	218,403	0	-218,403	Project currently being reviewed as part of the Berinsfield regeneration project
Leisure Centres Contract	(73,885)	(64,187)	9,698		-177,336	-173,408	3,928	
Sports Development	61,944	45,034	-16,910		148,665	138,540	-10,125	
Total Community Services	833,290	547,138	-286,152		1,978,069	1,722,030	-256,039	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Appendix 1

Strategic Management Team Mark Stone	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Quarter	Forecast variance this period	Explanation of forecast variances >£50,000 Manual input required
Corporate Management Team	321,165	276,891	-44,274		770,795	650,795	-120,000	Restructure ongoing
Total Strategic Management Team	321,165	276,891	-44,274		770,795	650,795	-120,000	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Appendix 1

Corporate Services Adriana Partridge	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Quarter	Forecast variance this period	Explanation of forecast variances >£50,000 Manual input required
Assurance	139,026	131,389	-7,638		288,816	288,816	0	
IT Operations	77,930	137,092	59,162	Parked non-PO invoices from Vodafone from 2018/19 have finally been approved for payment following supplier clarification. Continued use of firewalls at legacy datacentre requires hardware support payment every 2 years. Software support and maintenance majority spend takes place in January, so profiling will show underspend until then.	187,033	187,033	0	
IT Applications	133,792	131,302	-2,491		321,092	321,092	0	
Land & Property Data	-1,616	3,484	5,100		-3,879	-3,879	0	
Communications	61,483	42,033	-19,450		147,558	148,458	900	
Corporate Admin	193,021	147,164	-45,857		457,656	446,136	-11,520	
Human Resources	63,000	66,289	3,289		151,201	151,201	0	
Pension costs	451,667	580,941	129,274	Cost of early retirement from redundancies	1,084,000	1,222,428	138,428	Cost of early retirement from redundancies
Policy	141,501	101,269	-40,232		464,603	462,603	-2,000	
Training costs	45,305	46,370	1,065		108,731	108,731	0	
Total Corporate Services	1,305,109	1,387,330	82,221		3,206,810	3,332,618	125,808	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Development & Regeneration Suzanne Malcolm	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Economic Development	105,191	104,624	-567		252,466	246,919	-5,547	
Facilities	447,425	1,191,557	744,132	Cost of rent and running cost for office accomodation to be recharged to Vale of White Horse DC	771,747	859,316	87,569	There will be a year end overspend of £52k for the unbudgeted SDLT payment for the lease of 135 MP. Spend on essential repairs to 135 MP and unbudgeted contracts will add to the overall year end position by £50k
Housing Development	521,833	117,279	-404,554	Current underspend is a result of one off growth project delays	1,252,403	771,990	(480,413)	Year end underspend is a result of one off growth project delays
Development & Regeneration	471,408	79,112	-392,296	Underspend due to slow progress of Berinsfield project.	1,131,379	177,525	(953,854)	Underspend due to slow progress of Berinsfield project.
Property	-561,030	-274,099	286,931	Increase in NNDR bill payment not budgeted	-1,351,165	-1,321,674	29,491	Increase in NNDR bill payment not budgeted
Total Development & Regeneration	984,826	1,218,472	233,645		2,056,830	734,076	-1,322,754	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Finance William Jacobs	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Finance and Procurement	158,027	142,320	-15,707		367,186	384,070	16,884	
Internal Audit	43,925	34,827	-9,098		105,419	110,673	5,254	
Finance Management	46,891	34,192	-12,699		58,471	55,153	(3,318)	
Revenues and Benefits	-371,105	208,003	579,109		-1,025,327	-775,939	249,388	Automation of the benefits system has resulted in fewer overpayments and a net reduction in subsidy received
Total Finance	-122,262	419,343	541,605		-494,251	-226,043	268,208	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Housing & Environment Liz Hayden	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Community Safety/CCTV	125,347	137,059	11,713		237,551	192,046	-45,505	
Car Parking	-94,620	-131,921	-37,302		-484,076	-557,369	-73,293	Unbudgeted income for Gardiners Place loss of income compensation - £20k. CPE project will come in under budget as the costs between 4 councils are much lower than anticipated - £25k. Higher car parking volumes have increased income - £12k. More ECNs issued - £30k. Higher than expected NNDR bills have resulted in an overspend of £18k
Environmental Services	223,023	179,568	-43,455		535,232	483,632	-51,600	Staff vacancies, now filled
Housing Needs	292,463	392,434	99,970	Current overspend is due to grant income received, but not posted to cost centre	673,921	628,483	-45,438	
Licensing	-56,278	-493,470	-437,192	Profiling of hackney licence income - prior year income moved in first quarter therefore income shows as positive variance for first half of the year.	-146,255	-160,760	-14,505	
Mobile Home Parks	-186,946	-201,114	-14,169		-197,637	-237,948	-40,311	
Open Spaces	288,147	145,629	-142,518	Underspend on salaries by £100k as have not recruited public realm operatives yet.	690,196	408,755	-281,441	One off project to set up grounds maintenance team. Budget created in 18/19, project started in 19/20, therefore project is a year behind. Budget required to be carried over to next year
Private Sector Housing	71,403	60,579	-10,824		171,376	171,376	0	
Food Safety	175,235	134,859	-40,376	Staff vacancies and vale employees in south posts	420,532	347,064	-73,468	Staff Vacancies
Technical Services	70,215	64,352	-5,864		103,508	103,508	0	
Waste	1,457,356	1,364,506	-92,850	Awaiting Biffa invoice, accruals for OCC Sch I and annual sack supply and delivery higher than predicted	4,157,598	4,028,411	-129,187	Accrual for annual sack supply and delivery 2019/20 prediction higher than actual. Reduced number of clinical waste collections following a review. OCC Accrual higher than actual invoice
Toilets	78,150	93,664	15,514		187,555	190,065	2,510	
Total Housing & Environment	2,443,497	1,746,144	-697,353		6,349,501	5,597,263	-752,238	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Legal & Democratic Margaret Reed	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Democratic Services	191,740	187,666	-4,074		460,123	460,123	0	
Electoral Services	169,423	511,259	341,836		406,596	453,095	46,499	
Land Charges	-137,500	-128,555	8,945		-330,000	-330,000	0	
Legal	231,740	112,665	-119,075		556,175	656,175	100,000	Anticipated additional spend on planning Appeals
Total Legal & Democratic	455,403	683,036	227,633		1,092,894	1,239,393	146,499	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Partnership & Insight Andrew Down	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Accelerated Housing	306,944	44,953	-261,990	Funding has been carried forward for this fiscal year. Due to the nature of the ongoing project work. This is due to the fact that our project timelines will normally carry across fiscal years. It is likely that funding will be carried forward over a number of years to support the programme.	736,665	364,665	-372,000	Funding has been carried forward for this fiscal year. Due to the nature of the ongoing project work. This is due to the fact that our project timelines will normally carry across fiscal years. It is likely that funding will be carried forward over a number of years to support the programme.
Client Team - 5 Councils Partnership	1,388,197	1,388,197	0		3,276,223	3,235,038	-41,185	Recalculation of Capita costs after the effect of reduction in services provided by teams brought back in house
Enterprise Zone	9,375	-7,500	-16,875		22,500	22,500	0	
Didcot Growth Point	63,649	15,508	-48,141		152,755	152,755	0	
Partnership & Insight Admin	83,360	98,552	15,192		200,065	200,065	0	
Total Partnership & Insight	1,851,524	1,739,710	-111,814		4,388,208	3,975,023	-413,185	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

Planning Adrian Duffield	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1
								Explanation of forecast variances >£50,000 Manual input required
Building Control	-19,459	-49,295	-29,837		-46,694	-56,694	-10,000	
Planning Policy	604,632	428,254	-176,378	Staffing recruitment, agency cover and delay in starting new Local Plan- (seek c/f 2020/21).	1,451,119	1,231,119	-220,000	Delay in starting local plan- (seek c/f 2020/21).
Development Services	275,689	317,507	41,818		661,625	777,625	116,000	Reduction in Development fees due to market slow down
Total Planning	860,862	696,465	-164,397		2,066,050	1,952,050	-114,000	

South Oxfordshire Budget Monitoring Report as at 31 August 2019

	Working Budget Profiled £	Actual Spend to date £	Current variance	Explanation of current variances >£50,000 Manual input required	Working Budget Full Year £	Outturn Forecast This Period	Forecast variance this period	Appendix 1 Explanation of forecast variances >£50,000 Manual input required
Contingency	-166,320	0	166,320		-399,168	0	399,168	

South Oxfordshire DC capital budget monitoring report for the period to : August 2019

Capital Expenditure	Working Budget Full Year £	Actual Spend to date £	Variance	Forecast variance Manual input required (+ve bad, -ve good)	Explanation of forecast variances >£50,000 Manual input required
Community Services - Capital	2,366,653	463,209	(1,903,444)	0	
Corporate Services - Capital	2,538,000	155,260	(2,382,740)	0	
Housing & Environment - Capital	1,912,195	125,007	(1,787,189)	(185,195)	Profiling of budgets not accurate
Partnership & Insight - Capital	1,275,000	0	(1,275,000)	0	
Planning	17,000	0	(17,000)	0	
Direct Service Capital Expenditure	8,108,848	743,475	(7,365,373)	(185,195)	

Cabinet Report



Listening Learning Leading

Report of Head of Planning

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To: CABINET

Date: 5 December 2019

Making the Berrick Salome Neighbourhood Development Plan

That Cabinet recommends to Council:

(a) To make the Berrick Salome Neighbourhood Development Plan so that it continues to be part of the council's development plan.

(b) To delegate to the Head of Planning, in consultation with the Cabinet Member for Planning and in agreement with the Qualifying Body, the correction of any spelling, grammatical, typographical or factual errors together with any improvements from a presentational perspective.

Purpose of Report

1. To provide an update to the Cabinet on the progress of the Berrick Salome Neighbourhood Development Plan and to present the relevant considerations in relation to whether this plan should be made (formally adopted).

Corporate Objectives

2. Strongly supporting the development of neighbourhood plans for our towns and villages.

Background

3. Berrick Salome Parish Council successfully applied for the parish of Berrick Salome to be designated as a Neighbourhood Area under the Neighbourhood Planning (General) Regulations (2012).
4. The preparation of the Berrick Salome Neighbourhood Development Plan (the Plan) was led by the parish council ('the qualifying body') and a group of volunteers from the local community.
5. Following the formal submission of the Plan to the council, the council publicised the Plan and invited comments from the public and stakeholders.
6. The council appointed Mr Andrew Ashcroft to independently examine the Plan. Examiners are tasked with reviewing whether a neighbourhood plan meets the basic conditions required by legislation and whether it should proceed to referendum. The Examiner's report concluded that the Plan meets the basic conditions, and that subject to the modifications proposed in his report, the Plan should proceed to referendum.
7. The modifications proposed by the Examiner are largely minor in nature; re-wording and restructuring for clarity and to ensure the basic conditions are met. A full copy of the proposed modifications to the Plan are set out in the Examiner's Final Report¹. More significant modifications recommended by the examiner include:
 - (a) The modification of the settlement boundaries and infill development policy (Policy BER1) to remove reference to Rokemarsh given its limited size. The settlement boundary around Rokemarsh was removed and some more general separation of settlements text was inserted.
 - (b) The deletion of some of the text in the design policy (Policy BER2) as it included elements of supporting text and was repetitive in places.
 - (c) The replacement of the text in the managing traffic policy (Policy BER8). This amended the policy so that the focus is on land use matters and to put the emphasis on achieving a good relationship between development and highways capacity rather than seeking developer contributions to mitigate traffic issues.
8. Having considered the Examiner's recommendations and reasons for them the Cabinet Member for Planning decided on 12 September 2019:
 1. to accept all modifications recommended by the Examiner;
 2. to determine that the Berrick Salome Neighbourhood Development Plan, as modified, meets the basic conditions, is compatible with the Convention rights²,

¹ Independent Examiner's Report to South Oxfordshire District Council on the Berrick Salome Neighbourhood Development Plan (2019), available at: <http://www.southoxon.gov.uk/services-and-advice/planning-and-building/planning-policy/neighbourhood-plans/berrick-salome-neighbo>

² *Convention rights* are defined in the Human Rights Act 1998 as (a) Articles 2 to 12 and 14 of the European Convention on Human Rights ("the Convention"), (b) Articles 1 to 3 of its First Protocol, and (c) Article 1 of its Thirteenth Protocol, as read with Articles 16 to 18 of the Convention. The Convention rights that are most likely to be relevant to town and country planning are those under the Convention's Article 6(1), 8 and 14 and under its First Protocol Article 1.

complies with the definition of a neighbourhood development plan (NDP) and the provisions that can be made by a NDP; and

3. to take all appropriate actions to progress the Berrick Salome Neighbourhood Development Plan to referendum.
9. The modifications to the Plan were made and the referendum version of the Plan was published on 12 September 2019 alongside the decision statements required under Regulation 18(2)(a) of the Neighbourhood Planning (General) Regulations (2012).

Options

10. The council's options are limited by statute. Paragraph 38A (4)(a) of the Planning and Compulsory Purchase Act 2004 sets out that the council must make a neighbourhood plan if more than half of those voting at the referendum have voted in favour of the plan being used to help decide planning applications in the plan area.
11. The only circumstance where the district council should not make this decision is where the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998).
12. Section 3 of the Neighbourhood Planning Act 2017, which came into force on 19 July 2017, amends section 38 of the Planning and Compulsory Purchase Act 2004 to ensure that neighbourhood plans have full legal effect once they have passed their local referenda. In the very limited circumstances that the council might decide not to make the neighbourhood development plan, it will cease to be part of the development plan for the area.
13. The council's decision on 12 September 2019 (referred to in paragraph 8), published in the decision statement issued on 12 September 2019 (referred to in paragraph 9), confirmed that the Berrick Salome Neighbourhood Development Plan, as modified by the Examiner's recommendations, would not breach, and be otherwise incompatible with EU obligations or human rights legislation.
14. The Plan, as modified by the Examiner's recommendation, would not breach, and be otherwise incompatible with EU obligations, including the following Directives: the Strategic Environmental Assessment Directive (2001/42/EC); the Environmental Impact Assessment Directive (2011/92/EU); the Habitats Directive (92/43/EEC); the Wild Birds Directive (2009/147/EC); the Waste Framework Directive (2008/98/EC); the Air Quality Directive (2008/50/EC); and the Water Framework Directive (2000/60/EC). In addition, no issue arises in respect of equality under general principles of EU law or any EU equality directive. In order to comply with the basic condition on European Union legislation the Council has prepared a Screening Opinion on the determination of the need for a Strategic Environment Assessment (SEA). This process concluded that the Plan is unlikely to have significant environmental effects and therefore a SEA is not required. Consultation was carried out with the relevant statutory bodies (Natural England, Historic England, Environment Agency and Oxfordshire County Council). The responses received agreed with the conclusion that a SEA was not required. Taking the consultation responses into account, the council issued a Screening Statement on 26th March 2019.

15. The Plan, as modified by the Examiner's recommendations, would not give rise to significant environmental effects on European sites. The Council issued a Strategic Environmental Assessment (SEA) and Habitats Regulations Assessment (HRA) Screening Determination on 26 March 2019, which confirmed to the qualifying body that an Appropriate Assessment would not be required. In response to the council's screening opinion, Natural England confirmed on 23 January 2019 that the proposals in the plan will not have significant effects on sensitive sites and that an Appropriate Assessment is therefore not required.
16. The council is satisfied that the Plan is in all respects fully compatible with Convention rights contained in the Human Rights Act 1988. There has been full and adequate opportunity or all interested parties to take part in the preparation of the Plan and to make their comments known.
17. Therefore, if the majority of those voting have voted in favour of the Berrick Salome Neighbourhood Plan being used to help decide planning applications in the plan area, to not make the plan would be in breach of these statutory provisions.

Referendum

18. A referendum relating to the adoption of the Berrick Salome Neighbourhood Development Plan was held on Thursday 24 October 2019.
19. The question which was asked in the Referendum was: *"Do you want South Oxfordshire District Council to use the Neighbourhood Plan for Berrick Salome to help it decide planning applications in the neighbourhood area?"*
20. The results was as follows:
 - a. Yes = 150 votes (94.3 %)
 - b. No = 9 votes (5.7 %)
 - c. Turnout = 59.5 %
21. The majority of local electors who voted have voted in favour of the plan; therefore, the Berrick Salome Neighbourhood Plan has become part of the council's development plan.
22. As the plan was approved at the local referendum and the council is satisfied it would not breach and be otherwise incompatible with EU obligations or human rights legislation, the council is required to make the Berrick Salome Neighbourhood Development Plan so that it continues to be part of the council's development plan.

Financial Implications

23. The Government makes funding available to local authorities to help them meet the cost of their responsibilities around neighbourhood planning. A total of £20,000 can be claimed for each neighbourhood planning area. The council becomes eligible to apply to receive this single payment once a date is set for the referendum, after a successful examination. The Government grant funds the process of progressing neighbourhood plans through the formal stages, including the referendum. Any costs incurred in the formal stages in excess of £20,000 is borne by the council. Staffing costs associated

with supporting community groups and progressing neighbourhood plans through the formal stages are funded by the council.

Legal Implications

24. The decision to make the Berrick Salome Neighbourhood Plan is a legal requirement in the Planning and Compulsory Purchase Act 2004. The only circumstance where the district council should not make this decision is where the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998). There is a requirement that the district council will publish a formal decision statement as required under the Neighbourhood Planning (General) Regulations 2012.
25. It is not considered that the Berrick Salome Neighbourhood Development Plan would breach, or would otherwise be incompatible with, any such obligation or rights. Therefore, the council should now proceed to make the plan.

Risks

26. The council is required to comply with the statutory requirements (to consider whether the Berrick Salome Neighbourhood Development Plan should be made following successful local referendum), which this recommendation seeks to achieve. In view of the considerations referred to elsewhere in this report, as the majority of those voting have voted in favour of the plan at its local referendum, a decision not to make the Plan would place the council at risk of a legal challenge.

Conclusion

27. On the 12 September 2019, the council decided:
1. To accept all modifications recommended by the Examiner;
 2. to determine that the Berrick Salome Neighbourhood Development Plan, as modified, meets the basic conditions, is compatible with the Convention rights, complies with the definition of a neighbourhood development plan (NDP) and the provisions that can be made by a NDP; and
 3. to take all appropriate actions to progress the Berrick Salome Neighbourhood Development Plan to referendum.
28. The local referendum was held on 24 October 2019 to meet the requirements of The Localism Act 2011 and The Neighbourhood Planning (Referendums) Regulations 2012.
29. As the majority of those voting have voted in favour of the Plan being used to help decide planning applications in the plan area, it is recommended that the Berrick Salome Neighbourhood Development Plan is made.

Joint Audit and Governance Committee



Report of Head of Finance/Financial Accountant (Capita)

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To: Joint Audit and Governance Committee, Cabinet and Council

DATE: 14 October 2019 by Joint Audit and Governance Committee

05 December 2019 (S) / 06 December 2019 (V) by Cabinet

12 December 2019 (S) / 11 December 2019 (V) by Council

Treasury Outturn 2018-19

That Joint Audit and Governance Committee:

1. notes the treasury management outturn report 2018/19,
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and
3. make any comments and recommendations to Cabinets as necessary.

That Cabinet:

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

1. approve the treasury management outturn report for 2018/19;
2. approve the actual 2018/19 prudential indicators within the report.

Purpose of report

1. This report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities and that the councils' prudential indicators are reported to the councils at the end of the year. The report provides details of the treasury activities for the financial year 2018/19.
2. This complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Practice on Treasury Management.

Strategic objectives

3. Effective treasury management is required to help the councils meet their strategic objectives.

Background

4. The councils' treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice require a report to be provided to the councils at the end of the financial year.
5. This report provides details on the treasury activity and performance for 2018/19 against prudential indicators and benchmarks set for the year in the 2018/19 Treasury Management Strategy (TMS), approved by each council in February 2018. Each council is required to approve this report.
6. Link Asset Services are the councils' retained treasury advisors.
7. On 1 August 2016, the operational treasury management staff were outsourced to Capita. The executive decision making function remains with the head of finance.
8. There are three types of investment, the performance of which is covered in this report
 - a. True treasury investments – these investments are primarily for generating interest for the councils. Examples of these are loans to banks or other local authorities. It also includes investments in property funds.
 - b. Non-treasury loans – these are loans to third parties, which earn a return, but they do not fall under the strict definition of a treasury investment.
 - c. Property investments - both councils have investment properties let on commercial basis. The primary purpose of holding these assets is for investment purposes and they are not part of regeneration schemes.
9. The councils continue to invest with regard for security, liquidity and yield, in that order.

Economic conditions and factors effecting investment returns during 2018/19

10. UK bank base rates were increased to 0.75 per cent in August 2018, having been set at 0.50 per cent since November 2017. Link Asset Services provide a regular forecast of interest rates and the latest forecast is reproduced in **appendix A**. This

forecast shows that base rates are expected to rise in late 2020, with two further increases over the next two years. An increase in inflationary pressures is likely and this, coupled with rising wage inflation, would mean more consumer spending power and therefore a rise in interest rates.

11. The TMS makes clear that investment priority is given to the security of principal in the first instance. As a result, investments have only been made with counterparties of high credit quality and low risk. Since the global banking crisis and the downgrading of the credit ratings of many banks, it has become increasingly difficult to place money at competitive rates, as institutions with high credit ratings have been offering lower rates.
12. Average treasury investment balances were higher for both councils than expected in the year. This arose from a combination of accumulated revenue and capital surpluses/slippage and unbudgeted grant receipts. This was also the case in 2017/18. More cash to invest has been a factor in the surplus of treasury investment income over budget in the year for VOWHDC.
13. Investments that have helped to keep yields up for both councils include longer term investments taken out when rates were higher, such as the CCLA property fund at both councils, and the unit trusts at South.
14. Outlook for 2019/20 – as discussed above, interest rates are expected to rise slowly over the next three years. In order to reduce risk, efforts are being made to rebalance the treasury portfolio to reduce the value held by building societies. Other counterparties used by the council are other councils and housing associations.

Summary of investment activities during 2018/19

15. Prudential limits (security). Both councils are required by the Prudential Code to report on the limits set each year in the TMS. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they may impair the opportunities to reduce costs/improve performance. These limits are shown in **appendix B**.

16. Yield - the performance of the two councils is summarised in the tables below.

South		Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance	151,513	15,000	166,513	6,456	172,969
2	Budgeted investment income	2,317	623	2,940		
3	Actual investment income	2,018	623	2,641	318	2,959
4	surplus/(deficit) (3) - (2)	(299)	0	(299)		
5	Rate of return (3) ÷ (1)	1.33%	4.15%	1.59%	4.92%	1.71%

Vale		Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	84,161	7,062	91,223
2	Budgeted investment income	450		
3	Actual investment income	933	357	1,290
4	surplus/(deficit) (3) - (2)	483		
5	Rate of return (3) ÷ (1)	1.11%	5.06%	1.41%

17. VVHDC has exceeded treasury budgeted investment income this year in terms of both actual income against budget and rates of return against benchmark. SODC exceeded in terms of rates of return against benchmark. SODC has 0.3 million deficit compared to treasury budgeted investment income, mainly due to interest rates not increasing in 2018/19 as expected when the budget was set. More detail on benchmarks is included in the appendices that follow this report.

18. Detailed reports on the treasury activities for each council and performance for 2018/19 against prudential indicators and benchmarks set for the year are contained in **appendix C** – South Oxfordshire DC and **appendix D** – Vale of White Horse DC.

19. A detailed list of both councils’ treasury investments as at 31 March 2019 is shown at **appendix E**.

Debt activity during 2018/19

20. During 2018/19, there has not been a need for either council to borrow and both councils continue to take a prudent approach to their debt strategy. The prudential indicators and limits set out in **appendix B** provide the scope and flexibility for the Council to borrow in the short-term, if such a need arose, for cash flow purposes to support the council(s) in the achievement of their service objectives.

Financial implications

21. The treasury investments made in 2018/19 ensured over £2 million of actual investment income achieved for SODC during year and over £0.9 million received for VVHDC. Income earned from investments supports the councils’ medium term financial plans and contributes to the councils’ balances or supports the in-year expenditure programmes.

22. Looking forward, income is anticipated to remain stable with any increase due to ongoing surplus cash balances and rises in market rates offset by a general reduction in the balances available to invest. This will be reflected in the councils’ 2019/20 budgets and medium term financial plans.

Legal implications

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

Conclusion

24. Despite a difficult operating environment, both councils continued to make investments during 2018/19 that maintained security and liquidity whilst providing a return that exceeded market benchmarks.

Background papers

- Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for treasury management in the public sector.
- DCLG Local Government Investment Guidance
- CIPFA treasury management in the public services code of practice and cross sectoral guidance notes
- Treasury Management Strategy 2018/19 – Councils in February 2018.

Appendices

- A. Interest rate forecasts
- B. Prudential limits
- C. SODC – Treasury activities 2018-2019
- D. VWHDC – Treasury activities 2018-2019
- E. Treasury investments as at 31 March 2019
- F. Glossary of terms

Appendix A

Interest rate forecast as at July 2019

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

	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22
BANK RATE	0.75	0.75	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50
3 m LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.20	1.30	1.40	1.40	1.40
6 m LIBID	0.80	0.90	0.80	0.90	1.00	1.20	1.40	1.50	1.60	1.60	1.60
12 m LIBID	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.80	1.80
5 yr PWLB	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.10	2.20	2.30	2.40
10 yr PWLB	1.80	1.90	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.60	2.70
25 yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	3.00	3.00	3.10	3.20	3.30
50 yr PWLB	2.30	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20

Prudential limits (indicators) as at March 2019

Prudential indicators as at 31 March 2019				
	Vale		South	
	Original estimate £m	Actual position £m	Original estimate £m	Actual position £m
Authorised limit for external debt				
Borrowing	30	0	30	0
Other long term liabilities	5	0	0	0
	35	0	30	0
Operational boundary for external debt				
Borrowing	25	0	25	0
Other long term liabilities	5	0	0	0
	30	0	25	0
Investments				
Interest rate exposures				
Limits on fixed interest rates %	100%	95%	100%	93%
Limits on variable interest rates £	50	4	50	9
Maximum principal sums invested > 364 days				
Upper limit for principal sums invested > 364 days £	40	11	70	18
Limit to be placed on investments to maturity				
1 - 2 years	NA	NA	NA	NA
2 - 5 years	NA	NA	NA	NA
5 years +	NA	NA	NA	NA

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.

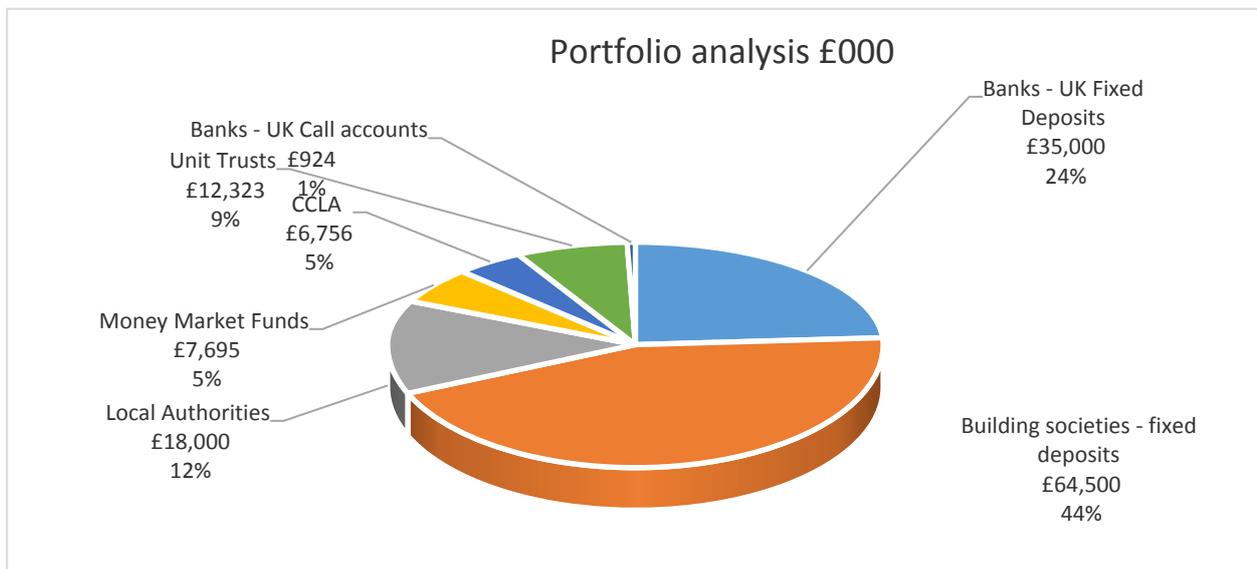
SODC treasury activities in 2018/19

Council treasury investments as at 31 March 2019

1. The council's treasury investments, analysed by age as at 31 March 2019 were as follows:

Table 1: maturity structure of investments at 31 March 2019:		
	£000	% holding
Call	924	1%
Money market fund	7,695	5%
Cash available within 1 week	8,619	6%
Up to 4 months	61,500	42%
5-6 months	9,000	6%
6 months to 1 year	40,000	28%
Over 1 year	7,000	5%
Kaupthing Singer & Friedlander	222	0%
Total cash deposits	126,342	86%
CCLA Property Fund	6,756	5%
Equities	12,323	8%
Total investments	145,420	100%

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



Treasury investment income

5. The total income earned on investments during 2018/19 was £2 million, compared to the original budget of £2.3 million, as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Fixed term and call	1,568	1,366	(202)
Equities	456	358	(98)
CCLA property fund	294	293	(0)
	2,317	2,018	(299)

6. The actual return achieved was £0.3 million less than the original budget. This was due to:

- Interest earned on cash deposits was £0.2 million lower than forecast principally due to interest rates not increasing as expected in the 2018/19 budget setting. The average rate received during 2018/19 was 1.73 per cent and the budget was set at a rate of 2.10 per cent.
- Dividend received on equities was £98,000 lower than forecast. This is partly due to a prior year correction.

7. The actual average rate of return on treasury investments for the year was 1.33 per cent (1.44 in 2017/18).

Performance measurement

8. A list of treasury investments as at 31 March 2019 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £151 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

9. The £151 million does not represent the council's usable, cash backed reserves, which at 31 March 2019 totalled £114 million. The difference represents the council's working capital balance and capital grants received in advance of spend.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.71%	1.33%	0.62%	3 Month LIBID
Equities	2.16%	2.76%	0.60%	FTSE All Shares Index
Property related investments (excluding SOHA loan)*	3.59%	4.54%	0.95%	IPD balanced property unit trust index

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

10. Returns on Bank and building society deposits (Call accounts, money market funds and fixed term deposits) are benchmarked against the three-month LIBID rate, which was an average of 0.71 per cent for 2018/19. The performance for the year of 1.33 per cent exceeded the benchmark by 0.62 per cent.
11. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.
12. The CCLA property fund principal investment of £5 million (March 2013) increased in value during 2018/19 to £6.8 million. Dividends received in the year totalled £0.3 million. Both the capital appreciation and the interest earned are included in the performance of 4.54 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 3.59 per cent.
13. The performance of 4.54 per cent for CCLA includes accruals and therefore creates a marginal difference between councils on the calculated return achieved.

Equities

14. The council's holdings with the Legal & General (L&G) UK 100 Index Trust were purchased in 2000/01 at an initial cost of £10 million. This is an authorised unit trust incorporated in the United Kingdom and regulated by the FSA. The trust's objective is to track the capital performance of the UK equity market as represented by the FTSE 100 index which represents 98-99 per cent of the UK market capitalisation.
15. The index shows the performance of all eligible companies listed on the London Stock Exchange main market and today covers 635 constituents with a combined value of nearly £2.3 trillion. It is recognised as the main benchmark for unit trusts.

Table 4: Unit Trusts - Movement in capital		
	£	£
Market Value as at 31.3.19		12,322,880
Less:		
Dividends received in year	281,338	
Accrued dividends	77,000	
		(358,338)
Amended market value as at 31.3.19		11,964,542
Market value as at 1.4.18		11,642,721
Increase in Market Value in year		321,821

16. The increase above is compared to the performance of the stock market as a whole using the benchmarking in table 5 below. The fund's over performance of 0.60 per cent compared with the stock market equates to £70,350 in real terms.

Table 5: Unit Trust performance	
Increase in FTSE all share was	2.16%
Increase in Market Value	2.76%
Over-performance	0.60%
	£
Market value as at 1.4.18	11,642,721
Adjusted for FTSE change	251,471
Benchmark Market Value at 31.3.19	11,894,191
Amended market value as at 31.3.19	11,964,542
Over performance	70,350

17. The performance of the fund over the past three years is summarised in table 5.1 below. The justification for holding this investment is regularly reviewed.

Table 5.1 Unit Trust past performance	2016/17	2017/18	2018/19
Performance against FTSE all share % (Under)/Over	(0.76%)	0.71%	0.60%
Performance against FTSE all share £000 (Under)/Over	(96,679)	95,067	70,350

18. Dividends received of £0.3 million were reinvested to acquire additional fund units.

19. Officers monitor the performance of the unit trust holding on a regular basis. When the market value reaches £14 million, a disposal of £2 million is made. No disposal took place during 2018/19.

Icelandic bank default – Kaupthing Singer & Friedlander

20. The Council invested £2.5 million in July 2007 with the failed Icelandic bank Kaupthing Singer and Friedlander Ltd (KSF). The Council has received £2,256,317 to date in respect of the claim for £2.6 million (£2.5 million investment plus interest).

21. As a wholesale depositor, the Council is treated as an unsecured creditor in the administration process and ranks equally with all other unsecured creditors. The

administrators intend to make further payments at regular intervals. The latest creditors' report now indicates that the estimated total amount to be recovered should be in the range of 86.25p to 87p in the pound. In total terms, this would mean receiving between £2,269,094 and £2,288,826.

Non-treasury investment loan

22. During 2013/14, the council entered into a secured loan agreement with SOHA to enable them to finance affordable housing schemes. The Council lent £15 million over 20 years at a fixed rate of 4.15 per cent. Interest is paid quarterly and during 2018/19, the council received £0.6 million.

Land and property

23. The Council holds a portfolio of investment properties, which includes land, depots, garages, and shops that are let on a commercial basis. These assets had average net book value of £6.46 million during 2018/19 (£5.08 million at 31 March 2018) and generated income of £0.32 million in 2018/19 (£0.40 million in 2017/18) giving a gross rate of return of 4.92 per cent.

24. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.

Liquidity and yield

25. The council uses short-term investments to meet daily cash-flow requirements and aims to invest a proportion of the portfolio over longer dated cash deposits where possible.

26. The amount maintained for liquidity was £8.6 million.

VWHDC detailed treasury performance in 2018/19

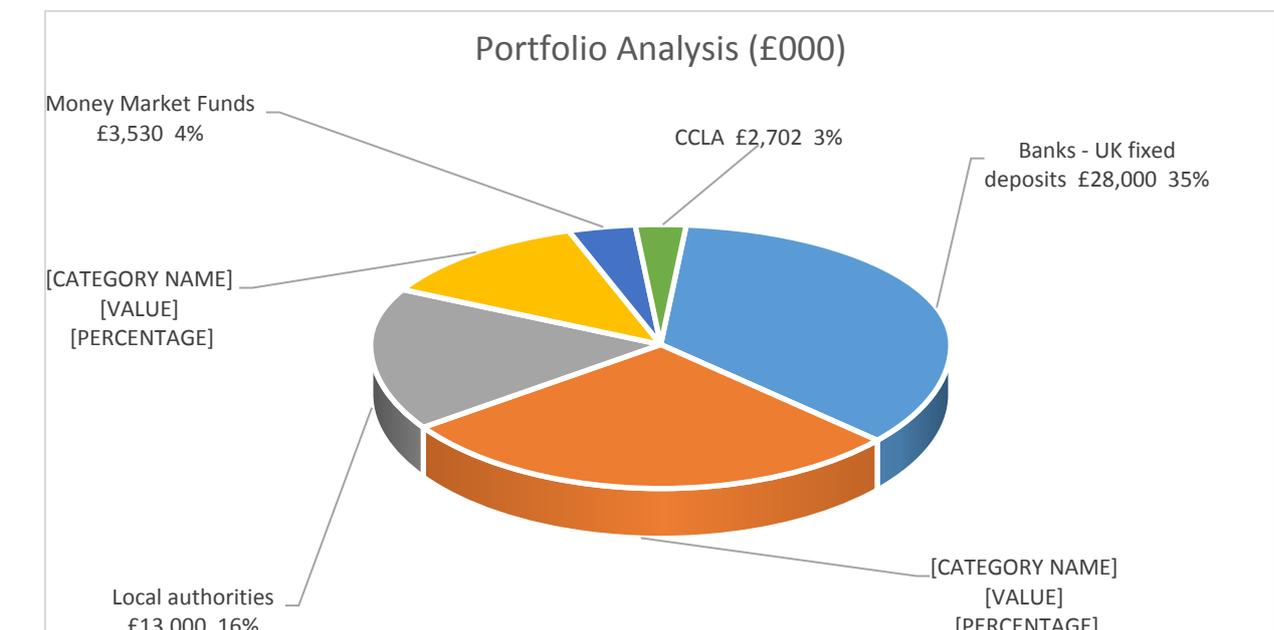
Council treasury investments as at 31 March 2019

1. The council's treasury investments analysed by age as at 31 March 2019 were as follows:

Table 1: maturity structure of investments at 31 March 2019:

	£000	% holding
Call	0	0%
Money market fund	3,530	4%
Cash available within 1 week	3,530	4%
Up to 4 months	12,000	15%
5-6 months	4,000	5%
6 months to 1 year	47,000	59%
Over 1 year	11,000	14%
Total cash deposits	77,530	97%
CCLA Property Fund	2,702	3%
Total investments	80,232	100%

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



Treasury investment income

5. The total interest earned on treasury investments during 2018/19 was £0.9 million compared to the original budget estimate of £0.4 million as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Fixed term and call	334	817	483
CCLA Property Fund	116	116	0
Total Interest	450	933	483

6. The actual return achieved was £0.5 million higher than the original budget. This was primarily due to average balances throughout the year remaining higher than forecast.
7. The total actual average interest rate achieved for the year was 1.11 per cent.

Performance measurement

8. A list of treasury investments as at 31 March 2019 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £84 million. At 31 March 2019 the council's usable, cash backed reserves totalled £41 million. The difference represents working capital and capital grants received in advance. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark				
	Benchmark return	Actual return	Growth (below)/above Benchmark	Benchmarks
Internally managed - Bank & Building Society deposits	0.71%	1.11%	0.40%	3 month LIBID
Property related funds (CCLA)*	3.59%	5.06%	1.47%	IPD balanced property unit trust index

*Source: CCLA Local Authorities Property Fund Report March 2019

9. Returns on bank and building society deposits (internally managed cash deposits) are benchmarked against the 3-month LIBID rate, which was an average of 0.71 per cent for 2018/19. The performance for the year of 1.11 per cent exceeded the benchmark by 0.40 per cent.
10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.

11. The CCLA property fund principal investment of £2 million (April 2013) increased in value during 2018/19 to £2.7 million. Dividends received in the year totalled £0.1 million. Both the capital appreciation and the interest earned are included in the performance of 5.06 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 3.59 per cent.
12. The performance of 5.06 per cent for CCLA includes accruals and therefore creates a marginal difference between councils on the calculated return achieved.

Land and Property

13. The council holds a portfolio of investment properties, which includes land, offices and shops that are let on a commercial basis. These assets had average net book value of £7.1 million during 2018/19 (£8.4 million as at 31 March 2018) and generated income of £0.4 million (£0.5 million in 2017/18). This is equivalent to a gross return of 5.06 per cent.
14. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.

Liquidity and yield

15. The council uses short-term investments to meet daily cash-flow requirements and has also aims to invest a proportion of the portfolio over longer dated cash deposits where possible.
16. The amount maintained for liquidity was £3.5 million and was above the benchmark. This was due to the better rates of return on MMFs compared with other short-term deposits making it more attractive to hold funds short.

Agenda Item 8
Appendix E

South Oxfordshire District Council investments (excluding KSF) as at 31 March 2019

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Close Brothers	Fixed	Apr-19	2,000,000	1.10%
Goldman Sachs International Bank	Fixed	Apr-19	2,000,000	1.10%
Goldman Sachs International Bank	Fixed	Apr-19	3,000,000	1.12%
Progressive Building Society	Fixed	Apr-19	3,500,000	0.95%
National Counties Building Society	Fixed	Apr-19	2,500,000	1.02%
Principality Building Society	Fixed	Apr-19	2,000,000	0.95%
Royal Bank of Scotland	Fixed	Apr-19	3,000,000	1.31%
Close Brothers	Fixed	Apr-19	2,000,000	1.05%
Monmouthshire Building Society	Fixed	Apr-19	1,000,000	1.00%
Surrey Heath BC	Fixed	Apr-19	3,000,000	0.90%
Newcastle Building Society	Fixed	Apr-19	2,000,000	1.02%
Newcastle Building Society	Fixed	May-19	2,000,000	1.02%
Newcastle Building Society	Fixed	May-19	2,000,000	1.02%
National Counties Building Society	Fixed	May-19	1,000,000	1.02%
Principality Building Society	Fixed	May-19	1,500,000	0.97%
National Counties Building Society	Fixed	May-19	1,500,000	1.02%
Nottingham Building Society	Fixed	May-19	2,000,000	0.97%
Nottingham Building Society	Fixed	Jun-19	1,000,000	0.86%
Principality Building Society	Fixed	Jun-19	3,000,000	0.86%
Goldman Sachs International Bank	Fixed	Jun-19	2,000,000	1.00%
Newcastle Building Society	Fixed	Jun-19	2,000,000	0.87%
Principality Building Society	Fixed	Jul-19	4,000,000	0.86%
Blaenau Gwent CBC	Fixed	Jul-19	3,000,000	0.95%
Principality Building Society	Fixed	Jul-19	2,000,000	0.86%
Monmouthshire Building Society	Fixed	Jul-19	2,000,000	0.90%
Progressive Building Society	Fixed	Jul-19	2,500,000	0.90%
Monmouthshire Building Society	Fixed	Jul-19	2,000,000	0.95%
Goldman Sachs International Bank	Fixed	Jul-19	2,000,000	1.20%
Newcastle Building Society	Fixed	Aug-19	2,000,000	1.03%
Newcastle Building Society	Fixed	Aug-19	2,000,000	1.03%
Monmouthshire Building Society	Fixed	Sep-19	3,000,000	1.05%
Goldman Sachs International Bank	Fixed	Sep-19	2,000,000	1.10%
Cambridge BS	Fixed	Oct-19	3,000,000	1.15%
Nottingham Building Society	Fixed	Oct-19	1,000,000	1.05%
Progressive Building Society	Fixed	Oct-19	1,000,000	1.08%
Progressive Building Society	Fixed	Nov-19	2,000,000	1.08%
West Bromwich Building Society	Fixed	Nov-19	2,000,000	1.15%
West Bromwich Building Society	Fixed	Nov-19	2,000,000	1.15%
Cambridge BS	Fixed	Nov-19	2,000,000	1.15%
Close Brothers	Fixed	Nov-19	3,000,000	1.10%
Nottingham Building Society	Fixed	Dec-19	3,000,000	1.15%
Goldman Sachs International Bank	Fixed	Dec-19	2,000,000	1.24%
Goldman Sachs International Bank	Fixed	Feb-20	2,000,000	1.05%
Nottingham Building Society	Fixed	Feb-20	2,000,000	1.20%
Close Brothers	Fixed	Mar-20	2,000,000	1.25%
Close Brothers	Fixed	Mar-20	2,000,000	1.25%
Kingston upon Hull City Council	Fixed	Aug-20	3,500,000	2.70%
Kingston upon Hull City Council	Fixed	Aug-20	1,500,000	2.70%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Close Brothers	Fixed	Mar-21	3,000,000	1.50%
Close Brothers	Fixed	Mar-21	1,000,000	1.50%
Bury MBC	Fixed	Jul-21	5,000,000	1.50%
Royal Bank of Scotland	Fixed	Feb-23	2,000,000	2.46%

Agenda Item 8
Appendix E

South Oxfordshire District Council investments (excluding KSF) as at 31 March 2019

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Santander	Call		826,988	0.40%
Royal Bank of Scotland	Call		2,329	0.25%
Royal Bank of Scotland	Call		95,101	0.25%
Goldman Sachs	MMF		7,005,000	Variable
Blackrock	MMF		690,000	Variable
L&G Equities	Unit trust		12,322,880	Variable
CCLA - property fund	Property fund		5,000,000	3.59%
GRAND TOTAL			143,442,298	

Vale of White Horse District Council investments as at 31 March 2019

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Goldman Sachs International Bank	Fixed	Apr-19	2,000,000	1.25%
Places For People Homes Ltd	Fixed	Jun-19	2,000,000	1.70%
Goldman Sachs International Bank	Fixed	Jun-19	2,000,000	1.15%
National Counties Building Society	Fixed	Jul-19	2,000,000	1.00%
Goldman Sachs International Bank	Fixed	Sep-19	2,000,000	1.12%
Close Brothers Ltd	Fixed	Sep-19	2,000,000	1.15%
Cambridge Building Society	Fixed	Oct-19	2,000,000	1.15%
Goldman Sachs International Bank	Fixed	Oct-19	2,000,000	1.24%
Places For People Homes Ltd	Fixed	Oct-19	1,000,000	1.50%
Principality Building Society	Fixed	Nov-19	1,500,000	1.05%
West Bromwich Building Society	Fixed	Nov-19	1,500,000	1.15%
Close Brothers Ltd	Fixed	Nov-19	2,000,000	1.10%
Fife Council	Fixed	Nov-19	3,000,000	1.05%
Saffron Building Society	Fixed	Nov-19	3,000,000	1.12%
Newcastle Building Society	Fixed	Dec-19	1,500,000	1.15%
Principality Building Society	Fixed	Dec-19	2,000,000	1.10%
Nottingham Building Society	Fixed	Jan-20	2,000,000	1.15%
Darlington Building Society	Fixed	Jan-20	2,000,000	1.25%
Slough Borough Council	Fixed	Jan-20	4,000,000	1.10%
Close Brothers Ltd	Fixed	Jan-20	4,000,000	1.25%
Lloyds Bank	Fixed	Jan-20	10,000,000	1.10%
Newcastle Building Society	Fixed	Feb-20	1,500,000	1.25%
Places For People Homes Ltd	Fixed	Feb-20	2,000,000	1.50%
Close Brothers Ltd	Fixed	Mar-20	2,000,000	1.35%
Progressive Building Society	Fixed	Jun-20	3,000,000	1.22%
National Counties Building Society	Fixed	Jun-20	1,000,000	1.25%
Kingston upon Hull City Council	Fixed	Aug-20	2,000,000	2.70%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Cambridgeshire County Council	Fixed	Feb-21	2,000,000	1.45%
Southern Housing Group	Fixed	Mar-21	5,000,000	1.60%
Goldman Sachs	MMF		2,030,000	Variable
LGIM	MMF		1,500,000	Variable
CCLA	Property fund		2,000,000	3.59%
GRAND TOTAL			79,530,000	

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

GLOSSARY OF TERMS

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

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

Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (excl UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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To: CABINET on 5 December 2019

To: Council on 19 December 2019

Council tax base 2020/21

Recommendations

1. That 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 2020/21 be approved
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 2020/21 be 57,848.5
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 2020/21 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 5 December 2019

Purpose of Report

1. The purpose of this report is to ask Cabinet to recommend the council tax base for 2020/21 to Council for approval.

Corporate Objectives

2. The calculation of the tax base is a legal requirement and an essential part of the tax setting process which helps to achieve the council's corporate objectives.

Background

3. Before the council tax can be set by the council, a calculation has to be made of the council tax base, which is an estimate of the taxable resources for the district as a whole and for each parish area.
4. The council tax base for the district has to be notified to Oxfordshire County Council and the Police and Crime Commissioner by 31 January 2020. Each parish and town council is also notified of the figure for its area.
5. The legislation requires that the council tax base is approved by full council or a non-executive body with delegated powers. No such delegation exists, so cabinet is therefore asked to recommend to council the schedule set out in **Appendix 1** as the council tax base for the district as a whole and for each parish area.

Calculation of the tax base

6. The starting point for the calculation is the total number of dwellings and their council tax band.
7. The council then allows for the following information, for each band:
 - (a) dwellings which will be entirely exempt so no tax is payable (e.g. those occupied entirely by students)
 - (b) dwellings which will attract a 25 per cent reduction (e.g. those with a single adult occupier)
 - (c) dwellings which will attract a 50 per cent reduction (e.g. those where all of the adult residents qualify for a reduction)
 - (d) dwellings which will be treated as being in a lower band because they have been adapted for a severely disabled person. The regulations provide methodology to take account of the reduction available to those in band A dwellings
 - (e) dwellings which will be on the valuation list but which attract discounts or disablement relief or are exempt, for only part of the year
8. Each band is then converted into "band D equivalents" by applying the factor laid down by legislation. For example, a band A dwelling is multiplied by 2/3 to arrive at the band D equivalent figure, whilst a band H dwelling is multiplied by two. All these are then added together to give a total of band D equivalents.
9. A final adjustment is required to allow for non-collection. The council is required to decide what its collection rate is likely to be and apply this to its council tax base. For the 2019/20 tax the council assumed 98 per cent would eventually be collected and it is proposed to use 98 per cent again in 2020/21.

Taxbase for 2020/21

10. Based on the assumptions detailed above the council tax base for 2020/21 is 57,848.5.

11. Similar calculations are required for each parish in order to calculate the proportion of the district's tax base which relates to its area. A schedule of the tax base for each parish is set out in **Appendix 1**.
12. To calculate the council tax amounts payable per property band for the council, its council tax requirement (i.e. the amount of council tax to be raised) is divided by the Band D equivalent (taxbase). This will be finalised during January and February, culminating in the council tax being set by council on 13 February 2020 (this date is subject to the council being notified of the major precepting authorities' council tax requirements).

Financial Implications

13. These are set out in the body of the report.

Legal Implications

14. These are set out in the body of the report.

Risks

15. The council's methodology for calculating the taxbase involves basing the calculation on actual dwellings at a certain point in time, rather than forecasting on potential new dwellings that may be built in the future. Because of this the risk exposure is considered to be low.

Background Papers

None

PARISH COUNCIL TAX BASES - 2020-21

PARISH/TOWN COUNCIL	NUMBER OF DWELLINGS 2020-21	PARISH TAX BASE 2020-21	PARISH TAX BASE 2019-20	PARISH/TOWN COUNCIL	NUMBER OF DWELLINGS 2020-21	PARISH TAX BASE 2020-21	PARISH TAX BASE 2019-20
Adwell	14	13.2	13.3	Sandford on Thames	581	492.7	491.7
Aston Rowant	350	436.7	431.0	Shiplake	707	975.5	969.9
Aston Tirrold & Upthorpe	225	267.6	266.5	Shirburn	55	59.8	57.7
Beckley & Stowood	252	280.2	279.3	Sonning Common	1,665	1,652.5	1,606.0
Benson	1,836	1,781.8	1,721.3	South Moreton	132	129.9	125.9
Berinsfield	1,104	659.0	657.9	South Stoke	220	226.9	225.2
Berrick Salome	124	166.5	167.9	Stadhampton	326	331.0	322.6
Binfield Heath	287	326.3	320.9	Stanton St John	191	223.6	217.3
Bix & Assendon	259	331.3	329.7	Stoke Row	277	333.8	335.5
Brightwell Baldwin	83	106.2	104.2	Stoke Talmage	25	31.3	29.1
Brightwell cum Sotwell	622	658.2	656.1	Swyncombe	117	140.1	137.9
Britwell Salome	87	102.8	100.9	Sydenham	148	163.6	161.2
Chalgrove	1,138	1,069.8	1,065.1	Tetsworth	296	310.4	305.4
Checkendon	215	244.5	238.0	Thame	5,548	4,828.6	4,691.6
Chinnor	2,847	2,641.5	2,512.8	Tiddington with Albury	278	262.8	262.8
Cholsey	1,738	1,540.3	1,509.3	Toot Baldon	58	69.5	69.8
Clifton Hampden	254	285.0	281.7	Towersey	181	186.0	184.8
Crowell	47	56.4	58.7	Wallingford	3,724	3,067.2	3,021.6
Crowmarsh	709	681.6	680.9	Warborough	441	493.6	480.9
Cuddesdon & Denton	203	170.0	164.9	Waterperry with Thomley	83	92.0	86.3
Culham	174	182.5	180.2	Waterstock	40	45.9	46.5
Cuxham with Easington	60	61.9	62.0	Watlington	1,233	1,172.8	1,165.6
Didcot	12,534	9,710.6	9,393.0	West Hagbourne	112	121.7	120.2
Dorchester	475	546.3	559.8	Wheatfield	11	14.6	14.1
Drayton St Leonard	118	131.2	130.1	Wheatley	1,917	1,765.4	1,748.5
East Hagbourne	496	508.9	506.9	Whitchurch on Thames	338	411.7	406.9
Elsfield	48	56.1	54.7	Woodcote	1,051	1,039.0	1,037.5
Ewelme	426	367.3	362.2	Woodeaton	29	38.0	38.0
Eye & Dunsden	148	181.2	182.3				
Forest Hill with Shotover	413	373.0	349.1	TOTAL	61,432	57,848.5	56,793.3
Garsington	774	686.9	690.3				
Goring	1,545	1,712.3	1,687.3				
Goring Heath	498	594.6	592.4				
Great Haseley	244	254.1	254.3				
Great Milton	340	312.2	307.5				
Harpsden	156	220.5	222.3				
Henley on Thames	5,903	5,828.2	5,745.6				
Highmoor	135	164.2	163.7				
Holton	162	189.5	180.7				
Horspath	618	616.6	609.3				
Ipsden	157	170.2	169.4				
Kidmore End	533	682.7	681.8				
Lewknor	290	303.5	305.6				
Little Milton	206	215.6	218.2				
Little Wittenham	28	32.4	33.4				
Long Wittenham	362	346.6	352.3				
Mapledurham	130	126.9	126.0				
Marsh Baldon	115	122.4	119.9				
Moulsford	217	250.1	248.1				
Nettlebed	340	360.1	358.9				
Newington	47	60.7	60.1				
North Moreton	156	190.9	192.0				
Nuffield	221	240.4	234.7				
Nuneham Courtenay	98	101.2	100.4				
Pishill with Stonor	143	189.3	186.4				
Pyrton	92	115.2	113.1				
Rotherfield Greys	156	204.0	208.0				
Rotherfield Peppard	696	939.4	930.4				

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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