Agenda

Contact Officer: Steve Culliford
Tel: 07895 213735
E-mail: steve.culliford@southandvale.gov.uk
Date: 27 January 2021
Website: www.southoxon.gov.uk

South Oxfordshire District Council
Listening Learning Leading

A MEETING OF THE

Cabinet

WILL BE HELD ON THURSDAY 4 FEBRUARY 2021 AT 6.00 PM
THIS WILL BE A VIRTUAL, ONLINE MEETING.

To watch this virtual meeting, follow this link to the council's YouTube channel:
https://www.youtube.com/channel/UCTj2pCic8vzucpzIaSWE3UQ

Members of the Cabinet

Member	Portfolio
Sue Cooper (Chair)	Leader of the Council, Cabinet member for legal and democratic
Robin Bennett (Vice-Chair)	Cabinet member for economic development and regeneration, and deputy leader (statutory deputy leader during the following months: May, July, September, November, January and March)
Maggie Filipova-Rivers (Vice-Chair)	Cabinet member for community services, and deputy leader (statutory deputy leader during the following months: April, June, August, October, December and February)
Pieter-Paul Barker	Cabinet member for partnership, including the Five Councils' Partnership
Andrea Powell	Cabinet member for corporate services
Leigh Rawlins	Cabinet member for finance
David Rouane	Cabinet member for housing and environment, and Didcot Garden Town
Anne-Marie Simpson	Cabinet member for planning

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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 - 13)

To adopt and sign as correct records the minutes of the Cabinet meetings held on 3 and 8 December 2020.

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 chair's announcements

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

5 Public participation

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

CABINET DECISIONS

6 Recommendations from other committees

To consider any recommendations to Cabinet from other committees.

7 Car park order 2021 - consultation results (Pages 14 - 61)

To consider the head of housing and environment's report.

RECOMMENDATIONS TO COUNCIL

8 Treasury management and investment strategy 2021/22
(Pages 62 - 102)

To consider the interim head of finance's report.

9 Budget 2021/22

To consider the interim head of finance's report (to follow).

10 Capital strategy 2021/22 to 2030/31 (Pages 103 - 114)

To consider the interim head of finance's report.

MARGARET REED

Head of Legal and Democratic

Minutes

OF A MEETING OF THE

Cabinet

HELD ON THURSDAY 3 DECEMBER 2020 AT 6.00 PM

THIS WAS A VIRTUAL, ONLINE MEETING.

Present:

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

Officers: John Backley, Jayne Bolton, Emily Cockle, Steve Culliford, Andrew Down, Susan Harbour, Liz Hayden, Mark Hewer, Simon Hewings, Paul Howden, Jeremy Lloyd, Margaret Reed and Mark Stone

41 Apologies for absence

None

42 Minutes

RESOLVED: to approve the minutes of the Cabinet meetings held on 6 August, 24 September, and 1 October 2020 as correct records and agree that the Chairman signs them as such, subject to removing the word 'source' from the term 'heat source pumps' in minute 32 of 1 October 2020.

43 Declaration of disclosable pecuniary interest

None

44 Urgent business and chair's announcements

None

45 Public participation

Mr Neville Harris made a statement to Cabinet regarding civil parking enforcement. He supported the principle but urged caution at agreeing the detail without considering the implications.

46 Recommendations from other committees

Cabinet received the following comments from the Scrutiny Committee at its meeting on 9 November 2020. The committee:

- supported the initiatives in the Community Infrastructure Levy spending strategy report;
- noted the car parking fees and charges report; and
- supported the three recommendations in the report on civil parking enforcement.

Cabinet welcomed the committee's feedback.

47 Strategic vision for Oxfordshire

Cabinet considered the report of the acting deputy chief executive – partnerships. This sought Cabinet's views on the first draft of a strategic vision for Oxfordshire.

Through the Growth Board, Oxfordshire's principal councils had collectively expressed their desire for plans, strategies, programmes and investment priorities for Oxfordshire to be ambition-led and outcome-focussed. This required councils to maximise impact by working together based on shared strategic priorities and by embracing innovation to develop solutions. Developing a strategic vision for Oxfordshire was an opportunity to achieve this.

The draft strategic vision was high-level, overarching and long-term. It was positive, optimistic and aimed high in its ambition for Oxfordshire. The vision set out how the plans, strategies and programmes for Oxfordshire, including the Oxfordshire Plan 2050, could be ambition-led and outcome focussed, facilitating a step-change in the approach to delivering sustainable development in Oxfordshire. The vision would help guide the approach to joint working and joint programmes between those councils and their partners

If successful, the vision would achieve the following outcomes by 2050:

- This would be the first generation to leave Oxfordshire's natural environment in a better state than that in which it found it. The natural environment would be more biodiverse, supporting social, economic and ecological resilience and the capacity to adapt to change.
- Oxfordshire would already be carbon neutral and be moving towards a carbon-negative future, in which the county was removing more carbon than it emitted each year.
- The population would be healthier and happier, inequalities would have been reduced, young people would feel excited about their future, and the overall well-being of the population would have improved.
- The economy of Oxfordshire would be successful and sustainable, making the most of all our people and with quality places where people want to live and work.
- We would have energy efficient, well-designed homes, sufficient in numbers, location, type, size, tenure and affordability to meet the needs of our residents.
- Movement around Oxfordshire would be transformed, with greater connectivity and mobility in and between places in ways that enhance environmental, social and economic well-being.
- Our communities would be rooted and flourishing, with enhanced and lasting connectedness driven by individual and community action.

Cabinet welcomed the draft strategic vision. There would be a need to create a balance between growth and sustainability. There would also need to be a method of measuring success. The council's plans and strategies would need to fit Oxfordshire's vision.

Councillors were asked to feed back any detailed comments to the Cabinet member by 11 December to allow time for a response to be drafted to the consultation document.

RESOLVED: to

(a) authorise the acting deputy chief executive – partnerships to develop a response to the strategic vision engagement exercise, in consultation with the Cabinet member for strategic partnerships, reflecting the views expressed at this meeting; and

(b) invite Cabinet members to provide any further comments on the draft strategic vision for Oxfordshire to the acting deputy chief executive – partnerships.

48 Review of community infrastructure levy spending strategy

Cabinet considered the report of the interim head of development and regeneration. This set out a review of community infrastructure levy spending and sought approval of a revised spending strategy.

The options open to Cabinet were to:

1. consider options used at other authorities;
2. allow the strategy to remain in its original state; and
3. adapting the existing strategy to make it more versatile.

The Cabinet member proposed the third option, with the approach to build on the understanding gained from operating the existing strategy in South Oxfordshire and adapting this. Cabinet wished to extend the opportunities so that community infrastructure levy funding could be used to deliver the council's priorities and provide new facilities in response to the demands placed on the district by new development. The council's allocation of funding could be directed towards existing council-owned infrastructure, providing that it was spent in accordance with community infrastructure levy regulations, along with any new infrastructure projects.

The key changes proposed to the strategy were:

- extending the council's own funding parameters, so that it could effectively respond to priorities in the council's Infrastructure Development Plan and its new Corporate Plan;
- minor amendments to the allocation of community infrastructure levy funding with 50 per cent to Oxfordshire County Council (to support transport, education, libraries and household recycling centres), with the introduction of an application deadline to encourage timely use of available funding, and to provide details of projects in time for the budget setting process. Further geographical flexibility could also be considered at this council's discretion for education projects in exceptional circumstances, such as for special educational needs and disabilities schools;
- 20 per cent to support healthcare (widening this to other organisations, including the council, as well as the local clinical commissioning group) with ongoing discussions with the Oxfordshire Clinical Commissioning Group on identifying suitable projects for funding alongside exploring other options for delivering health care infrastructure;

- 30 per cent retained by South Oxfordshire District Council but removing the percentage split (currently set at 20 per cent leisure, 5 per cent green infrastructure, 2.5 per cent public art and 2.5 per cent public realm) so that any service could request use of funding for a wider range of projects in line with the Corporate Plan themes and the council's Infrastructure Development Plan;
- widening the geographic area where funds could be spent to provide more flexibility in funding projects across the whole of South Oxfordshire;
- allowing the use of community infrastructure levy funding across the district boundary for projects in the Didcot Garden Town area;
- widening the use of funds to enable spending to improve and maintain existing infrastructure, as well as for new infrastructure, provided it supported development; removing the Regulation 123 list and current pooling restrictions, as this was no longer a requirement under the regulations;
- continuing to develop and improve partnership working with parishes to ensure effective use of both district and parish community infrastructure levy funds in areas affected by new development.

Cabinet supported the revised spending strategy as outlined above. This would make it easier to spend the community infrastructure levy funds and brought greater flexibility. Cabinet noted that the spending strategy would be reviewed annually to ensure it remained effective.

RESOLVED: to approve the revised community infrastructure levy spending strategy, attached as appendix A to the interim head of development and regeneration's report to Cabinet on 3 December 2020, to come into effect from 1 April 2021.

49 Civil parking enforcement

Cabinet considered the head of housing and environment's report on a proposal to introduce civil parking enforcement, being the enforcement of on-street parking regulations. The report sought approval in principle to authorise Oxfordshire County Council to manage the enforcement in an agreement with Vale of White Horse District Council and Cherwell District Council.

A cross-council group had worked on various options, which were narrowed down to the proposal to introduce on-street parking enforcement as a joint service for all three districts, covering on-street enforcement only, but not the council's own off-street car parks. On-street civil parking enforcement would be carried out using the county council's existing external provider, whereas South Oxfordshire would retain off-street car parks enforcement using its existing external provider. This was the most cost-effective option, showing an estimated surplus to the council.

The Cabinet member supported this proposal, Cabinet members too. There would be a need to manage expectations. It was expected that the primary focus of the scheme might need to be on the district's four towns, plus Goring because of its railway station.

There was a set up capital cost to the council of £60,000, plus an internal revenue cost of £30,000 in 2020/21. A recommendation would be made to Council to approve this funding.

Councillors thanked officers for their work on this project.

RESOLVED: to

(a) support an application by Oxfordshire County Council to the Department for Transport for the introduction of a Special Enforcement Area and bus lane enforcement powers across the districts of Cherwell, South Oxfordshire and Vale of White House to provide civil parking enforcement;

(b) support the proposal for Oxfordshire County Council to manage civil parking enforcement and to authorise the head of housing and environment, in consultation with the head of legal and democratic, to negotiate and enter into any formal legal agreements required between South Oxfordshire District Council, Vale of White Horse District Council and Oxfordshire County Council; and

RECOMMENDED to Council on 10 December 2020 to:

(c) approve the addition of a new scheme in the approved capital programme of £60,000 as the council's contribution to Oxfordshire County Council's implementation costs, and to approve a revenue supplementary estimate of £30,000 in the 2020/21 budget for costs to be incurred by the council.

50 Treasury management mid-year monitoring report 2020/21

Cabinet considered the report of the interim head of finance. This set out a review of the treasury management performance at the mid-point of the 2020/21 financial year. The report projected that South Oxfordshire could be marginally under budget at the year end, resulting from the types of investments and their maturity dates. The returns had been achieved within the counterparty limits and the prudential indicators set out in the treasury management strategy 2020/21.

The report had been considered by the Joint Audit and Governance Committee at its meeting on 26 November 2020. The committee had been satisfied that the treasury activities had been carried out in accordance with the treasury management strategy and policy. Cabinet concurred and duly recommended Council.

The report also discussed the possible scenario of negative interest rates and their effect on the council's treasury management performance. In such a scenario, the councils' income would likely fall. This might require the council to seek longer term investments at higher interest rates and to increase its use of notice accounts. A reduction in investment income would have to be reflected in the medium term financial plans. Officers would monitor the situation closely.

Cabinet asked that when the treasury management and investment strategy was next reviewed, consideration was given to green investments. Officers agreed to review this.

RECOMMENDED to Council on 10 December 2020 to:

(a) note that the Joint Audit and Governance Committee is satisfied that the treasury activities have been carried out in accordance with the treasury management strategy and policy; and

(b) approve the treasury management mid-year monitoring report 2020/21.

51 Council tax base 2021/22

Cabinet considered the interim head of finance's report regarding the setting of the council tax base for 2021/22. Before the council tax could be set by Council, a calculation had to be made of the council tax base: an estimate of the taxable resources for the whole district and for each parish.

Cabinet noted how the council tax base was calculated and noted the assumptions made as part of that calculation. Cabinet was asked to recommend the council tax base to Council. Once set by Council in December, the council tax base would be notified to Oxfordshire County Council, the Police and Crime Commissioner, and each parish and town council, to allow them to set their budgets for 2021/22.

Cabinet supported the recommendations.

RECOMMENDED: to Council on 10 December 2020 to:

(a) approve the interim head of finance's report to Cabinet on 3 December 2020 for the calculation of the council's tax base and the calculation of the tax base for each parish area for 2021/22;

(b) agree 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 2021/22 be 59,171.2; and

(c) agree 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 2021/22 for each parish be the amount shown against the name of that parish in Appendix 1 of the interim head of finance's report to Cabinet on 3 December 2020.

The meeting closed at 7.15 pm

Chair Date

Minutes

OF A MEETING OF THE

Cabinet

HELD ON TUESDAY 8 DECEMBER 2020 AT 6.00 PM

THIS WILL BE A VIRTUAL, ONLINE MEETING.

Present:

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

Officers: Emma Baker, Pat Connell, Steve Culliford, Adrian Duffield, Simon Hewings, George Jackson, Suzanne Malcolm, Lucy Murfett, Margaret Reed, Mark Stone, Vivien Williams, Ken Arlett, Anna Badcock, David Bretherton, Stefan Gawrysiak, Lynn Lloyd, Jo Robb and Ian Snowdon

Also present:

Councillors: Ken Arlett, Anna Badcock, David Bretherton, Stefan Gawrysiak, Lynn Lloyd, Jo Robb and Ian Snowdon

James Goudie QC and Robert Walton QC

52 Apologies for absence

None

53 Declaration of disclosable pecuniary interest

None

54 Urgent business and chair's announcements

None

55 Public participation

Cabinet received statements from ten members of the public.

(1) Ann Prichard, chairman of Chalgrove Parish Council, spoke against the local plan, in particular its inclusion of the strategic housing allocation at Chalgrove Airfield.

(2) Andrew Waite-Brown, chairman of Forest Hill and Shotover Parish Council, spoke against the local plan and urged Cabinet members to reject it and produce a greener local plan.

(3) Ginette Camps-Walsh, chairman Beckley and Stowood Neighbourhood Plan Steering Committee, urged Cabinet to develop a greener local plan.

(4) David Adams, a parish councillor for Risinghurst and Sandhill Parish Council, asked Cabinet to revise the local plan, in particular by protecting the Oxford Green Belt and by removing the Bayswater Brook housing site allocation.

(5) Angela Dickinson spoke on behalf of Beautiful Barton and Friends of Bayswater Brook, opposing the local plan and urging Cabinet to protect the green belt and not allocate houses at Bayswater Brook.

(6) John Walsh urged Cabinet to vote against adoption of the local plan and to protect the green belt. There were other sites outside of the green belt more suitable for strategic housing allocations.

(7) Paul Boone, on behalf of Chalgrove Airfield Action Group, believed that the local plan was unsound, and that Chalgrove Airfield was an unsustainable location for a new strategic housing development.

(8) Caroline Baird spoke against the local plan and the inclusion of a strategic housing allocation at Culham. This was in the green belt, which should be protected.

(9) Eugenie Buchan urged Cabinet to vote against the local plan's adoption as the plan would do irreversible harm to the local environment.

(10) Anne-Marie Sweeney believed that the adoption of the local plan would be disastrous for the environment and local communities, and urged Cabinet to reject the plan, protect Bayswater Brook and the green belt.

The chair thanked the speakers for their contributions.

56 Recommendations from other committees

The Scrutiny Committee had met on 7 December 2020 to discuss the Cabinet report on the local plan. The committee noted the report but offered no recommendation to Cabinet.

57 South Oxfordshire Local Plan 2035 adoption

Cabinet considered the head of planning's report on the South Oxfordshire Local Plan to 2035.

The Cabinet member for planning introduced the report and reminded Cabinet of some key events leading to this point. The local plan had been submitted by the previous administration in March 2019 after full Council had approved it in December 2018. This included the strategic housing site allocations. In April 2019, the council declared a climate emergency, and in May 2019 a new administration was elected at the district council elections. The new administration sought to understand the rationale behind the plan, sought expert advice, and reflected on whether a more climate-aware plan could be developed at a pace to protect the district from speculative development.

The council's consideration of options on a revised local plan were halted by the intervention of the Secretary of State. The Secretary of State's direction prevented full Council considering the options and instructed the council to progress the plan through examination to adoption by the end of December 2020.

The examination was carried out in the summer 2020, during which some councillors suggested improvements to the local plan to recognise the reality of the climate emergency and better reflect the local housing market. The inspector had agreed with some of these suggestions and included in these in his suggested modifications, such as a policy on zero-carbon housing. Cabinet welcomed this. Overall, the inspector found the local plan to be 'sound'. The report recommended that the council adopted the local plan.

The Cabinet member reported that the local plan was not the plan of the administration's choosing, but it was in the interests of the council, local residents and businesses that the council moved forward with certainty and clarity. The choice was not whether this was the perfect plan, nor whether this was the plan councillors might have hoped for. It was a binary choice between progressing this local plan to full Council for its adoption, or not. The Cabinet member expressed concerns over the process and proposed an alternative recommendation to that within the officer's report:

1. That Cabinet resolves to record that:

   (a) the council has been under a Direction to progress the local plan from the Secretary of State for many months;

   (b) officers have been required to facilitate and support the Plan submitted by the council in March 2019 throughout the examination process with regular monitoring of progress and their approach by the Ministry of Housing, Communities and Local Government;

   (c) the Inspector has found the plan to be sound despite the objections and additional information provided by residents, councillors and a wide range of local partners;

   (d) the Direction remains in place.

2. Cabinet proposes to Council that it:

   (a) adopts the South Oxfordshire Local Plan 2035, as set out in Appendix A to the report of the head of planning to Cabinet on 8 December 2020, and modified by the Schedule of Main Modifications in Appendix B and the Schedule of Minor Modifications in Appendix C, and the updated Policies Map in Appendix D;

   (b) delegates authority to the head of planning, in consultation with the Cabinet member for planning, to make any necessary further minor modifications prior to publication of the South Oxfordshire Local Plan 2035, and any further updates to the Policies Map.

Cabinet debated the alternative recommendation. Some disquiet was expressed at the process leading to the local plan being brought to this Cabinet meeting, including the Secretary of State's intervention in local democracy and not allowing the new administration to pursue its own plans. However, Cabinet accepted that the inspector's report, which had improved the local plan, taking into account changes suggested at the examination. The inspector had included several changes in his main modifications, but these changes had not gone far enough to satisfy all of Cabinet. For example, some members of Cabinet considered that the 27 per cent housing buffer, which had been included in the plan by the inspector, was too high and unnecessary. However, Cabinet believed that the council must follow the legal process and act within the law. Some members supported the alternative recommendation, others reserved their position to the full Council meeting.

1. That Cabinet **RESOLVES** to record that:

   (a) the council has been under a Direction to progress the local plan from the Secretary of State for many months;

   (b) officers have been required to facilitate and support the Plan submitted by the council in March 2019 throughout the examination process with regular monitoring of progress and their approach by the Ministry of Housing, Communities and Local Government;

   (c) the Inspector has found the plan to be sound despite the objections and additional information provided by residents, councillors and a wide range of local partners;

   (d) the Direction remains in place.

PROPOSALS to Council on 10 December 2020:

2. Cabinet **PROPOSES** to Council that it:

   (a) adopts the South Oxfordshire Local Plan 2035, as set out in Appendix A to the report of the head of planning to Cabinet on 8 December 2020, and modified by the Schedule of Main Modifications in Appendix B and the Schedule of Minor Modifications in Appendix C, and the updated Policies Map in Appendix D;

   (b) delegates authority to the head of planning, in consultation with the Cabinet member for planning, to make any necessary further minor modifications prior to publication of the South Oxfordshire Local Plan 2035, and any further updates to the Policies Map.

The meeting closed at 7.10 pm

Chairman Date

Cabinet Report

South Oxfordshire District Council
Listening Learning Leading

Report of Head of Housing and Environment

Author: John Backley

Telephone: 01235 422667

Textphone: 18001 01235 422667

Email : john.backley@southandvale.gov.uk

Wards affected: all

Cabinet member responsible: David Rouane

Tel: 07957 287799

Email: David.Rouane@southoxon.gov.uk

To: CABINET

Date: 4 February 2021

Car park order 2021 – consultation results

Recommendations

That Cabinet:

(a) considers the comments received on the South Oxfordshire District Council proposed car parking order 2021 and make any amendments

(b) authorises the head of Legal and Democratic services to make the new order and to determine the date it comes into effect.

Purpose of Report

1. This report provides information for cabinet members to consider the feedback from the consultation on the draft 2021 car parking order and to make a decision on what changes it wishes to make to the new 2021 car parking order.

Corporate Plan

2. The provision and pricing of car parking supports the South Oxfordshire District Council's strategic objective theme six: "Investment and innovation that rebuilds our financial viability".

Background

3. Cabinet considered a report on car park fees and charges for 2020/21 at the meeting on 6 August 2020 (report attached in Appendix A). Cabinet agreed to amend the parking fees in line with the proposals in the report. The 20p increase in fees and changes in Edinburgh Drive, Didcot and Wheel Orchard car park, Goring were made by a Notice of Variation in the car parks and came into effect on 1 December 2020.

4. Scrutiny committee reviewed the consultation documents at its meeting on Monday 6 November. It asked if the report could come back to scrutiny after the consultation. It asked cabinet to consider the comments raised such as:

    i. 'Some areas such as Henley would benefit from the changes and others might not so much e.g. Wallingford'

    ii. A view of 'across the board increase by 50p per hour'

    iii. 'Free hour is anti-public transport'

    iv. 'One size fits all not ideal'

    v. 'Chinnor residents will be pleased'.

5. From the meeting on 6 August 2020, Cabinet agreed to progress other proposed changes which required formal consultation with statutory consultees like Thames Valley Police (TVP) and Oxfordshire County Council as the Highways Authority (OCC). At the same time officers organised a public consultation on the proposed changes. A copy of the public consultation results on the proposed changes is attached as Appendix B. Both consultations ran from 29 October to 19 November 2020. Appendix C shows the new car park fees increased as of 1 December 2020.

Results of the consultation

Statutory consultation on the draft car park 2021

6. The Road Traffic Regulation Act 1984 grants the power to the council to make an order. The 1984 Act, together with the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 (LATO), sets out the procedure we must follow. As required, South published a draft order (Notice of Proposal) in the Oxford Times on 29 October 2020 and sent a draft order to the county council highways (who must consent to the order) and other appropriate organisations including the Police. Cabinet is required to consider all representations received before making the order.

7. The statutory consultees in general support the draft order and did not raise any significant issues. The main comments received were from Thames Valley Police who raised concerns that Sunday charges may lead to more on-street illegal parking and that it should be well advertised. The one-hour parking in Greys Road and Kings Road car parks in Henley was seen as a positive approach, spaces for electric vehicles and the enforcement was also supported. OCC has given consent to the order.

8. Appendix A has a table of the comments received from statutory consultees.

9. Appendix C is the current fees and charges increased as of 1 December 2020.

Public consultation on changes to the car parks

10. The council carried out a dedicated online survey to give the public a chance to have their say on the proposed changes to the car park arrangements. It was open for the duration of the formal consultation (29 October to 19 November 2020) and a link was available from the councils' website page. The survey was also promoted via Facebook (59 percent of replies) and Twitter. Appendix B has a copy of the survey.

11. The communications team updated the webpages to explain why we were doing the consultation and providing a link to the survey. They also helped to promote the survey via social media, sending to all district councillors and all town and parish councils.

12. The survey comprised of 16 questions and asked respondents to tell us how much they agreed or disagreed with each of the proposed changes which will form part of the new parking order. Respondents were also given the opportunity to provide comments on each of the proposals and general suggestions to improve the car park service with our contractor SABA.

13. There were 433 responses to the online survey. The majority of responses came from members of the public and there were also single replies from 13 businesses/organisations, 10 councillors, two officers and six 'other' (question 1).

Public consultation results: Questions 2 to 6

14. Question 2 asked about the proposal to introduce one-hour free parking in Greys Road and Kings Road car parks, Henley. A large majority (63 percent) strongly agreed or agreed with this proposal. It was also supported by the Henley Town Council.

15. Question 3 asked for comments on the proposal to introduce free one-hour parking in Kings Road and Greys Road car parks, Henley. The most frequently mentioned comment (15 replies) was a preference to have two hours free (14 comments), followed by loss of revenue for the council (9).

16. Question 4 asked about the two-hour free parking in Goldsmiths Lane car park, Wallingford to change to one-hour free parking. Most respondents (66 percent) disagreed or strongly disagreed with the proposal.

17. Question 5 asked for comments on reducing the two free hours in Goldsmiths Lane car park to one hour. This received 168 responses and 277 individual comments mostly feeling there would be a negative impact on local trade (86 comments).

18. Question 6 was about aligning all car parks in the centre of towns to charge 9am to 5pm Monday to Saturday. There was a slight preference towards disagreement with 46 percent disagreeing or strongly disagreeing and 39 percent agreeing or strongly agreeing and 15 percent neither agreeing or disagreeing with the proposal.

19. Question 7 asked for comments on aligning all town centre car parks to charge 9am to 5pm Monday to Saturday. The highest number of comments disputed the usefulness or questioned the need to standardise parking fees and charges due to local differences (48 replies from 175).

20. Question 8 proposed charging on a Sunday and the large majority (77 percent) strongly disagreed.

21. Question 9 asked for comments on the proposal to charge on Sundays and the most frequent comment (99) were that it would have a negative effect for trading and leisure in the towns.

22. Question 10 asked about introducing a limited waiting for two hours in the High Streetcar park in Chinnor. Whilst most people neither agreed nor disagreed (39 percent) or replied, ‘don’t know’ (25 percent), the number who agreed or strongly agreed (22 percent) was slightly more than those that disagreed or strongly disagreed (14 percent).

23. Question 11 asked for comments on the introduction of two hours parking at High Street car park, Chinnor. The most common comment was that two hours was sufficient (12) followed by 10 suggestions that standardisation is needed.

24. Question 12 asked about the authority to enforce bays reserved for electric vehicles (EVs) charging (by issuing Excess Charge Notices). This was generally supported with 69 percent agreeing or strongly agreeing. Also, the authority to enforce excess charges on EVs if using a charging bay but not charging was supported with 66 percent agreeing or strongly agreeing.

25. Question 13 asked for comments on the proposals regarding EVs and the joint most common reply (19 comments for both) was that it is not needed yet and that enforcement is needed (19 replies).

26. Question 14 proposed half price tickets for vehicles that produce zero CO_2. The responses were slightly against this proposal as 42 percent disagreed or strongly disagreed, 32 percent agreed or strongly agreed and 23 percent neither agreed nor disagreed.

27. Question 15 asked for comments on the half price permits for electric vehicles and of the 232 individual comments, 55 comments thought favouring EVs was unfair and 37 said that EVs were too expensive to purchase. There were also questions asking how EVs were identified

28. Question 16 asked for any additional comments on the proposals to change off-street parking in the district and received 153 responses with 121 individual comments. About a third of comments (54) wanted the council to support the local economy by offering a period of free parking.

29. A summary report of the key findings including responses and comments to the public survey is in Appendix B which includes officer replies to the most frequently asked questions and proposals.

30. In addition, officers received comments directly by email from four residents, with views that are in line with the overall responses to the survey. Comments included ‘I object to Sunday charging’. Also objecting to reducing free parking in Goldsmiths Lane car park claiming ‘by reducing free parking in Wallingford will damage businesses’, ‘limiting free parking to 60 mins means people will go elsewhere’ and ‘this would simply wipe out one of the few incentives to shop in Wallingford and we should ‘try to preserve the life of the town centre (Wallingford).

31. Officers also received a letter from the mayor of Wallingford. The town council unanimously objected to the current proposals, concerned that this would make Wallingford less attractive. The key concern was the reduction in free parking from two

hours to one hour at Goldsmiths Lane car park. They also did not support the proposal for half price permits for EVs or the new enforcement for non EVs parking in EV charging bays. Note that the cabinet member for Housing and Environment has replied to the letter from Wallingford Town Council.

32. Henley Town Council (HTC) also replied specifically to the consultation and *'fully support all SODC's proposals for changes to Off-Street parking, which bring Henley in line with other towns in the District. HTC particularly support the one-hour free parking throughout the day and also charging for Sunday parking, which has the support of all the retail shops in the town'*.

Options

33. In light of the consultation feedback, cabinet could consider the amendments to the order as below:

- to maintain the current arrangement where Goldsmiths Lane car park has up to two hours free parking Monday to Saturday. That officers carry out usage surveys of the car parks in order to review this after one year

- to introduce charging on a Sunday from 10am to 5pm (rather than from 9am and including up to one hour no charge)

- to introduce half price parking permits for electric vehicles identified as those vehicles eligible for the Cleaner vehicle discount from the London Congestion Charge and as detailed on the Transport for London website page 'Discounts and exemptions' https://tfl.gov.uk/modes/driving/congestion-charge/discounts-and-exemptions (due to change on 25 October 2021). Note this is also in line with proposals for the ZEZ (zero emission zone) for the centre of Oxford where only 100 percent emission vehicles would be able to use the zone free of charge starting in Summer 2021.

Consultation results summary

34. Table 1 Summary of options agreed by cabinet in August 2020 and the results of the further consultations.

Option	Statutory consultation carried out?	Results of statutory consultation	Results of public consultation	Cabinet option	Financial implication
A. Align all charging car parks in the centre of market towns of Didcot, Henley, Wallingford and Thame, as well as Goring, to all have up to one hour of free parking between the charging hours. And to amend charging hours to	Yes	Agreed	Generally supported with disagreement for reducing two-hour free parking to one hour in Goldsmiths Lane car park, Wallingford.	Agree to align all town centre car parks to charge 9am to 5pm Monday to Saturday including up to one hour no charge (except Goldsmiths Lane car park, Wallingford with up to two hours no charge). Carry out annual usage surveys.	£130,000 reduction

Option	Statutory consultation carried out?	Results of statutory consultation	Results of public consultation	Cabinet option	Financial implication
9am to 5pm Monday to Saturday in all car parks where a charge is made. (this includes introducing free parking for up to one hour in Kings Road and Greys Road car parks, Henley)			Supported	Agreed	
B: Increase all fees (for up to two hours and above) by 20p	N/A	N/A	N/A (implemented on 1 December 2020 by Notice of Variation on)	N/A	£61,000 increase
C: Change the current permitted parking period from Monday to Saturday to Monday to Sunday, 9am to 5pm in all car parks	Yes	Yes	Disagreed	Agree with amended charging period from 10am to 5pm on Sundays including one hour free (except Goldsmiths Lane car park*)	£120,000 increase (if charging agreed 10am to 5pm)
D: Increase the all-day parking fee at Edinburgh Drive car park, Didcot and Wheel Orchard car park, Goring	Not required	N/A	N/A (implemented on 1 December 2020 by Notice of Variation on	N/A	£4,000 increase
E: Half priced permits for electric vehicles only	N/A	N/A	Slight disagreed	Agree in line with those vehicles eligible for a discount from the London Congestion Charge (except Goldsmiths Lane car park*)	negligible
F: Introduce limited waiting in Chinnor High Street car park	Yes	Agreed	Agreed	Agreed	negligible
G: Review of permits	N/A	N/A	N/A	N/A	N/A
H: Enforcement at charging points for electric vehicles	Yes	Agreed	Agreed	Agreed	Negligible
TOTAL					£55,000 increase in income

*Agreement with other land owners required to implement changes in Goldsmiths Lane car park Wallingford as not all the car park is under the ownership of the council.

Financial Implications

35. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position. For South, the position reflected in the council's medium-term financial plan (MTFP) as reported to Full Council in February 2020 showed that the council was due to receive £2.2 million less in revenue funding than it planned to spend in 2020/21 (with the balance coming from reserves including unallocated New Homes Bonus). Following the revised budget agreed in October, this has increased to £3.2 million.

36. This funding gap was predicted to increase to over £6 million per annum by 2024/25. As there remains no certainty on future local government funding, following the announcement of a one-year spending review by government, and as the long-term financial consequences of the Coronavirus pandemic remain unknown, this gap could increase further. Every financial decision made needs to be cognisance of the need to eliminate this funding gap in future years.

37. Table 1 provides an estimation of the financial impact of each option.

38. If option A is confirmed, the loss of income mainly associated with introducing a free one hour in the town centre car parks in Henley, is estimated to be £130,000 creating a deficit going forward and additional changes to policy will be necessary.

39. The cabinet report of 6 August 2020 on car park fees and charges reported that Option C (Sunday charging) will contribute an estimated £138,000 additional income if implemented (based on Sunday usage being similar to an average weekday). This will be reduced to an estimated £120,000 if the charging hours are reduced to 10am to 5pm on Sundays (rather than 9am to 5pm).

40. Together with Options B and D, this will now contribute £185,000 to the parking account. Introduction of option A at the same time would bring this additional income down to £55,000. This would facilitate the parking account remaining essentially balanced for the medium term, eradicate the reliance on excess charge income and allow medium term improvements to facilities.

41. Any changes to the fees will involve a cost; to update the software in the car park machines, to amend the tariff boards and depending on which change is agreed, to advertise a "Notice of Making", amounting to up to a total of £5,000. These costs can be met from existing budgets.

42. The increase in income of £55,000 will be reflected in the 2021/22 budget if agreed.

Consultation and Communications

43. The council had a dedicated online survey to give people a chance to have their say on the proposals for the new parking order. It was open for the duration of the formal consultation (29 October to 19 November 2020) and a link was available from the council's website page. The survey was also promoted via Facebook and Twitter. (A

report of the answers and comments is in appendix B). The majority of consultees heard about the consultation via Facebook (59 percent).

44. A draft of the new order (Notice of Proposal) was advertised in the Oxford Times on Thursday 29 October.

45. A full report on the survey will be published on the council website in the new year.

Legal Implications

46. Under Regulation 14 of The Local Authorities' Traffic Order (Procedure)(England and Wales) Regulations 1996, the council may modify an order, whether in consideration of any objections or otherwise, before an order is made. In doing so the council must take appropriate steps to a) inform persons likely to be affected by the modifications; b) giving those persons an opportunity of making representations; and c) ensuring that any such representations are duly considered by the authority.

47. Paragraph 23(2) of Schedule 9 of the Road Traffic Regulation Act 1984 states that "modification" shall be construed as including additions, exceptions or other modifications of any description.

48. Where contact details have been supplied, officers have made all complainants aware that the objections and comments received as part of the consultation will be considered at the cabinet meeting on 4 February 2021, that the report will be published on the website and that anyone is able to attend the meeting and make representations.

49. The proposed changes require the making of a new parking order. The council published a proposed order in the car park and in the local press on 29 October 2020. A hard copy was also made for viewing at the council offices at Milton Park by prior appointment. The council also consulted with the county council (who have consented to the order) and other appropriate organisations including the Police. Cabinet must consider all representations received before making a decision on the order. N.B officers are in discussion with other land owners of Goldsmiths Lane car park and until agreed no changes can me implemented at this car park.

50. Once signed and sealed, the new approved order is advertised via a 'Notice of Making' in the local press and on the council website. A copy of the 'Notice of Making' is placed in each car park. The council must reply to any person who made an objection to the draft order to explain if the objection has been accepted or not and the reason for making the final decision. The consultation survey in Appendix B includes replies to questions raised.

51. Officers intend the new order to come into force on 1 March 2021.

Risks

52. There is a legal duty to draft a new order and consult formally with statutory consultees like the Police and the Highways Authority. To capture as many other comments from the public, businesses and organisations including town and parish councils, and feed back to cabinet, we also carried out a wide-ranging consultation. This reduces the risk that there is a legal challenge later on which could make the new order invalid. It also allows the Cabinet to make an informed decision.

Conclusion

53. Officers carried out a consultation on changes to the car parking order and the Cabinet is asked to consider the comments and make any amendments it so wishes.

Background papers

Cabinet report 6 August 2020, car park fees and charges.

Appendix A

Consultation with statutory consultees on South Oxfordshire District Council draft car parking Order 2021

Organisation	Comment made
Thames Valley Police	Thank you for the consultation documents addressed to The Chief Constable. .
	I have no objection to these proposals..
	I would however raise one slight concern with the South Oxfordshire amendment relating to the introduction of charging on Sundays. . Might this lead to displacement back on to the public highway with a likelihood of increasing further illegal parking.
	I can confirm that based on the information provided at this time there will be no impact for OFRS and there are no concerns raised.
	a. one hour free parking in Greys Road and Kings Road car parks in Henley - This will be seen as positive approach and may help cut illegal street parking. Cutting illegal street parking will help avoid escalation in frustrations between pedestrians and the vehicle user. Parking issues are often incorrectly directed towards the Police by a complainant which results in an unnecessary demand and diversion of policing activity and ultimately frustration from that complainant by a perceived lack of immediate resolution. I imagine the provision of one hour free parking will benefit the local economy.
	b. charging on Sundays - This clearly is a fiscal decision for the Council. My guidance would be to ensure that such a change is extremely well advertised.
	c. limited waiting of two hours 9am to 5pm, Monday to Sunday in the High Street car park, Chinnor - This proposed action does not appear to present any issues of contention. It will also ensure that enforcement measures are available to deal with potential abandoned/non road worthy vehicles being left at the location beyond the 2 hours.
	d. spaces reserved for electric vehicles whilst charging - This is becoming more common and will be seen positively from an environmentally friendly perspective. Will the Council be able to undertake any enforcement if a non-electric vehicle blocks the ability for a genuine electric vehicle user from taking advantage of the charging facility?
Oxford Fire and Rescue	Further to your email below dated 29th October 2020, I can confirm that based on the information provided at this time there will be no impact for OFRS and there are no concerns raised.
OCC Highways	No objection to the consultation taking place. No issues to the making of the order.

South Oxfordshire District Council

Listening Learning Leading

Appendix B

Consultation results on proposed changes to off-street parking in South Oxfordshire (Word version of the online survey with answers from officers).

Appendix C

SOUTH OXFORDSHIRE DISTRICT COUNCIL

Car park charges from 1 December 2020

CAR PARK	TYPE OF PARKING	PERIOD	NEW CHARGES From 1 December 2020
Edinburgh Drive Didcot	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00 am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 3 hrs	£1.80
		Up to 5 hrs	£2.20
		Up to 8 hrs	£5.00
Wheel Orchard Goring	Pay and Display (Mon-Fri 8:00am to 6:00pm) (Sat 8:00am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.00
		Up to 5 hrs	£2.20
		Up to 10 hrs	£5.00
	Permits	Annual ½ price *	£858.00 £429.00
		3 months ½ price*	£250.00 £125.00
		Market trader Annual 3 months	 £143.00 £42.00
Kings Road Henley	Pay and Display (Mon-Fri 10:00am to 5:00pm) (Sat 8:00am to 3:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 3 hrs	£1.80
Greys Road Henley	Pay and Display (Mon-Fri 10:00am to 5:00pm) (Sat 8:00am to 3:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 3 hrs	£1.80
Southfields Henley Off Goodall close	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 5 hours	£2.40
		Up to 8 hrs	£3.40
	Permits	Annual ½ price *	£583.00 £292.00
		3 months	£170.00

CAR PARK	TYPE OF PARKING	PERIOD	NEW CHARGES From 1 December 2020
		½ price*	£85.00
		Market trader Annual 3 months	 £97.24 £28.00
Cattle Market Thame	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 5 hrs	£2.20
		Up to 8hrs	£2.60
	Permits	Annual ½ price *	£446.16 £223.00
		3 months ½ price*	£130.00 £65.00
		Market trader Annual 3 months	 £74.36 £22.00
Southern Road Thame	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 3 hrs	£1.80
Thames Street Wallingford	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 5 hrs	£2.20
		Up to 8 hrs	£2.60
	Permits	Annual ½ price *	£446.16 £223.00
		3 months ½ price*	£130.00 £65.00
		Market trader Annual 3 months	 £74.36 £22.00
Cattle Market Wallingford	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	No change
		Up to 2 hrs	£1.20
		Up to 5 hrs	£2.20
		Up to 8 hrs	£2.60
	Permits	Annual ½ price *	£446.16 £223.00
		3 months ½ price*	£130.00 £65.00
		Market trader Annual 3 months	 £74.36 £22.00
Goldsmith Lane	Pay and Display	Up to 2 hrs	No charge

CAR PARK	TYPE OF PARKING	PERIOD	NEW CHARGES From 1 December 2020
Wallingford	(Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2pm)		
		Up to 3 hrs	£1.80
		Up to 8 hrs	£3.60
	Permits	Annual ½ price *	£617.76 £309.00
		3 months ½ price*	£180.00 £90.00
		Market trader Annual 3 months	 £102.96 £30.00
St Georges Wallingford	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 8 hrs	£1.90
	Permits	Annual ½ price *	£326.04 £163.00
		3 months ½ price*	£95.00 £47.00
		Market trader Annual 3 months	 £54.34 £16.00
Riverside Wallingford Low Season 1 March-30 June 1 Sept-31 Oct	Pay and Display (Mon-Fri 9:00am to 6:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	0.80
		Up to 10 hrs	£1.30
	Permits	Annual ½ price *	£223.08 £112.00
		3 months ½ price*	£65.00 £32.00
		Market trader Annual 3 months	 £37.18 £11.00
Riverside Wallingford High Season 1 July-31 August	Pay and Display (Mon-Fri 9:00am to 6:00pm) (Sat 9:00am to 2:00pm)	Up to 1 hr	0.80
		Up to 3 hrs	£1.30
		Up to 10 hrs	£2.60
	Permits	Annual ½ price *	£446.16 £223.00
		3 months ½ price*	£130.00 £65.00
		Market trader Annual 3 months	 £74.36 £22.00
Castle Street Wallingford	Pay and Display (Mon-Fri 9:00am to 5:00pm) (Sat 9:00am to 2:00pm)	Up to 8 hrs	£1.90

CAR PARK	TYPE OF PARKING	PERIOD	NEW CHARGES From 1 December 2020
	Permits	Annual ½ price *	£326.04 £163.00
		3 months ½ price*	£95.00 £47.00
		Market trader Annual 3 months	 £54.34 £16.00
General	Daily rate for Skips		No change
	Daily rate for gazebo, trailers and market stalls		No change
	Permit replacement		No change

John Backley, Technical Services Manager, Housing and Environment
South Oxfordshire District Council
135 Eastern Avenue, Milton Park, Milton, Oxfordshire, OX14 4SB

Appendix B

Summary for Cabinet report

Proposed changes to off-street parking in South Oxfordshire Consultation

CONSULTATION REPORT RESULTS

A summary of the key findings from the consultation on the proposed changes to off-street parking in South Oxfordshire district, which will help determine the new parking order and how the council operates its car parks across the district.

A full consultation report will be prepared and published in early 2021, alongside the new Orders.

DECEMBER 2020

Introductory note: We don't report in percentages when there are less than 100 comments. We do state percentages in the analysis when there are 100 or over comments within a specific question. The stated percentages do not relate to the overall survey responses.
Response percentages may not add up to 100 percent due to rounding up over 0.5 and rounding down under 0.5

Words that appear in italics are quotes taken from comments received, spelling is verbatim and stands uncorrected.

SUMMARY OF FINDINGS

The following reports on a summary of the feedback received to the consultation survey for the proposed changes to off-street parking in South Oxfordshire. The consultation ran for 21 days from 29 October to 19 November 2020. The online survey received 433 responses, showing a very high level of public engagement for this type of consultation. There were approximately 1,900 individual comments and questions from responders. The response has far exceeded what we were expecting, providing very strong data for us to use. The council also sought comments from statutory consultees such as the highways authority, police and town and parish councils and these have been considered separately.

The survey included 18 questions and asked respondents to tell us how much they agree or disagree with each of the proposed changes which will form part of a new parking order. Respondents were also given the opportunity to provide comments on each proposal, as well as additional comments on the two orders and general suggestions to improve car park service with our contractor SABA.

Summary of the proposed changes:
We are proposing to standardise the charging hours across the district so that all car parks in the town centres are the same, i.e. 9am to 5pm and have one-hour free parking, including in Henley-on-Thames. We are also considering charging on a Sunday and introducing limited waiting to address parking issues in Chinnor. We want to be able to enforce charging bays for electric vehicles in preparation for when they are in place: and offer discounted permits for users of electric vehicles.

The proposals in the consultation are based on the report and decision by Cabinet on 6 August 2020; the report and minutes can be found here (please copy and paste the link below into your web browser):

http://democratic.southoxon.gov.uk/documents/s20082/Report.pdf

Where questions were raised by survey respondents, officers have provided answers throughout the report.

Q1 Respondents were asked to tell us how they are responding to the survey.

93% of survey respondents, 399, responded as an individual or member of the public. 3% (13) responded as a business or organisation, 2% (10) as a district, county or town/parish councillor and 5% (2) as a district, county or town/parish officer. 1%, 6 responders, chose to respond with ‘other’.

Q1. Are you responding as:

			Response Percent	Response Total
1	An individual/member of the public		92.79%	399
2	A business/organisation		3.02%	13
3	A district, county or town/parish councillor		2.33%	10
4	A district, county or town/parish officer		0.47%	2
5	Other (please specify):		1.40%	6

Statistics

Minimum	1	Mean	1.15	Std. Deviation	0.61	Satisfaction Rate	3.66
Maximum	5	Variance	0.37	Std. Error	0.03		

answered	430
skipped	3

Other (please specify): (6)

1	Senior citizen (86) resident of Wallingford.
2	wallingford town councillor
3	Councillor D
4	Churches Together in the Wallingford Area
5	Individual member of the public and business retailer
6	Wallingford Town Council

Proposal (c) to introduce a one-hour free parking in Greys Road and Kings Road car parks in Henley-on-Thames and Goldsmiths Lane, Wallingford

Q2 Respondents were asked how far they agree or disagree with this proposal.

Q2. Currently, there is a 60p charge for parking up to one-hour in Greys Road and Kings Road car parks in Henley-on-Thames. The proposal is to introduce one-hour free parking in Greys Road and Kings Road car parks. You can find out more information on our website. How far do you agree or disagree with the proposals?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Response Total
Greys Road car park	31.0% (130)	31.9% (134)	17.9% (75)	4.5% (19)	5.5% (23)	9.3% (39)	420
Kings Road car park	30.8% (128)	32.5% (135)	18.3% (76)	3.8% (16)	5.0% (21)	9.6% (40)	416
						answered	421
						skipped	12

Matrix Charts

2.1. Greys Road car park			**Response Percent**	**Response Total**
1	Strongly agree		31.0%	130
2	Agree		31.9%	134
3	Neither agree nor disagree		17.9%	75
4	Disagree		4.5%	19
5	Strongly disagree		5.5%	23
6	Don't know		9.3%	39
Statistics	Minimum 1; Mean 2.5; Std. Deviation 1.55; Satisfaction Rate 29.9; Maximum 6; Variance 2.4; Std. Error 0.08		answered	420

2.2. Kings Road car park			**Response Percent**	**Response Total**
1	Strongly agree		30.8%	128
2	Agree		32.5%	135
3	Neither agree nor disagree		18.3%	76
4	Disagree		3.8%	16

2.2. Kings Road car park			Response Percent	Response Total
5	Strongly disagree		5.0%	21
6	Don't know		9.6%	40
Statistics	Minimum 1, Mean 2.49, Std. Deviation 1.55, Satisfaction Rate 29.76	Maximum 6, Variance 2.4, Std. Error 0.08	answered	416

Q3 Respondents were asked to provide comments on the following proposal:

Currently, there is a 60p charge for parking up to one-hour in Greys Road and Kings Road car parks in Henley-on-Thames. The proposal is to introduce one-hour free parking in Greys Road and Kings Road car parks.

Regarding Greys Inn and Kings Road Car Parks, Henley this received 63 responses with a total of 85 individual comments and questions. The most frequently mentioned comments were that 2 hours free parking was preferred (14 comments). 9 comments were made that this represented a loss of income for the council. 6 comments were made that this would be good for local trade. Other comments are listed below.

Comments analysis summary and frequency:

(15 N/A as not local)
14 2 free hours parking time preferred
9 loss of revenue for council
6 good for trade (encourages economic activity)
4 60p for first hour is positive
4 barrier to economic activity
3 enforcement measures needed
3 discourages active travel (walking / cycling)
3 free Sunday parking wanted
3 proposal will create congestion (one hour free)
3 More data needed to inform policy
2 agree with alignment
2 charging is good deterrent and fits with CC emergency
2 Greys Rd / Henley not enough spaces
2 residents should park for free
2 will make no difference
1 high emission vehicles shouldn't be allowed to have free parking
1 positive if prevents residents bays being used
1 Henley is congested
1 will ease morning congestion

1 No change needed
1 policy variation between towns needed (one size does not fit all)

2 QUESTIONS

Q. I also think using Greys rd car park as a cut through is a nightmare. Are there any plans to improve the layout? I've never seen this in a town before and the congestion is really bad.
A. No plans to change this. Keeping Greys Road car park as a cut through reduces the amount of traffic that otherwise would go through the centre of town to get to Kings Road car park for example and Waitrose.

Q. How does this fee change affect the rest of the fee structure for the remaining parking time?
A. No change.

Q4 Respondents were asked how far they agree or disagree with the following proposal:

Currently, there is a two-hour free parking in Goldsmith's Lane car park, Wallingford. The proposal is to introduce a one-hour free parking in Goldsmiths Lane car park, Wallingford.

Q4. Currently, there is a two-hour free parking in Goldsmith's Lane car park, Wallingford. The proposal is to introduce a one-hour free parking in Goldsmiths Lane car park, Wallingford. You can find out more information on our website. How far do you agree or disagree with the proposal?				
			Response Percent	**Response Total**
1	Strongly agree		5.62%	24
2	Agree		13.35%	57
3	Neither agree nor disagree		10.54%	45
4	Disagree		14.52%	62
5	Strongly disagree		51.76%	221
6	Don't know		4.22%	18

Statistics									
	Minimum	1	Mean	4.06	Std. Deviation	1.35	Satisfaction Rate	61.22	answered: 427
	Maximum	6	Variance	1.83	Std. Error	0.07			skipped: 6

Q5 Respondents were asked to provide comments on the following proposal:

Currently, there is a two-hour free parking in Goldsmith's Lane car park, Wallingford. The proposal is to introduce a one-hour free parking in Goldsmiths Lane car park, Wallingford.

Regarding Goldsmith Lane Car Park, Wallingford this received 168 responses and a total of 277 individual comments (so about twice as many as Greys Inn / Kings Road Henley responses). 86 respondents stating their strong concerns that the proposal would have negative impact on local trade. 2 hours free parking was preferred by responders (65 comments) with an additional 40 comments saying don't make a change to current policy. 48 comments related to the negative impact on leisure (for example parking, then going for a walk or combining errands, shopping and lunch or spending leisure time with family and friends in cafes, pubs and restaurants. 10 comments come forward about the impact charging for car parking would have; creating issues for residents as people who would otherwise park in the car park would seek free parking in nearby residential streets. Other comments are listed below.

Comments analysis summary and frequency:

86	not good for local trade
65	2 free hours preferred
48	not good for leisure
40	don't make a change
10	negative impact on residents (people will seek free parking in resi areas)
3	N/A not local resident
3	Blanket all car parks with the same charging method
3	be Covid aware - things take longer
3	People will go to Didcot where this is 2 hours free
2	provide more public transport
2	negative impact on those going to Church
2	council being '*greedy*'
1	more data needed / impact assessment required
1	enforcement measures needed

3 QUESTIONS

Q. There may be a second order impact to local business in Wallingford if the 2 hour free parking is reduced to 1 hour. How is this considered within the proposal?
A. Please see the report to Cabinet. Other town centres in South Oxfordshire have only one free hour parking and so this proposal brings Goldsmiths Lane car park in line with them.

Q. The Cabinet Report from August 2020 mentions that Officers have estimated that the impact would be de minimis [sic] because it's difficult to estimate the change in usage. Where's the evidence then to support the benefit or need for a change in the current charging arrangements?
A. Goldsmiths Lane car park used to have only one free hour parking when Waitrose was situated adjacent to the car park. When the new Waitrose was opened at the other end of Wallingford in mid 2000s, Goldsmiths Lane car park usage dropped dramatically. In order to encourage shoppers to the Southern end of the town the council increased the one hour free parking to two hours. Now that the usage has returned it is consistent with the offer in other car parks in South Oxfordshire to reduce this to one hour free.

Q. People are not coming to Wallingford now, why put up the parking charges?
A. See response directly above.

Proposal (d) to align all car parks in the centre of market towns of Didcot, Henley-on-Thames, Wallingford and Thame, as well as Goring-on-Thames by introducing the charging period from 9am to 5pm Monday to Saturday

Q6 Respondents were asked how far they agree or disagree with the following proposal:

Currently, not all car parks have the same charging period. The proposal is to align all car parks in the centre of market towns of Didcot, Henley-on-Thames, Wallingford and Thame, as well as Goring-on-Thames by introducing the charging period from 9am to 5pm Monday to Saturday.

Q6. Currently, not all car parks have the same charging period. The proposal is to align all car parks in the centre of market towns of Didcot, Henley-on-Thames, Wallingford and Thame, as well as Goring-on-Thames by introducing the charging period from 9am to 5pm Monday to Saturday. You can find out more information on our website. How far do you agree or disagree with this proposal?

			Response Percent	Response Total
1	Strongly agree		12.12%	52
2	Agree		26.81%	115
3	Neither agree nor disagree		14.92%	64
4	Disagree		14.92%	64
5	Strongly disagree		31.00%	133
6	Don't know		0.47%	2
			answered	429
			skipped	4

Statistics								
	Minimum	1	Mean	3.27	Std. Deviation	1.45	Satisfaction Rate	45.44
	Maximu	6	Varianc	2.11	Std. Error	0.07		

Q6. Currently, not all car parks have the same charging period. The proposal is to align all car parks in the centre of market towns of Didcot, Henley-on-Thames, Wallingford and Thame, as well as Goring-on-Thames by introducing the charging period from 9am to 5pm Monday to Saturday. You can find out more information on our website. How far do you agree or disagree with this proposal?		
	Response Percent	**Response Total**
m e		

Q7 Respondents were asked to provide comments on the following proposal:

Currently, not all car parks have the same charging period. The proposal is to align all car parks in the centre of market towns of Didcot, Henley-on-Thames, Wallingford and Thame, as well as Goring-on-Thames by introducing the charging period from 9am to 5pm Monday to Saturday.

This question received 151 responses covering 175 individual comments and questions. When combined a total of 63 comments relate to free parking being a positive to local economic activity. 48 comments disputed the usefulness or need to standardise due local differences. An additional 5 comments saying this should decision made at a local level. *"Cost should relate to value, not be homogeneous"* said one responder, supply and demand on car parking should be a factor in charge setting, some mentioned the potential gain for the council to charge more in a high demand car parks (Henley). Other reasons given for non-standard charge scale being size of the town, degree of tourist attraction and the cost of running any given car park. 15 comments were positive to the proposal of uniformity (5 of the 15 on the condition of a period of free parking).

The next biggest clusters are interlinked and have the same numbers - 22 comments clustered around free Saturday afternoon specifically being a positive and 22 comments focussed on the issue of supporting local trade with free parking at quieter times. 8 comments are around loss of trade that the car parking changes would bring about. Additionally, 7 comments are positive about 2 free hours and 7 comments telling us they wanted to keep the current policy of one hour free. When combined a total of 63 comments relate to free parking being a positive to local economic activity. A request for further data and evidence base was requested in 7 comments.

Comments analysis summary and frequency:

48 local differences mean standardisation not helpful
22 free Saturday afternoon positive
22 Incentivise to generate local trade. ie. free quieter times (after 2 weekday, Sat pm and Sunday)
15 Uniformity across district positive (with free caveats x 5)
8 changing things will impact negatively on local economy
7 2 hours free wanted
7 keep current policy - 1 hour free / 10-5 during the week is good

7 more information and data requested: why? Are running cost of different car parks the same? Are they running at a loss? Does free parking generate economic activity?
5 local decision for length of free period / needs of residents and businesses
2 Remove cash from parking situation / pay by card at all
3 first thing free (before 10am) plus an hour free supports local economy
3 remove all town centre parking charges / should be free
3 increasing charging will incentivise active travel
2 think Covid (residents loss of income) / delay b/c of Covid
2 provides parking for residents when bays full
2 only creates revenue for council
1 information not clear to lay person
1 will create congestion looking for roadside parking spots
1 Wallingford church goers shouldn't have to pay
1 all CP should follow current GSL Wallingford car park policy
1 waiting list for annual pass too long (over year)
1 free parking supports volunteer activity
1 nationwide standard parking tariffs would bring benefit
1 unfair to (low pay) shop staff
1 Enforcement needed
1 restrictions on high emission vehicles
1 All parking should be 2 hours free and 60p/minute after that. Sat/Sun/Public Holidays should be free
1 Bad idea
1 Consultation not clear - two different propositions (1. Charging hours and 2. charging days)
1 Next, Didcot will then loose it's free 2 hours

10 QUESTIONS (7 referred to in list above as more information and data requested)

Q. Will the Vale of the White Horse car parks be doing the same? I live in Didcot but often go to Abingdon and Wantage, and have to keep double checking the different rules
A. Please refer to a similar consultation exercise carried out in Vale of White Horse, on the website: https://www.whitehorsedc.gov.uk/vale-of-white-horse-district-council/parking-roads-and-streets/parking/parking-policy-consultation-have-your-say/

Q. I thought it was Monday to Sunday your proposal? [this says Mon – Sat].
A. The Sunday charging is a separate proposal so we can consider, analyse and agree each proposal separately.

Q. How will this affect the fees?
A. All fees increased by 20p on 1 December 2020. Please refer to the Cabinet report about the financial implications.

Q. I did not see any reason given for aligning. To remain consistent with the objective "to make sure the cost of running the car parks are met by the residents

that use them", presumably the costs of running each car park and their use are comparable.
A. Parking charges in South Oxfordshire continue to be very low compared to many areas across the region and we are one of the few local authorities that haven't raised fees in recent years. However, with maintenance costs continuing to rise, we are now, for the first time, forced to look at making some changes.

We do not consider individual use but look at the total income across all car parks and the total expenditure. The parking policy aims to have an income which at least meets the cost of running all car parks.

Q. The proposal does not explain why the harmonisation is necessary.
A. There is no evidence to suggest that one town is less or more busy or requires more free parking than another therefore a consistent district wide approach of one hour free across all car parks has been adopted.

Q. Pointless reason given for the changes. Why do they all need to be the same???
A. See response directly above

Q. What is to be gained by this?
A. See above response to question on harmonisation above

Q. As stated in response to No.3, this alignment of car parking charges across the district makes no sense, as it assumes that firstly, all the market Towns are the same, which they are clearly not, given the car parking spaces per capita details from 2011 and SODC usage figures from 2013. Secondly, there is no updated usage data to provide the evidence to support the benefits of aligning all car parks and also the impact of charging in Saturdays up to 5pm. The Cabinet Report for 2013 stated that the impact on the car parking account of introducing the free charge for the last three hours on Saturday in the first place was negligible and depended on the individual car park. Further surveys were required to assess the full impact, so where are these further surveys to support the introduction?
A. Usage surveys to be published on car park website pages in early 2021 to show that all town centre car parks are nearly at maximum usage

Q. Where is the market research that justifies this proposal? Local circumstances may vary (I presume this the reason for the historic differences) - unless you have evidence that a "one size fits all" proposal is appropriate, this is change cannot be justified
A. The council is aiming to have a consistent approach across all towns by offering one hour free parking in all town centre car parks.

Q. For what purpose s the alignment? As a customer, not all car parks I use are run by SODc so doesn't give me consistency, and not all towns have the same supply and demand for spaces.
This proposal seems on paper to be an exercise that is in reality not required.

I understand car parks must cover their operating costs and see no evidence that this is not happening, or reports to say that the current car parks are not serving the needs of the customers well.
A. Please refer to the Cabinet report on running costs and the notes above on consistency of charging across the district. The council only has control over the car parks in its ownership so cannot make any changes to other car parks.

Proposal (e) to introduce charging on Sundays in all charging car parks

Q8 Respondents were asked how far they agree or disagree with the following proposal:

Currently, we do not charge for parking on a Sunday in all off-street car parks. The proposal is to introduce charging on Sundays from 9am to 5pm in all off-street car parks where we currently charge.

Q8. Currently, we do not charge for parking on a Sunday in all off-street car parks. The proposal is to introduce charging on Sundays from 9am to 5pm in all off-street car parks where we currently charge. You can find out more information on our website. How far do you agree or disagree with the proposal?

			Response Percent	Response Total
1	Strongly agree		5.14%	22
2	Agree		4.44%	19
3	Neither agree nor disagree		3.50%	15
4	Disagree		9.11%	39
5	Strongly disagree		76.64%	328
6	Don't know		1.17%	5

Statistics	Minimum	1	Mean	4.51	Std. Deviation	1.11	Satisfaction Rate	70.23	answered	428
	Maximum	6	Variance	1.23	Std. Error	0.05			skipped	5

Q9 Respondents were asked to provide comments on the following proposal:

Currently, we do not charge for parking on a Sunday in all off-street car parks. The proposal is to introduce charging on Sundays from 9am to 5pm in all off-street car parks where we currently charge.

This question received 211 responses and 447 individual comments and questions. The comment mentioned most frequently, by 99 respondents, was that this proposal will have a negative effect for trading in towns. A similar view, regarding having a negative effect this time on leisure (which is some cases overlaps into local economic activity), was held by 80 respondents. 51 comments concerned the negative effect this proposal would have on religious services and associated charity provisions. 42 comments report it would affect residents and trade – Sunday's should be kept free. 37 comments mentioned allowing some periods of free parking, such as early mornings, 2 (or in few comments 4 hours), Sundays, Bank Holidays or after lunchtime. Also, on the theme of attending religious service, 24 comments want Sunday mornings free for those attending worship.

Some comments ask if this policy may disproportionately effect and disadvantage seniors *(old people)* and those on very low incomes. 23 comments think Sunday charges is a way for the council to make money without due regard to the impact. 21 mention this proposal would have a negative impact on residents (who out of necessity park in the car parks for free on Saturday afternoons and Sunday due lack of street parking and or lack of securing permits). 19 comments were made questioning the availability of where the data is to back up the proposal. Other comments are listed below.

Comments analysis summary and frequency:

99	Negative effect for trading in towns
80	negative effect on leisure in town
51	Negative effect on religious services & charity provisions
42	Affects residents and trade: keep free Sundays
37	Allow some free parking (early morning free, 2 hours, 4 hours, Sundays, Bank Holidays, free after lunchtime)
24	Sunday morning free for worship
23	A way to make money for council *(greed, mean spirted, unjust*)
21	Negative impact on residents (creating problem street parking in nearby residential areas
19	more info needed. Henley produce surplus? Revenue generated? To be spent on what? Low use car parks? How benefit local economy?
11	No change needed
8	more residents permits needed / extend resident permits to include a car park
7	No enforcement currently / enforcement needed
5	Residents have no alternative but to park in car parks
5	Positive effect for trading in town
3	will create problem parking in residential areas
1	would put a stop to weekend free parking
1	agree to proposal on condition of no upper 3 hour limit
1	personal story

1	Explore alternative income generators: pay Cllrs less. no free lunches or cars
1	restrictions and higher charges on high emission vehicles
1	Wallingford's shops not open Sundays
1	Council shouldn't subsidise car parks, use income to improve public realm and cycle storage
1	Be consistent with shop opening hours (11 to 4 on Sunday not 9 - 5pm)
1	charge a flat rate £1 on Sunday
1	Unnecessary and onerous
1	Charges should be made in town centre and retail park carparks
1	Sunday is a shopping day therefore charge is OK

QUESTIONS and 1 PROPOSAL

Q. You should demonstrate that the current levels of income do not support the expense required to run the car parks. I understand, for example, that the car parks at Henley produce a significant surplus which should mean free parking on a Sunday (which encourages people into our towns) should remain.
A. Please see Cabinet report of 6 August 2020 that shows overall a relatively small surplus in the car park account.

Q. You do not state the reason or benefit of doing this. More revenue? Ok—for what purpose, how will that money be used? In contrast, no fee parking on Sundays helps to draw in local tourism, helping businesses. In contrast, adding Sunday fees would penalise locals and detract visitors.
A. As in response directly above, refer to Cabinet report on financial implications. The fees are set at a level that mean the users pay for the parking rather than the tax payer (income at least meets expenditure)

Q. For what purpose is this being introduced? Extra revenue which would be nominal.
A. To ensure the cost of parking falls to the users and not the council tax payer.

Q. How does this benefit businesses?
A. Charging and enforcement on Sunday will mean a regular turn over of spaces in the short stay car parks which will mean more.

Q. have you done an E&D assessment? (equality and diversity)
A. No, this is not included in the car park policy.

Q, What do you think you are achieving? The cost of staff against the money taken can't add up!
A. Please refer to Cabinet report for estimates on income vs expenditure.

Q. Very few businesses are open in Wallingford on Sundays, what would you be charging for?
A. For use of the car park and visitors to Wallingford o Sundays.

Q. What is the benefit to be sought here? Has the impact to local businesses been considered?
A. That the cost of running the car parks falls on the users not on the council tax payers.

Q. You do not state the reason or benefit of doing this. More revenue? Ok—for what purpose, how will that money be used?
A. To ensure the income raised from car parks at least meets the cost of running them.

Q. Where are the surveys conducted by SODC that support this or indeed where is the data that suggests that a Sunday Charge will 'secure the expeditious, convenient and safe movement of traffic' within the various Market Towns?
A. Not relevant. Sunday charging meets the first car park policy which is ensuring cost of the service falls on the car park users not the council tax payer.

Q. Is this a tax on religion?
A. No.

Q. Why might anyone pay to park in Didcot on a Sunday?
A. Most shops are open on a Sunday.

Q. This is bringing in revenue which isn't required to meet the current ruling costs of the car parks and therefore with only add to the surplus, of which SODC should not run much beyond operating costs.
A. Refer to cabinet report the surplus projected is minimal.

Q. This charge will hit 3 groups, church goers...tourists (not many shops open on a sunday) and residents with no off street parking.
It appears to be a cynical move to charge for periods that are not leaving car parks overwhelmed with customers without actually proving the need for the additional income.
A. No, it is to have a car park service that is paid for by users not council tax payers.

Q. this alignment of car parking charges across the district makes no sense, particularly given the differences that exist between Market Towns in the District. The Cabinet Report in August states that the current and forecast car parking account currently runs at a surplus of around 12%, so how does this additional charge satisfy the legal requirements under Section 32 of the 1984 Road Traffic Regulations Act? Where are the surveys conducted by SODC that support this or indeed where is the data that suggests that a Sunday Charge will 'secure the expeditious, convenient and safe movement of traffic' within the various Market Towns? You cannot use anecdotal evidence as a basis for introducing such a charge, as referred to in Para. 48 of the 2020 Cabinet Report.
A. See replies to reply directly above.

PROPOSAL:

Looking at the numbers in the Cabinet report you are proposing to charge people parking in all the towns to park on Sundays just so those visiting Henley Monday-Saturday get free parking for an hour.
I cannot see how this is fair as the 4 towns are not all the same either in their individual make-up nor with regard to the mix of parking. In Henley the SODC car parks are the only off-street option in the town centre and the other car parks charge on Sundays. Didcot and Wallingford have large non-SODC town centre car parks which are free on Sundays and Thame has the two High Street car parking areas which, whilst they are technically not off-street act in that way - and are free on Sundays
I would propose that the Henley car parks have charges introduced on Sundays but that the other SODC car parks do not.
If that is unacceptable then I would suggest that charges on Sundays only apply from 11am which - with the 1 hour free period - allow churchgoers to continue to enjoy free parking.
Response: To consider as part of review, if Cabinet wish to start charging later on Sunday ie from 10am but this may not bring in sufficient income to ensure that car park income meets expenditure.

Proposal (f) introduce limited waiting at High Street Car Park, Chinnor between the hours of 9am to 5pm, Monday to Saturday with a maximum stay of two hours (no charge)

Q10 Respondents were asked how far they agree or disagree with the following proposal:

Currently, there is no limit to the number of hours you can park your vehicle in the High Street car park in Chinnor. The proposal is to introduce a limit of 2 hours free parking between 9am - 5pm, Monday to Saturday.

Q10. Currently, there is no limit to the number of hours you can park your vehicle in the High Street car park in Chinnor. The proposal is to introduce a limit of 2 hours free parking between 9am - 5pm, Monday to Saturday. You can find out more information on our website. How far do you agree or disagree with the above proposal?				
			Response Percent	**Response Total**
1	Strongly agree		5.74%	24
2	Agree		16.51%	69
3	Neither agree nor disagree		39.23%	164
4	Disagree		4.55%	19
5	Strongly disagree		9.33%	39

Q10. Currently, there is no limit to the number of hours you can park your vehicle in the High Street car park in Chinnor. The proposal is to introduce a limit of 2 hours free parking between 9am - 5pm, Monday to Saturday. You can find out more information on our website. How far do you agree or disagree with the above proposal?											
										Response Percent	Response Total
6	Don't know									24.64%	103
Statistics	Minimum	1	Mean	3.69	Std. Deviation	1.6	Satisfaction Rate	53.83		answered	418
	Maximum	6	Variance	2.55	Std. Error	0.08				skipped	15

Q11 Respondents were asked to provide comments on the following proposal:

Currently, there is no limit to the number of hours you can park your vehicle in the High Street car park in Chinnor. The proposal is to introduce a limit of 2 hours free parking between 9am - 5pm, Monday to Saturday.

This question received 59 responses and 74 individual comments and questions. 12 comments were made about wanting to have 2 hours free parking, there is broad agreement that 2 hours is sufficient to shop / run errands. 10 comments concerned and agree with the need for standardisation. 7 thought there would be a negative impact on local shops. 5 comments said that there is a contradiction with earlier proposal to standardise – "*either the times are aligned or they are not*". Receiving 3 comments each were: standardisation is unfair and there should be free parking on weekends and public holidays. Other comments are listed below.

Comments analysis summary and frequency:

(17 N/A)
12 2 hours free parking wanted / 2 hours sufficient
10 standardisation needed
7 concern negative impact on local shops
5 contradiction; either the times are aligned or they are not
3 standardisation unfair
3 Sat/Sun/Public Holidays should be free
2 Enforcement needed
2 After 2pm Saturday should be free
2 How to weight data according to local connection
1 suggest annual review with annual increases
1 Requests council consults with Chinnor village Centre
1 Where are shop workers going to park for work in town
1 Option needed to buy a season ticket for people who work in town
1 Change justified if there is a problem with congestion and traffiic
1 first hour free
1 include the parking issues for residents that pay for parking permits

1 Hope to encourage active travel day for free?
1 Need to encourage churn

QUESTIONS

Q. Where is the impact assessment?
A. There is no specific assessment. This change has been requested by the Chinnor parish council and supported by local councillors.

Q. Is it to stop people parking all day for free?
A. Yes, it is to ensure a turn over of spaces and reduce the risk of people parking all day in the car park.

Proposal (g) to introduce spaces (bays) reserved for electric vehicles whilst charging and enforcement for unauthorised parking in those reserved spaces for : i) parking in those spaces with a vehicle that is not an electric vehicle ii) parking an electric vehicle in those spaces but without charging the vehicle You can find out more information on our website. How far do you agree or disagree with the above proposals?

Q12 Respondents were asked how far they agree or disagree with the following proposal:

Currently, we don't have the authority to enforce parking bays where electric vehicles are charging. The proposal is to introduce enforcement for: i) parking in those spaces with a vehicle that is not an electric vehicle ii) parking an electric vehicle in those spaces but without charging the vehicle.

Q12. Currently, we don't have the authority to enforce parking bays where electric vehicles are charging. The proposal is to introduce enforcement for: i) parking in those spaces with a vehicle that is not an electric vehicle ii) parking an electric vehicle in those spaces but without charging the vehicle You can find out more information on our website. How far do you agree or disagree with the above proposals?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Response Total
i) enforcement for parking in those spaces with a vehicle that is not an electric vehicle	33.5% (141)	35.2% (148)	12.4% (52)	7.4% (31)	9.5% (40)	2.1% (9)	421
ii) enforcement for parking an electric vehicle in those spaces but without charging the vehicle	30.4% (129)	33.0% (140)	14.9% (63)	9.4% (40)	10.4% (44)	1.9% (8)	424
						answered	426
						skipped	7

Matrix Charts

12.1. i) enforcement for parking in those spaces with a vehicle that is not an electric vehicle			Response Percent	Response Total
1	Strongly agree		33.5%	141
2	Agree		35.2%	148
3	Neither agree nor disagree		12.4%	52
4	Disagree		7.4%	31
5	Strongly disagree		9.5%	40
6	Don't know		2.1%	9
Statistics	Minimum 1; Mean 2.31; Std. Deviation 1.36; Satisfaction Rate 26.13	Maximum 6; Variance 1.86; Std. Error 0.07	answered	421

12.2. ii) enforcement for parking an electric vehicle in those spaces but without charging the vehicle			Response Percent	Response Total
1	Strongly agree		30.4%	129
2	Agree		33.0%	140
3	Neither agree nor disagree		14.9%	63
4	Disagree		9.4%	40
5	Strongly disagree		10.4%	44
6	Don't know		1.9%	8
Statistics	Minimum 1; Mean 2.42; Std. Deviation 1.37; Satisfaction Rate 28.4	Maximum 6; Variance 1.89; Std. Error 0.07	answered	424

Q13 Respondents were asked to provide comments on the following proposal:

Currently, we don't have the authority to enforce parking bays where electric vehicles are charging. The proposal is to introduce enforcement for: i) parking in those spaces with a vehicle that is not an electric vehicle ii) parking an electric vehicle in those spaces but without charging the vehicle

This question received 102 responses and 150 individual comments.

19 comments focussed on the perceived lack of current need for EV charging bays and this would leave potential parking bays idle. *"There are insufficient electric vehicles at this time to justify leaving spaces empty most of the time.* In addition to the 19 saying it is too soon, 13 commented that more parking needed / already under strain with an additional 4 comments stating that spaces should be distributed evenly.

The same number of comments (19) commented on the need for enforcement – and in both directions, for EV cars to be ticketed when not charging and for non EV cars to be ticketed when in an EV charging bay. The successful administration was questioned. One responder said *It's not clear from the question whether "vehicle charging" constitutes just being plugged in or actually requiring charge. If the former, then plugging-in would seem an easy way around charges"*. There is a seam of comments (18) are on the theme of fairness and the council giving, what is reported to be a further advantage to those already higher income residents. 13 comments agreed that this proposal would encourage electric vehicles including for residents without drives or at home charging points.

8 commented that there should be no exemptions for any cars and 6 suggesting EV should (and can afford) to a. park and b. afford to pay for charging facility and electricity. 5 commented why not support and potentially incentivise greener minded residents by including all greener cars (low emission, hybrid and hydrogen) rather than being EV / zero emission exclusive?

Other comments are listed below.

Comments analysis summary and frequency:

19	Not needed yet (will leave spaces empty when spaces are at premium)
19	Enforcement needed regards EV and non EV as charging bays only
18	Benefit / exclusive to wealthy
13	More parking needed / parking already under strain
13	Encourage electric vehicles is positive (including for residents without drives or at home charging points)
9	More electric charging points needed
8	No exemptions for any cars
6	Should charge EV as well to park and for the facility / electricity
5	Greener cars not just EV
4	Should distribute all spaces evenly
3	EV cars create pollution in production / make air pollution (PM2.5)
3	Consider other greener options too P&R, improving active travel, cycle parking (more affordable too)
3	Charge up at home
2	Cables safety risk
2	possible loss of trade if car park full and only EV space left
1	Consider free parking bay for retailers
1	Signage must be clear
1	creating preferential space and pricing for just electric not viable

1 Link charges with income (EV owners can afford a car park tkt / non EV will subsidise via increase)
1 Penalty for non EV car in charging bay
1 *Another way for the council to rob more money off people*
1 Electric charge points expect them to get vandalised quickly
1 Positive short term measure to encourage EV and reduce pollution
1 Charging bays for charging sensible
1 Charging points should be installed in less busy areas.

INFORMATION, PROPOSAL AND QUESTIONS

INFORMATION: *Following the governments announcement today [18.11.2020] that all new cars by 2030 need to be electric, the need for an incentive (free parking) is not needed and will significantly reduce your income.*
Officer response: EVs will still have to pay the same parking fees as vehicles with internal combustion engines (ICE).

INFORMATION x 2 responders: *As for penalising EV's that aren't on charge - I don't think you understand the requirements of the vehicles or their batteries. They can't simply be left on charge when they don't need it.*
Electric vehicles do not need charging every time they stop. This is onerous.
Officer response: EVs can park in any space in the car park it is just for charging that the spaces are reserved.

PROPOSAL: *In the Thame CAttle Market car park, I am concerned by the number of cars idling and illegally parking by the entrance to Barley Hill Primary School. For the safety and health of the children, please either remove parking from this area or failing that place these proposed electric car parking bays and charge points in the current bays next to the entrance to school*.
Officer response: Electric vehicles will not idle or pollute. We are currently reviewing the exact location of potential EV charging bays and will consider your comment.

QUESTIONS:
Q. Why not just say EV's can park for free?
A. No, they should pay for parking like any other vehicle.

Q. Why are you offering preferential parking?
A. It is not preferential, just to encourage take up and so EV owners know where there are EV charging points if they don't have them at home.

Q. Why support the rich and not the poor or business owners?
A. EVs are becoming more affordable and installing EV charging points will encourage more take up which will eventually bring down the purchase cost.

Q. In Didcot there are 20 empty disabled spaces, how many will you set aside for electric vehicles?
A. To be agreed.

Q. X 2 responders *how many bays or what proportion of bays will be reserved for charging points?*
A. To be agreed.

Q. If there are no spaces left except electric vehicles, will you be allowed to park?
A. No, not if you are not an EV.

Q. Define charging? What if the vehicle is fully charged and has stopped charging?
A. They then must leave the charging point bays.

Q. The challenge will be what happens once a vehicle completes charging?
A. They must leave the bays and we will enforce EVs parking but not charging.

Proposal (h) to introduce half price tickets for electric vehicles (able to run at least 20 miles on zero CO2 and revoke the current offer of half price tickets for low emission vehicles (those vehicles under 120 g CO2/km)

Q14 Respondents were asked how far they agree or disagree with the following proposal:

Currently, we have half price tickets for vehicles that produce less than 120 g of CO2 per km. The proposal is to introduce half price parking tickets for electric vehicles able to run at least 20 miles on zero CO2, and revoke the current offer of half price tickets for low emission vehicles able to run under 120 g CO2/km.

Q14. Currently, we have half price tickets for vehicles that produce less than 120 g of CO2 per km. The proposal is to introduce half price parking tickets for electric vehicles able to run at least 20 miles on zero CO2, and revoke the current offer of half price tickets for low emission vehicles able to run under 120 g CO2/km. You can find out more information on our website. How far do you agree or disagree with this proposal?				
			Response Percent	**Response Total**
1	Strongly agree		11.79%	50
2	Agree		19.81%	84
3	Neither agree nor disagree		23.11%	98
4	Disagree		16.75%	71
5	Strongly disagree		25.47%	108
6	Don’t know		3.07%	13

Q14. Currently, we have half price tickets for vehicles that produce less than 120 g of CO2 per km. The proposal is to introduce half price parking tickets for electric vehicles able to run at least 20 miles on zero CO2, and revoke the current offer of half price tickets for low emission vehicles able to run under 120 g CO2/km. You can find out more information on our website. How far do you agree or disagree with this proposal?										
									Response Percent	**Response Total**
Statistics	Minimum	1	Mean	3.33	Std. Deviation	1.42	Satisfaction Rate	46.7	answered	424
	Maximum	6	Variance	2.02	Std. Error	0.07			skipped	9

Q15 Respondents were asked to provide comments on the following proposal:

Currently, we have half price tickets for vehicles that produce less than 120 g of CO2 per km. The proposal is to introduce half price parking tickets for electric vehicles able to run at least 20 miles on zero CO2, and revoke the current offer of half price tickets for low emission vehicles able to run under 120 g CO2/km.

This question received 140 responses and 232 individual comments. The highest grouping at 55 is comments around a negative response to what responders see as the council favouring EV owners which they deemed as unfair. Coupled with this are 37 comments on EV being too expensive and therefore this incentivising offer is out of reach for the majority of people. 23 comments clearly state that ”*any and all vehicles should pay”* as they are all equal in their use of the car park. Paired with this is a common sentiment that *“If they can afford EV car they can afford a full price ticket*” (21 comments).

Next in commonality at 18 comments is the suggestion to increase the offer and incentive to a wider range of greener cars (low emission, hydrogen) not just EV. 9 comments indicate they fully support this proposal. 6 comments are on the financial advantages already afforded to EV car owners (linked to the unfair commentary above). 7 comments tell us the need for car parking tariffs to be kept simple, easy to understand and implement.

Other comments are listed below.

Comments analysis summary and frequency:

55	Favouring EV unfair
37	EV too expensive to buy
23	Any and all vehicles should pay
21	If afford EV can afford full price tickets
18	Greener cars (low emission, hydrogen) not just EV
9	Fully support
8	EV manufacturing creates Co2
7	Confusing to understand / implement / administer- keep it simple.

6	Already get reductions in Road tax etc
5	Ineffectual - in increasing EV use
4	Encourage public transport and active travel bikes and walking
4	Long term loss for council as EV use increase
3	go further and waive charges for fully electric and Hydrogen powered vehicles
3	Discount for EV won't increase EV use
3	Take valuable space away when already restricted
2	Charge older cars more
2	Favour greener incentivisation that is more affordable to all
2	Penalise diesel and heavy polluting vehicles
2	Too soon to make the switch
1	Locals decide not SODC
1	Not enough charging points / increase charge points (which need to be paid for)
1	National government should incentivise not LA
1	Positive towards EV charging points
1	EV have embodied Co2
1	Increase availability half price season tickets

PROPSALS and QUESTIONS

PROPOSAL:
The scheme should be run concurrently otherwise you are rewarding those with the financial capacity to upgrade to electric vehicles that satisfy the proposed criteria.
Officer response: See response above.

Following a period of concurrency the policy should be reviewed to remove vehicles that are not electric; perhaps the timeframe could be 5 years to ensure affordability is increased for electric vehicles.
Officer response: Policy will be reviewed each year as part of the review of car park fees and charges

PROPOSAL: *use levy from pollutting cars to improve walking and cycling facilities .*
Officer response: It is difficult to have a workable charging system for higher polluting vehicles. How to identify them? How to enforce?

QUESTIONS
Q. How would this be validated?
A. From the formal VQ5 documents held by the owner of the vehicle.

Q. How would you monitor if the said vehicle produces less than 120g of CO2? Please consider this
A. The missions are normally in the VQ5 documents if not we would look for information from the manufacturer.

Why not free 3 hour parking for all EVs whether charging at the charging points or just parking ?
A. Currently cabinet do not wish to offer any further incentives to EV owners. These vehicles should pay the same for parking as all other drivers, unless they want a permit which means paying up front.

Q. Think outside the box, can you work with a manufacturer to give townspeople a deal or some perk if they purchase one?
A. To be considered as a separate project looking at an electric vehicle strategy across Oxfordshire. www.parkandchargeoxfordshire.co.uk

Q. You have previously said you want to 'standardise' charges throughout, not everyone can afford these electric vehicles, so you intend to persecute those that can't. That's not very fair now is it?
A. No EV drivers will pay the same for parking even when they are charging.

Q. Why?
A.

Q. Why? Don't see why the district needs to take this measure.
A. There is no evidence as to why one town or another should receive any preferential parking arrangements.

Q. Fair enough but I fear that this is a cosmetic change. How many users benefit from the current provision and buy half price tickets?
A. The majority of ticket sales are the half price option

Q. Did not know half price tickets were available, why is this not promoted to get us to use cleaner vehicles?
A. We will promote via social media and the website once confirmed at the cabinet meeting on 4 Feb. 2021

Q. I object to those less financially fortunate having to subsidise motorists to park and charge their electric vehicles, because lets face it that is why the Sunday charges for example are being implemented. When the percentage of electric charging spaces required increases to say 50%, are those motorists still going to be subsidised? When would this be stopped? And who would be paying for this?
A. The parking policy is for the income to at least meet expenditure so that the cost of running the car parks falls on the users and not the council tax payer.
EV drivers have to pay parking fees when they are charging their EVs.

Anything else?

Q16. Do you have any additional comments on the revoking of the 2011 order and the proposals relating to the 2021 order, that you would like us to consider as part of the proposals to changes to off-street parking in South Oxfordshire?

This question received 153 responses and 221 individual comments. Roughly a third of respondees (54 comments) wanted the council specifically to encourage commerce and the local economy by offering a period of free car parking. In addition, 17 commented on 2 hours free parking as helpful to the “*viability and vitality”* of market towns.

The related comments of benefits to free parking on Sundays and disagreement over weekend and public holiday charging (both receiving 8 comments) brings this area to a total of 87 comments. So, in combination, close to half of the responders want the council to offer free parking periods to support local economic activity. The concern of the decline of the local high street in some towns and the expectation and desire for the council and residents to join together to supporting Covid recovery is woven amongst the consultation responses.

Robust enforcement was the second most singular theme generating 19 comments. 9 comments identify a need for more parking in general. There are 8 comments relating to parking permits: for residents *“permits are like hens teeth”* says one responder. There are interesting suggestions of reduced permits to support low pay retail staff and reserved free bays for retailers who deliver to vulnerable community members.

Other comments are listed below.

Comments analysis summary and frequency:

54	Council should encourage local businesses / independent retailers / post Covid support
19	Robust enforcement needed (street parking)
17	Want free parking (2 hours) generally to support local trade
9	More parking is required in car park and generally
8	Want free parking on Sundays
8	Disagree with weekend/ public holidays charging
8	Parking permits: for residents /shopworkers / reduced fee
7	Keep the proposals as they are
7	Standardise parking (rates, times etc)
7	Proposals shouldn't be discussed until this Covid crisis is over
4	Support proposals
4	*'Council greedy'*
4	promote public transport post Covid / cheaper public transport / small hop on buses should be considered
3	Need electric vehicle charging points
3	Improve car park safety (for pedestrians /motorists /cyclist facilities)

3	car park machines contactless /via app
2	No evidence that shows a need for any change / need for additional income
2	no need for uniformity between car park charges between the various towns
2	1-hour free parking
2	Increase bicycle parking
2	Pushed towards abandoning my local shops and buying on line
2	Free parking should be increased and not decreased!
2	No thought gone into the proposals
1	Introducing increased costs based upon an environmental agenda is disingenuous
1	fifteen-minute leeway before a penalty is incurred
1	charging those people who have driveways
1	parking ticket machines retain coin payment method
1	reducing the ticket price for electric cars is totally unfair
1	changes need to be part of a transport strategy that includes better, safer, more promoted cycling and walking routes and cycle parking
1	A free time should be introduced in all car parks. Allowing for a quick shop
1	Parking spaces need to be wider
1	Emission based charging doesn't work
1	Charging won't reduce vehicle travel
1	Charging affects low income families.
1	Parking should be made more conducive for people
1	discriminatory against the young and low income households / destroying communities in local businesses
1	Parking charges are a penalty
1	Small fee acceptable (50p per hour)
1	Idling and air pollution
1	Electric vehicle bays stopping you from parking
1	Free parking for volunteers
1	local people should be able to decide local matters
1	Should define vehicles as Zero or low emission
1	Price of electric cars needs to reduce

PROPOSALS/ FLAGGED / QUESTIONS

PROPOSAL *I also think that a reduced fee for those who require a parking permit for work purposes would help people on low wages remain in employment. I feel that it would be better to change the discount available for workers from 50% to 33% would be suitable alternative to removing the discounted permit entirely.*
Officer response: Existing permits will continue to be offered at reduced rates for all

PROPOSAL: *I feel that a business permit should be issued to staff members who drive to work, potentially offering an expemption to off street car parks maximum stay limit. Allowing staff members who work in the town to utilize off street parking and reducing the number of cars parked on the residential roads, making parking better for the residents who occupy said roads.*
Officer response:

PROPOSAL: *Please allow residents with permits to park free in carparks. We already pay a yearly fee and often cannot park. I have often had to pay for parking as there are no residents spaces or beg a space on a friend's driveway! Maybe residents should be limited to one car for on street parking. We need a solution to some people owning as many as 3 vehicles in one road! Encourage the use of parking in carparks (ie Station carpark in Henley) that are not utilised to full capacity.*
Officer response: Residents permits are issued by the Town Council and currently they cannot be used in district council car parks, but I note the request.

PROPOSAL: *I believe that the current proposal is far more complicated than it needs to be (though it is an improvement on the current system), and I believe that a universal system across all of the SODC-run car parks would be more beneficial. I also feel that reducing the free parking period across the towns to 1 hour will have an overall negative effect and actually decrease the total revenue in the mid- to long-term, whereas a universal free parking period of 2 hours across all SODC car parks (rather than just the ones in towns as proposed) in conjunction with universal fees would help both local businesses, vulnerable and elderly residents who may rely on the free parking periods to ensure that they are able to shop, socialise, visit the doctors, etc. while providing the increase in revenue that the council needs.*
Officer response: Increasing the free period to two hours would mean that the car park account would not balance and the income would not meet expenditure. Therefore the cost of running the car parks would fall on the council tax payer which is against the car park policy.

I also think that a reduced fee for those who require a parking permit for work purposes would help people on low wages remain in employment. I feel that it would be better to change the discount available for workers from 50% to 33% would be a suitable alternative to removing the discounted permit entirely.
Officer response: same response as above

FLAG: *Wood street by green tree - dangerous road Also that corner on wood street where you come out at the green tree (the road by the car park) should be double yellows! It's such a dangerous corner people fly round thre and you can't see*
Officer response: this needs to be raised with the highways agency - OCC

QUESTIONS – WALLINGFORD:

Q. There was talk of a muti storey layer being added to Wallingford Cattle Market (from the old ice rink site - mentioned in one Town Council meeting)
When is this likely to happen?

A. There are no plans to build a multi-storey car park in Wallingford

Q. Please review the number of disabled parking bays allocated in the Wallingford cattle market car park. There appear too many which are never used and there is a lack of spaces for general drivers at peak hours.
A. The number of bays for the disabled is based on national guidelines (5 percent of total number of bays)

Q. please will you consider, for the Goldsmiths lane car park:Fixing all lighting and installing additional lighting where there is currently none. Specifically the main car park pedestrian exit from GSL to the Wallingford town centre.Improving the ticketing system so tickets can be paid for/increased/changed via app or online.
Removing paper tickets and installing ANPR.Discounts for residents of Wallingford, instead of the discounts for working in Wallingford.

A. Yes, we will review the lighting and we are considering a mobile ANPR system. There is already an App to pay for parking Connect cashless – see details by the pay stations in the car parks

Q. More parking is required in the centre of Wallingford, can the old regal centre be converted into a multi-storey car park?
A. The building belongs to the Town Council.

Q. Why do these proposals not bring SODC car parks into alignment with those operated by the Vale of White Horse District Council? You share the same office building and other infrastructure, why not align the rules for the car parks?
A. the two councils are separate and have different parking policies

Q. This survey makes no mention of the changes to Sunday parking. Why has this change been excluded from the consultation?
A. Sunday charging was included in the consultation

Q. The survey relates to town centre car parks, yet it appears that both St George's Road and Castle Street car parks in Wallingford have been excluded. Both car parks are in the centre of Wallingford but appear to not meet the term "town centre car parks"; why is this?
A. Castle St and St Georges St are long stay car parks on the edge of Wallingford.

QUESTIONS – DIDCOT:

Q. Why can’t Edinburgh drive in Didcot gave 2 hours free parking
A. the car park account is not able to offer any more free parking periods as the income must at least meet the expenditure

Q. The yellow lines on Cow Lane in Didcot need finisihing and you need to see the cars that still park there all day, including those now parking on the double yellow lines
A. This is OCC responsibility and they are reviewing the signs and lines.

Q. More people are working from home - where is this in the councils consideration to reviewing the number so spaces available?

A. We will review the number of permits and spaces in car parks when we have updated usage figures (due December 2020) and consider in the next parking review.

Q. Also with an increasing elderly population, parking needs to be available close to where it's needed and at minimal cost. An annual off street charge?
A. The district council is only responsible for off-street parking.

Q. Not directly related, but I'd like to point out that the parking strategy for Didcot Parkway station is a mess. The multi-storey car park is not fit for purpose (too far, too inaccessible, unsafe especially for lone women), so does not provide a viable disincentive to commuter parking in town, on-street etc. This needs a complete rethink. Also we need residents' parking permits for streets near the station.
A. Noted and consider as overall Didcot Gateway startegy

GENERAL QUESTIONS:

Q. Is this part of a wider look at all transport in South Oxfordshire. Better public transport and provision of bicycle routes and safe pedestrian routes for instance. (This assumes a non-covid restrictions future).
A. No, we are just looking at fees of the current car parks

Q. Why are you running a consultation or proposing charging when you are unable to provide civil enforcement.
A. We are working with OCC to consider how to implement civil parking enforcement.
That is in a separate report considered by cabinets in December on CPE. Copy and paste link below into your browser:
http://democratic.southoxon.gov.uk/documents/s21148/Report.pdf

Q. The towns are increasing housing substantially... how is this being catered for in the car parks???
A. We are looking to encourage more sustainable modes of transport.

Q. Who's going to enforce this? When are we getting traffic wardens?
A. We are working with OCC to consider how to implement civil parking enforcement

Q. Can you use the revenue to pay for traffic wardens to enforce traffic in the towns as there is currently an 'anything goes' attitude and double yellow lines are for decoration only.
A. We are working with OCC to consider how to implement civil parking enforcement

Q. There is no reference to the link with On-street parking, the proposals to apply for CPE and the need for a wider review of the parking arrangements in the 4 towns
A. That is in a separate report considered by cabinets in December on CPE. Copy and paste link below into your browser:
http://democratic.southoxon.gov.uk/documents/s21148/Report.pdf

END OF CONSULTATION QUESTIONS

General car park suggestions

Q17. We would like to take this opportunity to hear any other suggestions you may have on how we could improve the car park service in general that we provide across the district, in partnership with our contractor Saba.

This question received 170 responses, representing 39% of the total responses. There were 238 individual comments and 1 question.

30 comments were made about the enforcement on illegally parked vehicles being wanted or needed in car parks across the district. 21 comments mentioned the desire to keep the 2 hours free parking, partly as it is good for trade/business. A similar number of comments, 20, were about the lack of reliability of current parking machines and use of contactless for payments, which is related to the 16 comments made about wanting the use of parking machines to be easier. 15 comments were made about more parking spaces being needed, while 14 said no changes are required.

Traffic management and infrastructure was mentioned by 11 respondents. 9 mentioned wanting to increase the parking time to encourage use or remove the 3 hour maximum stay time. 8 respondents would like to keep free parking on Sundays, 7 would like bigger parking bays, 6 would like improved car park maintenance and the same number, 6, would like the car parks kept clean.

Other comments are listed below.

Comments analysis summary and frequency:

30	Enforcement wanted/needed on illegally parked vehicles
21	Keep 2 hours free / good for trade
20	Reliability (lack of) of parking machines / contactless
16	Ease of use on parking machines
15	More parking spaces are needed
14	No change required
11	Traffic management required / Infrastructure
9	Increase staying time to encourage use / remove 3 hr max stay

8	Keep free parking on Sundays
7	Bigger parking bays as vehicles are now larger
6	Improve car park maintenance
6	Keep car parks clean
5	Negative impact on residents / pushes parking to residential areas
5	Covid concerns! parking machines be be contactless
5	Residents require permits
4	Blanket charge on all car parks across the county
4	More baby/toddler bays needed with enforcement for unauthorised use
4	More parking facilities needed in Henley
4	N/A
4	Bring service back in house
4	Increase public transport for surrounding villagers
3	Turn Wallingford Cattle market car park into a multi storey
3	Questions?
3	Cash payment option on all parking machines
2	Electronic display or app system for car parks full or available
2	Improve cycle parking facilities
2	Motorcycle bays
2	Better lighting / security
2	Parking fees to high / shop online
2	No to EV parking/charging
2	Unacceptable waiting list for resident permits
1	More parking facilities needed in Chinnor
1	EV spaces wanted
1	Traders should pay same price for permits across the county
1	Introduce a park & ride service to Henley
1	Higher charging rate for larger vehicles
1	protect small beauty spots with huge influxes of day trippers
1	How will this effect trade?
1	Share EV bays with regular vehicles
1	Car park needed in Benson
1	Upgrade toilets in Greys Rd car park Henley
1	Allow tickets with time remaining to be passed on / remove car reg
1	EV's to contribute to parking
1	Introduce ANPR to all car parks

QUESTIONS

Q. As a resident of Wallingford who is on a waiting list for a permit, I have to use the Saba App everyday. And everyday I pay 8% "convenience fee" on each transaction I make.
Please introduce the concept of a weekly or monthly paid permit - and then only one "convenience" fee needs to be charged.
This fee presumably cover the licensing and support costs for the App, but at 8% is beyond any industry standard for such support services.
A.

Q18. How did you hear about this consultation?

	Q18. How did you hear about this consultation? Tick all that apply.		Response Percent	Response Total
1	Council website		6.12%	26
2	Email		12.71%	54
3	Facebook		59.29%	252
4	Read it in the newspaper (online or hard-copy)		2.82%	12
5	Twitter		4.00%	17
6	Via Town or Parish Council		10.12%	43
7	Word of mouth		12.94%	55
8	Other (please specify):		4.71%	20
Statistics	Minimum 1, Mean 3.81, Std. Deviation 1.88		answered	425
	Maximum 8, Variance 3.53, Std. Error 0.09		skipped	8

Other (please specify): (20)

1	I saw the increased charge proposal on the car park
2	Friends
3	Through email from my church in Wallingford
4	Email from the pastor of our church.
5	Accidentally when on the website.
6	Thame hub
7	Notice in Thame car park
8	Community Facebook page
9	From concerned residents
10	Oxford Mail website
11	Church
12	Sent by parish meeting
13	Social media - Wallingford matters
14	Wallingford Piper Facebook page
15	cant remember
16	Notices in the car parks.
17	shopkeepers in the town...
18	As district councillor

Q18. How did you hear about this consultation? Tick all that apply.		Response Percent	Response Total
19	From one of the local churches I attend		
20	From a church member		

END

Agenda Item 8

Report to:

Joint Audit and Governance Committee
Cabinet
Council

Report of Interim Head of Finance

Author: Emma Creed

Telephone: 01235 422498

E-mail: emma.creed@southandvale.gov.uk

Cabinet member responsible: Councillor Leigh Rawlins
Telephone: 01189 722565
E-mail: leigh.rawlins@southoxon.gov.uk

To:	JOINT AUDIT AND GOVERNANCE COMMITTEE on	26 January 2021
	CABINET on	04 February 2021
	COUNCIL on	11 February 2021

Treasury Management and Investment Strategy 2021/22

Recommendations

That Joint Audit and Governance Committee approves each of the following key elements of this report, and recommends these to Cabinet:

1. To approve the treasury management strategy 2021/22 set out in appendix A to
this report;

2. To approve the prudential indicators and limits for 2021/22 to 2023/24 as set out in, appendix A.

3. To approve the annual investment strategy 2021/22 set out in appendix A, and the lending criteria detailed in table 6.

That Cabinet considers any comments from committee and recommends Council to approve report.

Purpose of report

1. This report presents the council's Treasury Management Strategy (TMS) for 2021/22. This sets out how the council's treasury service will support financing of capital investment decisions, and how treasury management operates day to day. It sets out the limitations on treasury management activity informed by the prudential indicators, within which the council's treasury function must operate. The strategy is included as appendix A to the report. This report includes the three elements required by legislation as follows:

   - The **prudential indicators** required by the CIPFA Prudential Code 2017 for Capital Finance in Local Authorities and CIPFA TM code of Practice 2017;

   - The **annual investment strategy**. This sets out the council's criteria for selecting counterparties and limiting exposure to the risk of loss on its investments.

   - A statutory duty to approve a **minimum revenue provision** policy statement. (appendix A, paragraphs 14-18).

   It is a requirement of the CIPFA Code of Practice on Treasury Management 2017 that this report is approved by full Council on an annual basis.

Strategic objectives

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

Background

3. Treasury management is the planning of the council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

4. The funding of the council's capital expenditure is also a function of treasury management. The capital programme provides a guide to the funding needs of the council and informs long-term cash flow plans to ensure that the council can meet its capital spending obligations.

5. Treasury investments are effectively what the council does with its cash resources before it is spent on the provision of services and the funding of the capital programme. All expenditure of a capital nature is managed through the council's capital programme and is not covered by this report.

6. The treasury management and annual investment strategy set out the council's policies for managing investments and confirms the council gives priority to the security and liquidity of those investments. It also includes the prudential indicators for the next three years; these demonstrate that the council's capital

investment plans are affordable, prudent and sustainable.

7. The council's treasury management strategy 2021/22 is attached in appendix A. Whilst every attempt has been made to minimise the technical content of this report, it is, by its very nature and the need for compliance with associated guidance, technical in parts. A glossary of terms in appendix G should aid members understanding of some technical terms used in the report.

8. The last significant review by CIPFA of its 'Prudential code' and the 'Treasury Management Code of Practice' was in 2017.

Recommended changes to the treasury management strategy

9. Council approved the 2020/21 treasury management strategy on 13 February 2020. The proposed strategy for 2021/22 includes the changes detailed below, which cabinet is asked to recommend to council.

Counterparty limits

10. On 31 March 2020 the Interim Head of Finance waived financial procedure rule 53 and allowed the councils to over-ride their counter party limits for money market funds. This was to allow the councils to deal with the receipt of unprecedented levels of government grant funding to fund the business grant schemes administered by the councils on behalf of the government.

11. Delegation 2.7 of the council constitutions allows the Interim Head of Finance, in consultation with the cabinet member for finance, to raise counterparty limits by £3,000,000 within a financial year.

12. Officers believe the same temporary increases will be required for the first half of 2021/22. The increased limits on specific counterparties are set out in the table below.

Counterparty	**Amount required** £m
West Bromwich Building Society	3
Newcastle Building Society	3
Nottingham Building Society	3
National Counties Building Society	3
Progressive Building Society	3
Monmouthshire Building Society	3
Furness Building Society	3
Goldman Sachs Money Market Fund	10

Financial implications and risk assessment

13. This report and all associated policies and strategies set out clearly the parameters the council must work within. It is important that the council follows

the approved treasury management strategy which is designed to help protect the council's finances by managing its risk exposure.

14. Link Treasury Services has provided a counterparty methodology, but given the council's balances, we have expanded on this methodology to include Building Societies to ensure a diversified portfolio.

15. Base rate is currently 0.10 per cent. It dropped from 0.25 per cent to 0.10 per cent on 19 March 2020 to help control the economic shock of coronavirus. The Bank of England had dropped base rate from 0.75 per cent to 0.25 per cent one week earlier on 11 March 2020.

16. Link Treasury Services forecast that the bank base rate will not increase before March 2024.

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

Table 1: Medium term investment income forecast					
	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Forecast as at December 2020	1,847	1,819	1,709	1,796	1,796

The 2021/22 budget setting report and medium-term financial plan will take into account the latest projections of anticipated investment income.

Legal implications

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

19. The council must approve any amendment to the treasury management strategy and annual investment strategy in accordance with the Local Government Act 2003 (the Act), the CIPFA Code of Practice for Treasury Management in the Public Services and the CLG Local Government Investment Guidance under Section 15(1) (a) Local Government Act 2003 and CIPFA Prudential Code for Capital Finance.

Conclusion

20. This report introduces the treasury management strategy and the annual investment strategy for 2021/22 which are appended to this report, together with the prudential indicators for approval to council. These documents provide the parameters within which the council's treasury management function will operate.

Background papers

- CIPFA Code of Practice on Treasury Management 2017
- CIPFA Prudential Code 2017
- CIPFA Treasury Management in the Public Services Guidance Notes 2018
- CIPFA statement 17.10.18 on borrowing in advance of need and investments in commercial properties
- CIPFA Bulletin 02 Treasury and Capital Management Update October 2018
- Statutory Guidance on Local Government Investments (3rd Edition)
- Statutory Guidance on Minimum Revenue Provision

Appendices

Appendix A Treasury Management Strategy 2021/22
Appendix B Economic Background
Appendix C Risk and performance benchmarking
Appendix D Explanation of Prudential and Treasury Indicators
Appendix E TMP1 extract
Appendix F Extension to the responsibilities of the S151 officer
Appendix G Glossary of terms

Appendix A

Treasury Management Strategy 2021/22

Introduction

1. The first main function of the treasury management services is to ensure the council's cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of the treasury management service is the funding of the council's capital plans.

2. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3. CIPFA defines treasury management as:

   "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

4. Revised reporting was required for the 2019/20 reporting cycle due to revisions of the Ministry of Housing, Communities & Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is reported separately.

Treasury Management reporting

5. The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

   a) Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:
      - the capital plans, (including prudential indicators);
      - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
      - the treasury management strategy, (how the investments and borrowings are managed), including treasury indicators; and
      - an investment strategy, (the parameters on how investments are to be managed).

b) A mid-year treasury management report – This is primarily a progress report and will update members on the mid-year treasury performance, amending prudential indicators as necessary, and whether any policies require revision.

c) An annual treasury report – This report reviews performance for the previous financial year and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

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

Treasury Management Strategy for 2021/22

7. The strategy for 2021/22 covers the areas below:
   - the capital expenditure plans and the associated prudential indicators;
   - the minimum revenue provision (MRP) policy.
   - the current treasury position;
   - treasury indicators which limit the treasury risk and activities of the Council;
   - prospects for interest rates;
   - the borrowing strategy;
   - policy on borrowing in advance of need;
   - debt rescheduling;
   - the investment strategy;
   - creditworthiness policy; and
   - the policy on use of external service providers.

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

Councillor and officer training

9. The CIPFA Code requires the Interim Head of Finance to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed.

Capital Prudential Indicators

10. The Council's capital expenditure plans (as detailed in the council's capital programme) are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Treasury management advisors

11. The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

12. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.

13. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills, knowledge and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Minimum Revenue Provision (MRP) policy statement 2021/22

14. The council's current capital programme will primarily be financed from internal resources. If borrowing is undertaken, then the council will be required by statute to set aside funds in the annual revenue budget to amortise the principal element of any borrowing – this is the MRP. There will also be a requirement to set aside revenue budget for the interest payments on any borrowing raised. Loans will generally be taken over the life of the assets being financed and amortised accordingly.

15. The council is required by regulation to approve an annual MRP policy before the start of the year to which it relates. Any in-year changes must also be submitted to the council for approval.

16. A variety of options are provided to councils for the calculation of MRP. The council has chosen the "asset life method" as being most appropriate. Using this method MRP will be based on the estimated life of the asset, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction). Repayments included in annual PFI or finance leases are applied as MRP.

17. Currently, the council's MRP liability is nil. This will remain the case unless capital expenditure is financed by external or internal borrowing.

18. The Interim Head of Finance will determine the most appropriate repayment method, term of borrowing and duration of borrowing. As a general illustration, Table 1 below gives an example of the annual revenue costs associated with borrowing an amount of £2.5 million over a 50-year period, based on the current district tax base of 59,171.2 Band D equivalents:

Table 1: Example MRP and interest calculation		
Loan Amount	£2,500,000	
Loan Duration	50 Years	
PWLB Interest	1.38%	
2021/22 Tax Base	59,171	
	£	£ per Band D
MRP Element	£50,000	0.88
Annual Interest Cost	£34,500	0.58
Total	**£84,500**	**1.43**

Prospects for interest rate forecast and economic rate forecasts

19. The following table Link Asset Services' central view on expected interest rate movements out to March 2024. It should be read alongside the commentary provided below.

Table 2: interest rate forecasts - *Quoted by link Asset Services December 2020*

Bank Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	-
5yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.84%	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
Capital Economics	0.84%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	-	-	-	-	-
10yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.15%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%	1.30%	1.20%	1.30%	1.30%	1.30%
Capital Economics	1.15%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	-	-	-	-	-
25yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.70%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%
Capital Economics	1.70%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	-	-	-	-	-
50yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.54%	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%
Capital Economics	1.54%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	-	-	-	-	-

20. The fall in GDP in the first half of 2020, as a result of the COVID-19 pandemic, of 28 per cent was revised upwards to 23 per cent. This is still one of the largest falls in output of any developed nation but is only to be expected as the UK economy is heavily skewed towards consumer facing services, which were particularly vulnerable to being damaged by lockdown.

21. The Monetary Policy Committee (MPC) still expects the £300 billion of QE purchases announced between the March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4 billion a week, down from £14 billion a week at the height of the crisis and £7 billion more recently.

22. The pace of recovery is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. There will also be some painful longer-term adjustments as office space and travel by planes, trains and buses may not recover their previous level of use for several years or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

Negative interest rates

23. While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, as with our councils, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis, causing sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

24. As for money market funds (MMFs), yields have continued to drift lower. Some managers have suggested that they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short-term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.

25. Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

26. Although the Bank of England has seemingly ruled out using negative interest rates for now, it has recently written to all UK banks and building societies, as well as large international banks and insurers, asking them to identify any operational challenges associated with implementation of zero or negative bank rate. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including quantitative easing (QE) and forward guidance.

27. A move to negative interest rates will see treasury investment income fall. We are predicting that South will not reach their budgeted income levels for this year due to the drop in interest rates already experienced, and both councils will see a reduction in investment income in future years that will need to be built into future years budgets.

28. There is a risk that the cash the councils hold short term for working capital will attract nominal interest charges. However, we will mitigate this risk by investing the remaining balances longer term where possible, and also potentially making more use of notice accounts.

29. We will continue to maintain a close dialogue with our treasury advisors (Link Treasury Services) and we will continue to work pro-actively in accordance with our treasury strategy to minimise any adverse impact on investment returns that may result in the event of bank rate becoming negative.

Treasury Limits for 2021/22 to 2023/24

30. It is a statutory duty, under Section 3 of the Act and supporting regulations for the council to determine and keep under review how much it can afford to borrow. The amount so determined is called the "Affordable Borrowing Limit". The Authorised Limit is the legislative limit specified in the Act.

31. The council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital expenditure remains within sustainable limits and, that the impact upon its future council tax is 'acceptable'.

32. The Authorised Limit is set on a rolling basis, for the forthcoming financial year and two successive financial years.

33. The following indicators set the parameters within which we manage the overall capital investment and treasury management functions. There are specific treasury activity limits, which aim to contain the activity of the treasury function in order to manage risk and reduce the impact of an adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs/improve performance. The limits are set out in table 3 below.

Cabinet is asked to recommend council to approve the limits:

Table 3: Prudential indicators	2020/21 Approved £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt				
Authorised limit for external debt				
Borrowing	30	30	30	30
Other long-term liabilities	0	0	0	0
	30	**30**	**30**	**30**
Operational boundary for external debt				
Borrowing	25	25	25	25
Other long-term liabilities	0	0	0	0
	25	**25**	**25**	**25**
Interest rate exposures				
Maximum fixed rate borrowing	100%	100%	100%	100%
Maximum variable rate borrowing	100%	100%	100%	100%
Investments				
Interest rate exposures				
Limits on fixed interest rates	100%	100%	100%	100%
Limits on variable interest rates	50	50	50	50
Principal sums invested > 364 days				
Upper limit for principal sums invested >364 days	70	70	70	70

Current position

34. The maturity structure of the council's investments at 30 November 2020 was as follows:

Table 4: maturity structure of investments:	Total £000's	% holding
Call	500	0%
Money market fund	21,632	12%
Less than 6 months	69,000	39%
6 months to 1 year	65,500	37%
1 year +	2,000	1%
CCLA - Property Fund	6,831	4%
Equities	11,779	7%
Total investments	**177,241**	**100%**

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

***£177 million does not represent uncommitted resource the council has at its disposal. This amount includes council tax receipts held prior to forwarding to Oxfordshire County Council and the Police and Crime Commissioner for the Thames Valley, business rate receipts prior to payment to the government and committed capital and revenue balances. Details of the council's uncommitted balances are provided in the annual budget and council tax setting report.*

35. The council holds as above, 89 per cent of its investments in the form of cash deposits, 77 per cent is invested for fixed terms with a fixed investment return and 12 per cent on call accounts, with the remainder held in non-cash deposits. Typically, the council restricts lending activity to UK institutions and the highest rated counterparties

36. The council's considerations for investment will remain security, liquidity and yield – in that order. Officers undertaking Treasury Management will work towards the optimum profile distribution.

Investment performance for the year to 30 November 2020

37. The council's budgeted investment return for 2020/21 is £2.583 million, and the actual interest received to date is shown as follows:

Table 5: Investment interest earned by investment type				
			Interest Earned	
Investment type	**Annual Budget £000's**	**Actual to date £000's**	**Annual Forecast £000's**	**Forecast Variation £000's**
Fixed term and call cash	1,205	185	1,270	**65**
SOHA	623	312	623	**0**
CCLA	299	135	217	**(82)**
Unit Trusts	456	64	349	**(107)**
Total interest	**2,583**	**696**	**2,459**	**(124)**

Borrowing Strategy 2021/22

38. The annual treasury management strategy must set out details of the council's borrowing requirement, any maturing debt which will need to be re-financed, and the effect this will have on the treasury position over the next three years. This council currently has no external debt and in general, the council will borrow for one of two purposes:

- to support cash flow in the short-term;
- To fund capital investment over the medium to long term.

39. Any borrowing undertaken will be within the scope of the boundaries given in the prudential indicators shown in Table 3, which allow for the council to borrow up to a maximum of £30 million, if such a need arose. This also allows short-term borrowing for the cash flow management activities of the authority.

40. The existing capital programme can be financed from internal resources. If additional expenditure was committed in the future, a decision would have to be made at the time as to how it would be funded taking into account the prudential borrowing criteria. Any decision on borrowing will be taken by the Interim Head of Finance based on the optimum cost to the council.

41. Any borrowing for capital financing purposes will be assessed by the Interim Head of Finance to be prudent, sustainable and affordable

42. This strategy allows the Interim Head of Finance to determine the most suitable repayment terms of any borrowing to demonstrate affordability and sustainability in the medium-term financial plan if required. As a rule, the term of any borrowing will not be longer than the expected life of the capital asset being created.

Policy on borrowing in advance of need

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

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

Annual investment strategy 2021/22

45. The MHCLG and CIPFA have extended their definition of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

46. The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

47. The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

48. The primary aim of the council’s investment strategy is to maintain the security and liquidity of its investments; yield or return on the investment will be a

secondary consideration, subject to prudent security and liquidity. The council will ensure:

- It has sufficient liquidity in its investments to cover cash flow. For this purpose, it has set out parameters for determining the maximum periods for which funds may prudently be committed.

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.

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

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

Investment types

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

Specified investment instruments

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

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

Non-specified investment instruments

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

- Supranational bonds of 1 to 10 years to maturity
- UK treasury stock (Gilts) with a maturity of 1 to 10 years
- Unrated building societies (minimum asset value £1 billion)

- Bank and building society cash deposits up to 5 years (minimum F1/A-rated)
- Deposits with UK local authorities up to 25 years to maturity
- Corporate bonds
- Pooled property, pooled bond funds and UK pooled equity funds
- Diversified Income Fund
- Multi-Asset Fund
- Ultra-Dated/Short dated bond
- Non-UCITS Retail Schemes (NURS)

Other Non-specified investment instruments.

54. Other non-specified investment instruments include:

- Fixed term deposits with variable rate and variable maturities

Approach to investing

55. The council holds over £100 million core cash balances which are available to invest for more than one year. This is expected to reduce over the medium term as the approved capital expenditure is incurred and to fund the revenue budget shortfall. In addition, the council has funds that are available on a temporary basis to invest. These are held pending payment over to another body such as precept payments and council tax. The amount can be up to £22 million throughout the year and should only be invested short term (under one year). Investments will be made with reference to known cash flow requirements (liquidity).

56. The council's investment methodology includes the use of building societies. This is not in line with the Link Asset Services methodology, however in order that the council maintains a diversified portfolio, building societies have been included in the treasury management strategy.

57. While rates remain historically low the council will aim to keep investments relatively short term but will continue to look for opportunities to fix lending in the medium term with highly rated institutions when possible for core cash balances. The aim is to increase the weighted average maturity of the portfolio in order to reduce maturity risk.

58. Officers will continue to provide tight controls on the investments placed. Where possible, opportunities to spread the investment risk over different types of instruments will be considered.

59. Should market conditions deteriorate suddenly to the extent that the council is unable to place money with institutions with the necessary credit rating, it will make use of the UK Government deposit account (DMADF).

60. The council has the authority to lend to other local authorities at market rates. Whilst investments with other local authorities are considered to be supported by central government, officers will consider the financial viability and sustainability of the individual local authority before any funds are advanced.

61. Further investment in property funds will be looked at in more detail for consideration. In 2013/14 the council invested £5 million in the Churches Charities and Local Authorities pooled property investment fund (CCLA).

62. Money market funds are mainly used for liquidity; they also provide security and spread portfolio risk. Officers will always monitor the council's exposure to these funds in order to manage our security risk.

63. Currently the council does not make use of an external fund manager. Whilst there are presently no plans for this situation to change, this will continue to be kept under review.

64. Bond funds can be used to diversify the portfolio, whilst maintaining an element of liquidity and security. These will be considered and reviewed as an investment possibility to spread portfolio risk.

65. One option to offer diversification in the council's investment portfolio would be to make use of Ultra Short Dated / Short Dated Bond Funds (USDBF / SDBFs). Possible use of such funds would be intended for longer term investments than with traditional money market funds (i.e. for possible investment durations of three – six months).

66. Unlike money market funds USDBF/SDBF have a variable net asset value (VNAV). This means the assets are 'marked to market' (re-valued to current market value) on a daily basis and the fund unit price adjusted accordingly. Under this calculation basis the unit price fluctuates and could, therefore, be higher or lower than the original investment when it is redeemed. Any use of the above funds would be restricted to the high-quality counterparty credit criteria as set out in Table 5 below.

67. The council does not currently make use of certificates of deposit. Consideration will be given to their use to assist diversification of the investment portfolio. Certificates of deposit have the same level of ranking and security as ordinary fixed term deposits but have the option of being traded before maturity. Certificates of deposit are bought and sold on the stock market and their price can go up or down prior to their redemption date. If held to maturity the investment will return their issue value. The council would only normally look to enter such investments on a held to maturity basis.

Counterparty selection

68. Treasury management risk is the risk of loss of capital to the council. To minimise this risk, the council uses credit rating information when considering who to lend to. Link Asset Services provide the council with credit rating updates from all three ratings agencies – Standard & Poors, Fitch and Moodys.

69. The council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies in evaluating investment opportunity. This is because adopting this approach could leave the council with too few counterparties for the strategy to be workable. Instead, counterparty investment limits will be set by reference to all the assigned ratings.

70. Where counterparties fail to meet the minimum required criteria (Table 6 below) they will be omitted from the counterparty list. Any rating changes and rating watches (notification of a rating change under consideration) are provided to officers almost immediately after they occur, and this information is considered before any deal is entered into. Extreme market movements may result in a downgrade of an institution or removal from the council's lending list.

71. Additional requirements under the CIPFA Treasury Management Code require the council to supplement the credit rating data with operational market information such as credit default swaps (CDS), negative watches and outlooks, which are considered when assessing the security of counterparties. This additional information is used so that the council does not rely solely on the current credit ratings of counterparties.

72. Where it is felt the council would benefit from utilising government guarantees provided by countries with a AAA rating, the council may lend to institutions covered by such guarantees. Any decision to lend in this way will be subject to consultation with the agreement of the cabinet member responsible for finance.

Country and sector considerations

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

Counterparty limits

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

Table 6: Counterparty Limits				
Counterparty	**Minimum Fitch Long term Rating (or equivalent)**	**Counterparty Limit £m**	**Max. maturity period**	**Maximum % of total**
Institutions with a minimum rating:	F1+ / AA-	£15m	4 years	25%
Institutions with a minimum rating:	F1+ / A+	£15m	3 years	25%
Institutions with a minimum rating:	F1 / A	£15m	2 years	30%
Institutions with a minimum rating:	F1 / A-	£15m	1 year	50%
Banks - part nationalised UK	UK sovereign	£20m	4 years	100%
Building societies - assets > £5bn	n/a	£10m	12 months	70%
Building societies - assets > £3bn	n/a	£8m	12 months	60%
Building societies - assets > £1bn	n/a	£6m	12 months	50%
Building Societies	BBB+	£15m	12 Months	50%
Local authorities , parish councils	n/a	£20m	25 years	50%
Money Market funds (CNAV)	AAA	£20m	liquid	100%
Pooled bond fund	F1+/A+	£5m	Variable	10%
Pooled property fund	n/a	£10m	Variable	15%
CCLA Diversified Income Fund	n/a	£10m	Variable	15%
Multi - Asset Funds	n/a	£10m	Variable	15%
Ultra Dated/Short dated bonds	n/a	£10m	Variable	15%
Property related Investments	n/a	£30m	Variable	80%
Corporate Bonds	F1+/A+	£5m	Variable	10%
Non-UCITS Retail Scheme (NURS)	n/a	£5m	Variable	50%
Managed Bond Funds	F1/A-	£15m	Variable	15%
Share capital / Equities (UK)	n/a	£10m	Variable	20%
Supranationals	AAA	£10m	Variable	20%
UK Government - gilts	UK sovereign	£15m	15 years	10%
UK Government - DMADF	UK sovereign	No limit	n/a	100%
UK Government - Treasury Bills	UK sovereign	£15m	15 years	10%

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

76. On 31 March 2020 the Interim Head of Finance waived financial procedure rule 53 and allowed the councils to over-ride their counter party limits for money market funds. This was to allow the councils to deal with the receipt of unprecedented levels of government grant funding to fund the business grant schemes administered by the councils on behalf of the government.

77. Delegation 2.7 of the council constitutions allows the Interim Head of Finance, in consultation with the cabinet member for finance, to raise counterparty limits by £3,000,000 within a financial year.

78. Officers believe the same temporary increases will be required for the first half of 2021/22. The increased limits on specific counterparties are set out in the table below.

Counterparty	Amount required £m
West Bromwich Building Society	3
Newcastle Building Society	3
Nottingham Building Society	3
National Counties Building Society	3
Progressive Building Society	3
Monmouthshire Building Society	3
Furness Building Society	3
Goldman Sachs Money Market Fund	10

Fund managers

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

Risk and performance benchmarks

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

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

    - Cash investments - 3-month LIBID rate.
    - Property related investments – IPD Balance Property Unit Trust Index.
    - Equities – FTSE all shares index

82. The results of these indicators will be reported in both the annual mid-year and year end treasury reports.

Policy on the use of treasury management advisors

83. The council has a joint contract for treasury management advisors with Vale of White Horse District Council. Link Asset Services provides a range of services which include:

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

84. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills, resources and up to date market information.

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

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

86. **Joint Audit and Governance Committee/ Cabinet**
- approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- Ensuring effective scrutiny of the treasury management function

87. **Section 151 Officer/ Interim Head of Finance**
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- Approving the selection of external service providers and agreeing terms of appointment.

88. The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management), this is detailed in appendix F.

Summary

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

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

Appendix B

ECONOMIC BACKGROUND

The following was provided by our advisors, Link Asset Services, during November 2020.

- **UK.** The Bank of England's Monetary Policy Committee kept **Bank Rate** unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
    - The economy would recover to reach its pre-pandemic level in Q1 2022
    - The Bank also expects there to be excess demand in the economy by Q4 2022.
    - CPI inflation is therefore projected to be a bit above its 2 per cent target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to **the Bank's forward guidance** in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2 per cent target sustainably". That seems designed to say, in effect, that even if inflation rises to 2 per cent in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase through to quarter 1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to GDP ratio falling significantly. **Inflation** is unlikely to pose a threat requiring increases in Bank Rate during this period as there is likely to be spare capacity in the economy for a considerable time. It is expected to briefly peak at around 2 per cent towards the end of 2021, but this is a temporary short-lived factor and so not a concern.
- However, the minutes did contain several references to **downside risks**. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. That could involve some or all of the lockdown being extended beyond 2nd December, a temporary relaxation of restrictions over Christmas, a resumption of the lockdown in January and lots of regions being subject to Tier 3 restrictions when the lockdown ends. Hopefully, restrictions should progressively ease during the spring. It is only to be expected that some businesses that have barely survived the first lockdown, will fail to survive the second lockdown, especially those businesses that depend on a surge of business in the run up to Christmas each year.

This will mean that there will be some level of further permanent loss of economic activity, although the extension of the furlough scheme to the end of 31st March will limit the degree of damage done.

- As for **upside risks**, we have been waiting expectantly for news that various **COVID19 vaccines** would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90 per cent effectiveness was much higher than the 50-60 per cent rate of effectiveness of flu vaccines which might otherwise have been expected. However, their phase three trials are still only two-thirds complete. More data needs to be collected to make sure there are no serious side effects. We don't know exactly how long immunity will last or whether it is effective across all age groups. The Pfizer vaccine specifically also has demanding cold storage requirements of minus 70C that might make it more difficult to roll out. However, the logistics of production and deployment can surely be worked out over the next few months.
- However, there has been even further encouraging news since then with another two vaccines announcing high success rates. Together, these three announcements have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels, which would help to bring the unemployment rate down. With the household saving rate currently being exceptionally high, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could begin to be eased, possibly in Q2 2021, once vulnerable people and front-line workers had been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7 per cent next year instead of 9 per cent. But while this would reduce the need for more QE and/or negative interest rates, increases in Bank Rate would still remain some years away. There is also a potential question as to whether the relatively optimistic outlook of the Monetary Policy Report was swayed by making positive assumptions around effective vaccines being available soon. It should also be borne in mind that as effective vaccines will take time to administer, economic news could well get worse before it starts getting better.
- **Public borrowing** is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19 per cent of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9 per cent of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1 per cent in August, this left the economy still 9.2 per cent smaller than in February; this suggested that the economic recovery was running out of steam after recovering 64 per cent of its total fall during the crisis. The last

three months of 2020 were originally expected to show zero growth due to the impact of widespread local lockdowns, consumers probably remaining cautious in spending, and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year also being a headwind. However, the second national lockdown starting on 5th November for one month is expected to depress GDP by 8 per cent in November while the rebound in December is likely to be muted and vulnerable to the previously mentioned downside risks. It was expected that the second national lockdown would push back recovery of GDP to pre pandemic levels by six months and into sometime during 2023.

This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to 2 per cent of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4 per cent deficit due to assuming much slower growth. However, Capital Economics forecasts assume that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

- Capital Economics have not revised their forecasts for Bank Rate or gilt yields after this major revision of their forecasts for the speed of recovery of economic growth, as they are also forecasting that inflation is unlikely to be a significant threat and so gilt yields are unlikely to rise significantly from current levels.

- There will still be some **painful longer-term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15 per cent.

US. The result of **the November elections** means that while the Democrats have gained the presidency and a majority in the House of Representatives, it looks as if the Republicans will retain their slim majority in the Senate. This means that the Democrats will not be able to do a massive fiscal stimulus, as they had been hoping to do after the elections, as they will have to get agreement from the Republicans. That would have resulted in another surge of debt issuance and could have put particular upward pressure on debt yields – which could then have also put upward pressure on gilt yields. On the other hand, equity prices leapt up on 9th November on the first news of a successful vaccine and have risen further during November as more vaccines announced successful results. This could cause a big shift in investor sentiment i.e. a swing to sell out of government debt to buy into equities which would normally be expected to cause debt prices to fall and yields to rise. However, the rise in yields has been quite muted so far and it is too early to say whether the Fed would feel it necessary to take action to suppress any further rise in debt yields. It is likely that the next two years, and possibly four years in the US, could be a political stalemate where neither party can do anything radical.

The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the **pandemic** with GDP only 3.5 per cent below its pre-pandemic level and the unemployment rate dropping below 7 per cent. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

However, with the likelihood that highly effective vaccines are going to become progressively widely administered during 2021, this should mean that life will start to return to normal during quarter 2 of 2021. Consequently, there should be a sharp pick-up in growth during that quarter and a rapid return to the pre-pandemic level of growth by the end of the year.

After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2 per cent and was on track to moderately exceed 2 per cent for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2 per cent target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal. The Fed’s meeting on 5 November was unremarkable - but at a politically sensitive time around the elections.

EU. The economy was recovering well towards the end of Q2 and into Q3 after a sharp drop in GDP caused by the virus, (e.g. France 18.9 per cent, Italy 17.6 per cent). However, growth is likely to stagnate during Q4, and Q1 of 2021, as a second wave of the virus has affected many countries, and is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries. With inflation expected to be unlikely to get much above 1 per cent over the next two years, the ECB has been struggling to get inflation up to its 2 per cent target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5 per cent, although the ECB has stated that it retains this as a possible tool to use. It is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support from governments. The current PEPP scheme of €1,350bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy.

There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, the PEPP scheme is regarded as being a temporary measure during this crisis so it may need to be increased once the first PEPP runs out during early 2021. It could also decide to focus on using the Asset Purchase Programme to make more monthly purchases, rather than the PEPP scheme, and it does have other monetary policy options.

However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle during the closing and opening quarters of this year and next year respectively before it finally breaks through into strong growth in quarters 2 and 3. The ECB will now have to review whether more monetary support will be required to help recovery in the shorter term or to help individual countries more badly impacted by the pandemic.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies.

However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan. Japan's success in containing the virus without imposing draconian restrictions on activity should enable a faster return to pre-virus levels of output than in many major economies. While the second wave of the virus has been abating, the economy has been continuing to recover at a reasonable pace from its earlier total contraction of 8.5 per cent in GDP. However, there now appears to be the early stages of the start of a third wave. It has also been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2 per cent, despite huge monetary and fiscal stimulus. There has also been little progress on fundamental reform of the economy. The change of Prime Minister is not expected to result in any significant change in economic policy.

World growth. While Latin America and India have, until recently, been hotspots for virus infections, infection rates have begun to stabilise. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20 per cent of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high-tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 are predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. However, as the differences between a Brexit deal and a no deal are not as big as they once were, the economic costs of a no deal have diminished. The bigger risk is that relations between the UK and the EU deteriorate to such an extent that both sides start to unravel the agreements already put in place. So what really matters now is not whether there is a deal or a no deal, but what type of no deal it could be.

The differences between a deal and a no deal were much greater immediately after the EU Referendum in June 2016, and also just before the original Brexit deadline of 29.3.19. That's partly because leaving the EU's Single Market and Customs Union makes this Brexit a relatively "hard" one. But it's mostly because a lot of arrangements have already been put in place. Indeed, since the Withdrawal Agreement laid down the terms of the break-up, both the UK and the EU have made substantial progress in granting financial services equivalence and the UK has replicated the bulk of the trade deals it had with non-EU countries via the EU. In a no deal in these circumstances (a "cooperative no deal"), GDP in 2021 as a whole may be only 1.0 per cent lower than if there were a deal. In this situation, financial services equivalence would probably be granted during 2021 and, if necessary, the UK and the EU would probably rollover any temporary arrangements in the future.

The real risk is if the UK and the EU completely fall out. The UK could override part or all of the Withdrawal Agreement while the EU could respond by starting legal proceedings and few measures could be implemented to mitigate the disruption on 1.1.21. In such an "uncooperative no deal", GDP could be 2.5 per cent lower in 2021 as a whole than if there was a deal. The acrimony would probably continue beyond 2021 too, which may lead to fewer agreements in the future and the expiry of any temporary measures.

Relative to the slump in GDP endured during the COVID crisis, any hit from a no deal would be small. But the pandemic does mean there is less scope for policy to respond. Even so, the Chancellor could loosen fiscal policy by about £10bn (0.5 per cent of GDP) and target it at those sectors hit hardest. The Bank of England could also prop up demand, most likely through more gilt and corporate bond purchases rather than negative interest rates.

Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

So in summary there is not likely to be any change in Bank Rate in 20/21 – 21/22 due to whatever outcome there is from the trade negotiations and while there will probably be some movement in gilt yields / PWLB rates after the deadline date, there will probably be minimal enduring impact beyond the initial reaction.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK / EU trade negotiations** – if they were to cause significant economic disruption and downturn in the rate of growth.
- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of

the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.

- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. In November, Hungary and Poland threatened to veto the 7 year EU budget due to the inclusion of a rule of law requirement that poses major challenges to both countries. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK -** a significant rise in inflationary pressures. These could be caused by an uncooperative Brexit deal or by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population which leads to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Post-Brexit – if a positive agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.

Appendix C

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

1. These benchmarks are targets and so may be exceeded from time to time. Any variation will be reported, along with supporting reasons, in the Annual Treasury Report.

2. **Yield**. The local benchmark currently used to assess the performance of cash investments is the level of returns contrasted against the London Interbank Bid (LIBID) three-month rate. This is the interest rate a bank would be willing to pay to borrow from another bank for three months.
Property related investments are benchmarked against the IPD Balanced Property Unit Trust Index.

3. **Liquidity**. Liquidity is defined as the council "having adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice).

4. In respect of this area, the council shall seek to:

- maintain a minimal balance held in the council's main bank account at the close of each working day. Transfers to the councils call accounts, MMF and investments will be arranged in order to achieve this, while maintaining access to adequate working capital at short notice.
- use the authorised bank overdraft facility or short-term borrowing where there is clear business case for doing so, to cover working capital requirements at short notice

5. **Security of the investments**.

In the context of benchmarking, assessing security is very much more a subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch long term rating category over the last 20-30 years.

Average defaults for differing periods of investment

Long term rating	1 year	2 years	3 years	4 years	5 years
AA	0.04%	0.10%	0.18%	0.27%	0.36%
A	0.05%	0.15%	0.28%	0.42%	0.59%
BBB	0.16%	0.44%	0.77%	1.15%	1.55%

6. The council's minimum long term (i.e. plus 365 day duration) rating criteria is currently "A-". For comparison, the average expectation of default for a two-year investment in a counterparty with an "A" long term rating would be 0.15 per cent of the total investment (e.g. for a £1m investment the average loss would be £1,500). **This is an average** - any specific counterparty loss is likely to be higher. These figures act as a proxy benchmark for risk across the portfolio.

Appendix D

Explanation of Prudential and Treasury Indicators

Prudential borrowing permits local government organisations to borrow to fund capital spending plans provided they could demonstrate their affordability. Prudential indicators are the means to demonstrate affordability.

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

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

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

Upper limit for total principal sums invested for over 365 days – the amount it is considered can be prudently invested for periods in excess of a year

Appendix E

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

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

- Certificates of deposits issued by banks and building societies (minimum rating as above) covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are as stated in table 6 to this report.

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

Implementation in 2018/19
In December 2017, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances.

The 2017 CIPFA Code of Practice on Treasury Management abolished the treasury indicators on limits for fixed and variable rate exposure. However, this was on the basis that authorities would explain in words how they control interest rate risk.

IFRS 9
Risk management will need to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Key considerations are:

- Expected credit loss model. Whilst this should not be material for ordinary treasury investments such as bank deposits, this is likely to be challenging for some funds e.g. property funds, (and also for non-treasury management investments dealt with in the capital strategy e.g. longer dated service investments, loans to third parties or loans to subsidiaries).
- The valuation of investments previously valued under the available for sale category e.g. equity related to the "commercialism" agenda, property funds, equity funds and similar, will be changed to Fair Value through the Profit and Loss (FVPL).

Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

Appendix F

Extension to the specific responsibilities of the S151 officer as per the Treasury Management code

The below list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management);

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to*

ensure that appropriate professional due diligence is carried out to support decision making;

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Appendix G

GLOSSARY OF TERMS

Authorised Limit	The maximum amount of external debt at any one time in the financial year.
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 financial instrument financing trade.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre-agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
Cash Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore, the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
CDS	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
CFR	Capital Financing Requirement.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	Department for Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.

ECB	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2 per cent. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
Enhanced Cash Funds	A pooled investment fund. Longer dated investment than a MMF and, unlike an MMF, enhanced cash funds have variable asset value. Assets are marked to market on a daily basis and the unit prices vary accordingly. Investments can be withdrawn on a notice basis (the length of which depends on the fund) although such funds would typically be used for investments of 3 to 6 month duration.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
Forward Deposits	Same as forward dealing (above).

Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Mark to Market Accounting	Accounting on the basis of the "fair value" of an asset or liability, based on the current market price. As a result, values will change with market conditions.
Minimum Revenue Provision	This is a prudent sum set aside each year to offset the principal repayment of any loan to smooth the impact on the local taxpayer.
Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however an MMF relies on loans to companies rather than share holdings.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1 per cent of a central target of 2.5 per cent in two years' time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Non-UCITS Retail Scheme (NURS) –	Undertakings for collective investments are funds authorised to be sold in the UK that are required to meet standards set by the UK services regulator. An example is property funds.
Operational Boundary	The most likely, prudent but not worst-case scenario of external debt at any one time.
Other Bonds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (Ex UK Gilts)	Bonds issued or guaranteed by nation states but excluding UK government bonds.

Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield ("spread") given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Cabinet Report

Report of Interim Head of Finance

Author: Simon Hewings

Telephone: 01235 422499

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

Cabinet member responsible: Leigh Rawlins

Tel: 01189 722565

E-mail: Leigh.Rawlins@southoxon.gov.uk

To: CABINET 04 February 2021

To: COUNCIL 11 February 2021

Capital strategy 2021/22 to 2030/31

Recommendation

That Cabinet recommends Council to approve the capital strategy 2021/22 to 2030/31 which is contained in appendix one of the report of the interim head of finance to Cabinet on 4 February 2021.

Purpose of Report

1. To request cabinet to recommend council to approve the capital strategy for 2021/22 to 2030/31. The capital strategy outlines the council's approach to capital spending, based on the council's corporate strategy, and is linked to the council's corporate objectives, medium term financial strategy, and management of projects and programmes.

Strategic Objectives

2. The capital strategy assists the council in meeting its strategic objectives. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. By determining the framework within which decisions on capital expenditure and investment are made the strategy will ensure that such decisions assist the council in meeting its corporate strategic objectives.

Background

3. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

Under the Code, a capital strategy is required to be agreed ahead of the 2021/22 financial year and will be reviewed on an annual basis.

4. The capital strategy for 2021/22 to 2030/31 is attached as appendix one to this report. The strategy provides the overall policy framework for capital expenditure and investment. It does this by bringing together the requirements of the council's strategic objectives, and the constraints of its medium term financial plan, and within the parameters set by those it determines how capital schemes can be progressed from initial idea through to conclusion.

5. There are number of key "building blocks" that are essential to underpin the strategy that are currently being developed. These include:

    - An asset management strategy and maintenance plan
    - Medium term service planning.

6. The capital strategy will be a key document for the council going forward. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. It will also provide an overview of how associated risk is managed and the implications for future financial sustainability. It will increase transparency in the planning, approval and monitoring of capital expenditure.

Financial Implications

7. There are no direct financial implications arising from implementing the strategy.

Legal Implications

8. None.

Conclusion

9. This report provides details of the proposed capital strategy for 2020/21 to 2029/30 and asks cabinet to recommend the capital strategy to council. These documents provide the parameters within which capital expenditure and investment decisions will be made once the supporting requirements are in place.

Background Papers

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.

Appendices

Appendix one Capital strategy 2021/22 to 2030/31.

Appendix 1

Capital Strategy 2021/22 – 2030/31

Contents

1 Introduction

The council's capital strategy represents its approach to future investment in achieving its agreed objectives, whilst having regard to governance and its limited financial resources available. The council has a significant capital investment programme for the period from 2021/22 to 2026/27, whilst facing a number of competing demands on finite resources. To achieve its' aims and objectives the council seeks to work with partners who share its ambitions for improved outcomes for all its residents and will introduce a capital investment programme that will facilitate its key objectives.

2 Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with long-term objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy will be a key document for the Council and will form part of the authority's integrated revenue, capital and balance sheet planning. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. It will also provide an overview of how associated risk is managed and the implications for future financial sustainability. It will include an overview of the governance processes for developing proposals, approval and monitoring of capital expenditure.

3 Scope

This Capital Strategy will include all capital expenditure and capital investment decisions, not only as an individual local authority but also any entered into under joint arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets and will stress the need for evidence-based decision making.

4 Capital Expenditure

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset that is needed to provide services. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, vehicles. This contrasts with revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.

The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included would be any commercial investments.

5 Delivery and Commercial Investments

These are investments for policy reasons outside of normal treasury management activity. These may include:

5.1 Delivery investments

These are investments held clearly and explicitly in the course of the provision, and for the purposes, of operational delivery, including regeneration.

5.2 Commercial investments

These are investments taken for mainly financial reasons. These may include:

1. investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers;
2. investments explicitly taken with the aim of making a financial surplus for the Council.

Commercial investments also include fixed assets which are held primarily for financial benefit, such as investment properties.

Due to the nature of the assets or for valid investment reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported.

The Section 151 Officer/Interim Head of Finance will ensure that the Council has the appropriate legal powers to undertake such investments and will also ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes it to an excessive level of risk compared to its financial resources.

6 Due Diligence

For all capital investments, it is proposed that the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.

The process and procedures will include effective scrutiny of proposed investments that will, for example, consider:

- identification of the risk to both the capital sums invested and the returns;
- understanding the extent and nature of any external underwriting of those risks;

- the potential impact on the financial sustainability of the Council if those risks come to fruition;
- identification of the assets being held for security against debt and any prior charges on those assets;
- where necessary independent and expert advice will be sought.

The Section 151 Officer/Interim Head of Finance will ensure that members are adequately informed and understand the risk exposures being taken. Internal control and policy compliance will regularly be assessed by Joint Audit and Governance Committee.

7 Council Objectives

The Council has a set of corporate aims, priorities and objectives which shapes the provision of services. These are set out in the Corporate Plan. Capital investment projects if, and when undertaken, must be in line with these overall objectives and considered in the longer term.

8 The Capital Budget Setting Process

8.1 Key Criteria for Strategy

For any budget setting year, the key criteria by which proposals would be considered will be set. These may include for example:

- Maintenance of the essential infrastructure of the organisation;
- Essential Health and Safety works;
- Essential rolling programmes;
- Invest to save schemes;
- Match funded investment for regeneration projects;
- The outcome of feasibility studies.

8.2 Deciding which Schemes are to be put forward for review

When decisions on capital projects to be put forward are made it is proposed that consideration is given to the following:

Prudence:

- Recognition of the ability to prioritise and refocus following changes to the Council's Corporate Plan;
- Recognition of the capacity in the organisation to deliver such a programme;
- Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk;
- Recognition of the future vision of the authority;

- The approach to commercial activities including ensuring effective due diligence, defining the risk appetite and considerations of proportionality in respect of overall resources;
- The approach to treasury management and the management of risk is set out in the Treasury Management Strategy.

Affordability:

- Revenue impact of the proposals on the Medium Term Financial Plan;
- The borrowing position of the Council as required, projections of external debt and the use of internal borrowing to support capital expenditure;
- The authorised limits and operational boundaries;
- Whether schemes are profiled to the appropriate financial year.

Sustainability:

- An overview of asset management planning including maintenance requirements and planned disposals;
- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of and risks faced with reference to the life of the project/assets;
- If the need to borrow is approved provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy and consideration by Joint Audit and Governance Committee of the impact on the repayment on future viability.

All proposals would be produced in line with the Corporate Delivery Framework which will ensure the above points on prudence, affordability and sustainability are considered.

Sources of funding would be considered for each of the proposed capital schemes. Each project would be considered in terms of revenue funding to cover the operational running costs of the asset and any borrowing repayment costs, and how the asset would be funded in terms of capital expenditure. This is known as whole life budgeting.

8.3 Prioritisation of Schemes put forward

A system for prioritising capital projects will be adopted where funds allow.

8.4 Options Appraisals and Feasibility Studies

As part of the process of producing a list of potential schemes the capital programme option appraisals will be required to determine the most cost effective and best service delivery options.

Some projects may require a feasibility study. As part of any feasibility study an assessment of the maintenance costs per annum averaged over the whole life of the asset will be calculated.

8.5 In Year Opportunities

Schemes which arise during the year will only be considered for inclusion in the capital programme if they meet key criteria set out in section 8.1 or one or more of the following criteria:

- The location of the property to be purchased will bring added value to the estate;
- The requirement for the asset is an extraordinary service demand which could not be anticipated in the normal planning processes.

8.6 Member Approval Process

As part of the annual budget cycle.

9 Monitoring of the Capital Programme Expenditure

The Capital Budget Monitoring Report is currently produced periodically, listing provisional and approved capital schemes, giving details of the project manager, budgets, year to date spend, brought forward spend and capital financing.

The report is sent to budget managers of each department for comment and reports are returned to Finance Team for incorporating into the Capital Budget Monitoring Report that is sent to the Strategic Management Team for review to ensure schemes are on target. Summaries are presented to formal Cabinet meetings for consideration.

When the capital schemes are completed a full evaluation report will be made available.

10 Multi-Year Schemes

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Estimated payment patterns are calculated for each project so that the expected capital expenditure per year is known. This is known as a cash flow projection and is key to analysing funding requirements.

The length of the planning period is defined by the financing strategy and the risks faced with reference to the life of the project/assets. For example, some schemes may span two or three years whereas others may be over much longer timeframes.

This allows greater integration of the revenue budget and capital programme and matches the time requirement for scheme planning and implementation since schemes have a considerable initial development phase.

11 Funding Strategy and Capital Policies

This section sets out the policies of the Council in relation to funding capital expenditure and investment.

11.1 External Funding

The Council will seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government.

Prior to submitting proposals for grant funding, an assessment of the risk of a contract price increase, associated with market conditions or abnormal building plan demands attached to some grants, must be completed to estimate the likelihood of additional funding being needed.

11.2 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an asset. In most cases they cannot be spent on revenue items.

11.3 Prudential/Unsupported Borrowing

Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. This borrowing may also be referred to as Prudential Borrowing.

Section 151 Officer/Interim Head of Finance will make an assessment of the overall prudence, affordability and sustainability of the total borrowing which is reviewed by the Joint Audit and Governance Committee before approval by the Council. The impact of this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

The view of the Section 151 Officer/Interim Head of Finance will be fed into the corporate budget process so that, should the required borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing.

Section 151 Officer/Interim Head of Finance will also determine whether the borrowing should be from internal resources, or whether to enter external borrowing.

11.4 Invest to Save Schemes

Occasionally projects arise which require set-up costs. Such projects may bring long term service delivery improvements and/or cost savings. The initial set up costs may be of a revenue or capital nature. Assistance for these schemes must be considered on an individual basis.

For 'invest to save' schemes it is expected that in the longer term these schemes will produce savings and/or additional income that will support the revenue budget.

11.5 Leasing

Section 151 Officer/Interim Head of Finance may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources will be made, and the Section 151 Officer/Interim Head of Finance will ascertain that leasing provides the best value for money method of funding the scheme.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

12 Procurement and Value for Money

Procurement is the purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

The Councils' procurement team helps to ensure value for money and to identify where efficiency savings can be achieved. This also covers capital procurement.

It is essential that all procurement activities comply with procurement legislation and adhere to the relevant requirements. Guidance on this can be sought from the Procurement team. Procurement must also comply with the Councils policies and regulations such as Contract Procedural Rules and Financial Regulations.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality and ensure all expenditure is appropriate.

13 Performance Management

Clear measurable outcomes will be developed for each capital scheme. After the scheme has been completed, a review can be undertaken.

Reviews will look at the effectiveness of the whole project in terms of operational delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

14 Risk Management

To manage risk effectively, the risks associated with each capital project will be identified, analysed, and monitored.

It is important to identify the appetite for risk (see below) by each scheme and for the capital programme, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

Section 151 Officer/Interim Head of Finance will explicitly identify the affordability and risk associated with the Capital Strategy. Where appropriate they will consider specialised advice to assist in decision making.

An assessment of risk will therefore be built into every capital project and major risks recorded in a Risk Register, before consideration by Council.