

## Agenda



Listening Learning Leading

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Date: 9 October 2013

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## A MEETING OF THE

## Cabinet

**WILL BE HELD ON THURSDAY 17 OCTOBER 2013 AT 6.00 PM  
COUNCIL CHAMBER, COUNCIL OFFICES, CROWMARSH GIFFORD**

South Oxfordshire District Council aims to increase access to its public meetings. This meeting will be broadcast live on the council's website and the record archived for future viewing. You can view this broadcast at [www.southoxon.gov.uk](http://www.southoxon.gov.uk)

### Members of the Cabinet

Member	Portfolio
Mrs Ann Ducker, MBE (Chairman)	Leader of the Council - responsible for HR, customer services, legal and democratic (excl. community safety), Didcot, corporate strategy (excl. waste and parks and grants)
Ms Anna Badcock	Cabinet Member for health and housing
Mr David Dodds	Cabinet Member for finance, waste and parks
Mrs Judith Nimmo-Smith	Cabinet Member for economic development, property and technical services
Reverend Angie Paterson	Deputy Leader and Cabinet Member for planning incl. building control) and IT
Mr Bill Service	Cabinet Member for community safety, leisure and grants

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- 1 Apologies**
- 2 Declaration of disclosable pecuniary interest**
- 3 Minutes of the previous meeting, 25 September 2013**
- 4 Public participation**

***ITEMS TO BE CONSIDERED WITH THE PUBLIC PRESENT***

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

**CABINET DECISIONS**

- 5 Fly tipping** (Pages 5 - 10)

Purpose: to continue to support fly-tipping enforcement activity.

**RECOMMENDATIONS TO COUNCIL**

- 6 Gambling policy** (Pages 11 - 56)

Purpose: to consider the recommendation of the Licensing Acts Committee on the Joint Gambling Policy following the statutory consultation.

- 7 Treasury management outturn report** (Pages 57 - 74)

Purpose: to report on performance of the treasury management function (the management of the council's investments) for the financial year 2012/13.

- 8 Council tax reduction scheme 2014/15 onwards** (Pages 75 - 78)

Purpose: to enable the council to adopt a council tax reduction scheme for financial years commencing 1 April 2014.

- 9 Long term loan to Soha Housing** (Pages 79 - 82)

Purpose: to consider a loan to Soha Housing to provide a long-term investment income stream to the council and to fund social housing schemes locally.

- 10 Exclusion of the public**

To consider whether to exclude members of the press and public from the meeting for the following item of business under Part 1 of Schedule 12A Section 100A(4) of

the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3, Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

***ITEM TO BE CONSIDERED WITH THE PUBLIC EXCLUDED***

These reports are not available on the council's website.

**11 Loan to housing association** (Pages 83 - 84)

Purpose: to consider the appendix to the strategic director's report on a loan to Soha Housing to provide a long-term investment income stream to the council and to fund social housing schemes locally.

MARGARET REED

Head of Legal and Democratic Services

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# Cabinet Report



Report of Head of Health and Housing

Author: Paul Staines

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Cabinet member responsible: Cllr Anna Badcock

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To: CABINET

Date: 17 OCTOBER 2013

## Fly Tipping

### Recommendation

Cabinet agrees that the post of Enforcement Officer, fly tipping should be made permanent from 1 April 2014 and to include this in its 2014/15 budget proposals to council.

### Purpose of report

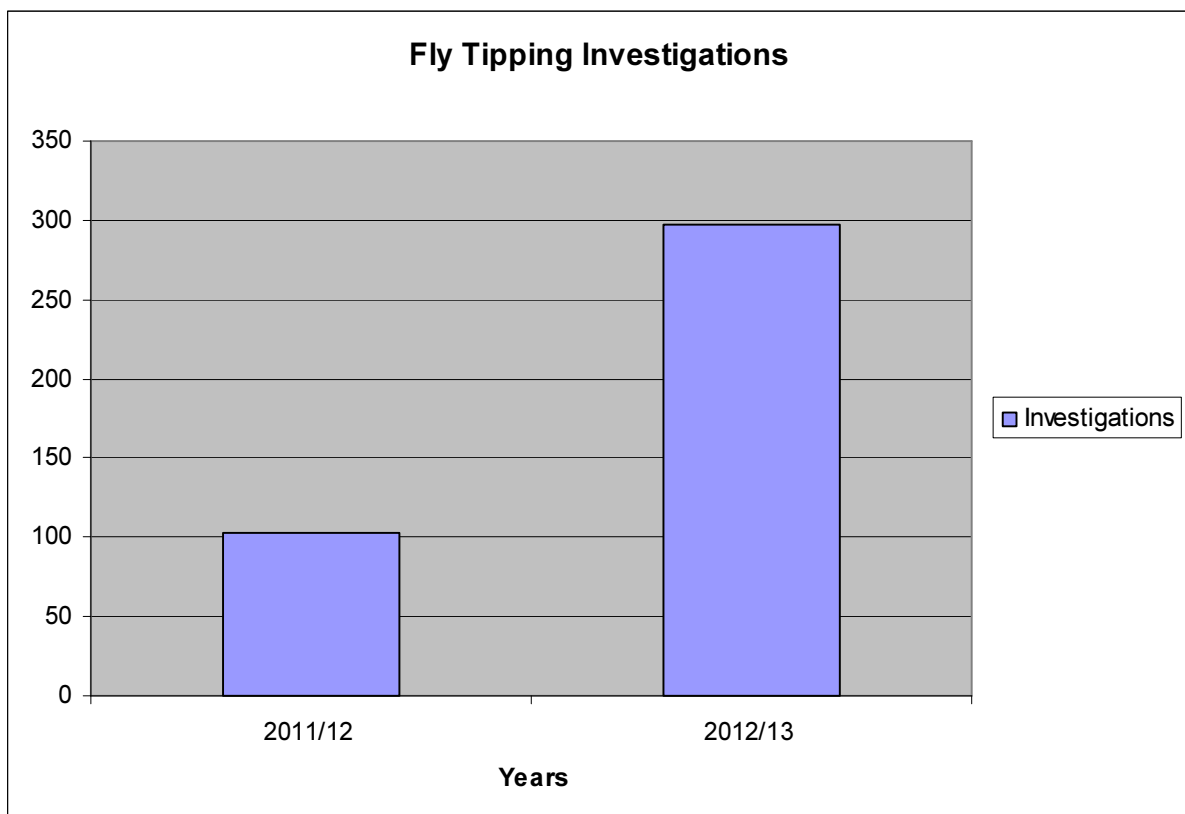
1. In 2011, there was a marked increase in the level of fly tipping across South Oxfordshire. Officers advised that neighbouring authorities pursued fly tipping offenders more vigorously with dedicated staff resources and that enforcement action seemed to be a material factor in deterring fly-tippers. Accordingly, Cabinet approved a fixed term post to carry out fly-tipping investigation and enforcement and asked to review the effectiveness of this after 18 months.
2. The purpose of this report is therefore is to provide Cabinet with information on fly-tipping enforcement and its impact on the levels of fly tipping in the district, so as to assess the effectiveness of the post. In conclusion officers recommend the continuation of the post and invite cabinet to submit a growth bid to make the post permanent from 1 April 2014.

## Corporate objectives

3. The proposal contributes to the objectives of excellent delivery of key services and support for communities and building the local economy (improve the viability and attractiveness of our towns).

## Background

4. The graph below shows the number of fly-tipping investigations carried out by the council for the past two years.



5. Since the introduction of the temporary post in March 2012 the number of fly tipping investigations increased from 102 in 2011/12 to 297 in 2012/13. In 2013/14 we have carried out 126 investigations to date.

6. The table below provides shows the enforcement actions taken before and after the introduction of the fly tipping enforcement post.

	11/12	12/13
Road side checks	4	12
Duty of care inspection- (roadside inspections of waste permits)	2	70
Statutory notice (seeking further info)	0	26
Warning letter	17	39
Formal caution	2	5
Fixed Penalty Notice	8	12
Prosecution	8	4

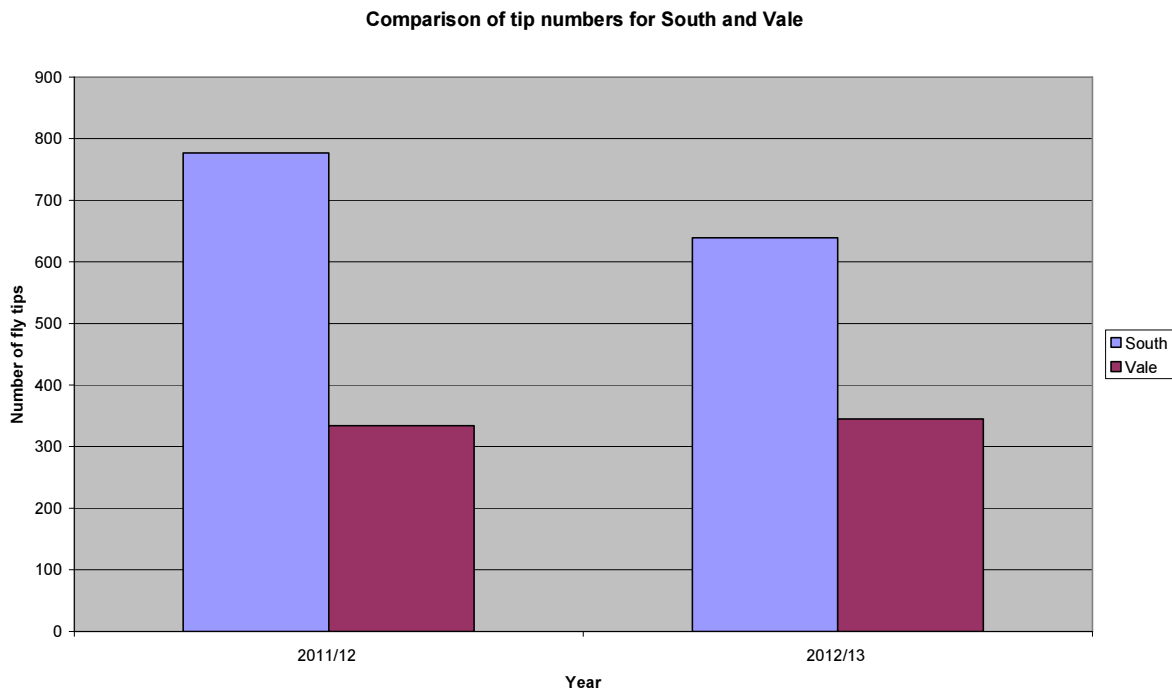
7. Cabinet will note that both the number and type of enforcement actions have increased with the introduction of the temporary Enforcement Officer post. Before the appointment most actions stopped at warning letters but the appointment of the post has allowed both the number and breadth of actions to increase. Inevitably it takes time to bring cases through to court and so in the current year the number of more formal actions including prosecutions will increase. During the first six months of this year we have successfully prosecuted seven offenders and have five further cases with court dates.

### **The impact of enforcement activity on levels of fly tipping**

8. Officers continue to believe that the best method of tackling fly tipping is to have high levels of enforcement activity.
9. For example, for people who commit an offence out of ignorance or mistakes we find that informal advice, warning letters and cautions are good educational tools and re-offending is very rare. Similarly, officers find that high profile enforcement activity such as roadside checks for waste notices and prosecutions are effective against serial fly-tippers who operate for financial gain.
10. Cabinet will be aware that Vale of White Horse District Council (Vale) has prioritised enforcement for several years. It makes sense therefore, when assessing the effectiveness of fly tipping enforcement in South Oxfordshire, to compare fly-tip levels across the two councils.
11. Officers believe there is a geographic factor in relation to the number of fly tips seen in South Oxfordshire compared with the Vale of White Horse. The proximity of

rural parts of our district to major conurbations makes it easy for serial fly tippers to travel to fly tip in South Oxfordshire and we have evidence from our investigations that this occurs.

12. The bar chart below shows the number of fly-tipping incidents in both districts in 2011/12 and 2012/13. In one year we have achieved an 18% reduction in the number of fly tips in South Oxfordshire. Given there will always be a lag time between taking tougher action and fly tippers getting the message, officers are confident that sustained action by a dedicated fly tipping enforcement officer will result in continuing improvements.



13. We have a corporate target to reduce the number of fly-tipping incidents by 5% year on year. We achieved this target in 2012/13 and we are currently on track to achieve the target for 2013/14.

## Options

14. Cabinet could decide not to extend the post beyond its current end date of 31 March 2014. This would mean that there would be insufficient resources in the Environmental Protection team to maintain the current level of enforcement action and is likely to result in an increase in fly tipping again.
15. Cabinet could decide that it wishes to make the fly tipping enforcement post permanent and include this in its 2014/15 budget proposals for endorsement by full council.



## Financial Implications

16. The cost of the approval of the recommendation will be £43,821 (SCP 34 £35,511 + 23.4% to cover NI and pension) per annum.

## Legal implications

17. The task of fly tipping enforcement generates a workload for legal services who are closely involved in any decision to proceed with prosecution. Legal services agree all cases proceeding for prosecution prior to action.

## Risks

18. There are legal and reputational risks associated with all enforcement action. Officers manage this risk by a process of senior officer sign off for prosecutions and challenge by legal colleagues. This process has worked well for some years and will continue.

## Other implications

- 19 None

## Conclusion

20. Officers believe that the data in this report demonstrates that the temporary Enforcement Officer has improved the performance of the council's fly tipping service in the following ways:

- The corporate target, a 5% reduction in the number of fly-tips in South Oxfordshire District, was achieved in 2012/13 and we are on track to achieve the target for 2013/14;
- Enforcement activity has increased to levels comparable to the best performing Oxfordshire authorities; and
- The number of prosecutions has increased and we have had positive publicity which is assisting us deterring fly-tipping.

21. Officers believe that the continuation of the post will provide the resources to continue to tackle fly tipping in South Oxfordshire.

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# Cabinet Report



Listening Learning Leading

Report of Head of Legal and Democratic Services

Author: Robert Draper

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Wards affected: All

To: Cabinet

DATE: 17 October 2013

## Joint Gambling Policy

### Recommendations

The Cabinet is recommended to consider the recommendation of the Licensing Acts Committee and to recommend Council to:

- (i) adopt the proposed Joint Gambling Policy
- (ii) authorise the Head of Legal and Democratic Services to make minor editorial changes to the Joint Gambling Policy.
- (iii) authorise the Head of Legal and Democratic Services to publish the Joint Gambling Policy in accordance with the Gambling Act 2005 (Licensing Authority Policy Statement)(England and Wales) Regulations 2006.

### Purpose of Report

1. To consider the recommendation of the Licensing Acts Committee on the Joint Gambling Policy following the statutory consultation.

### Strategic Objectives

2. The Joint Gambling Policy will further the council's role in improving public safety and promoting the economy in both district council areas. A joint policy will also promote economic development through consistent standards. In addition, it will improve the efficiency of the licensing teams by clarifying the alignment of processes and procedures.

## Background

3. South Oxfordshire District Council's current Gambling Policy came into effect from 31 January 2010. The policy is subject to statutory review every three years. The current review has been delayed due to awaiting guidance from the Gambling Commission. The Vale of White Horse District Council's current Gambling Policy came into effect from 31 January 2010. As both the policies are due for renewal the decision was taken by portfolio holders and chairmen from both councils to harmonise the two policies into a joint policy.

## Proposed policy

4. The amended joint policy has no significant changes to the current South policy.
5. The only difference between the two council's current policies is the 'no casino' clause in the Vale area.

## Consultation results

6. The consultation lasted six weeks from 21 June until 2 August 2013. It was a public consultation and went out to all councillors, parish councils and Responsible Authorities as defined under the Gambling Act 2005.
7. There were nine responses to the consultation. The data is shown in the supporting papers entitled 'Supplementary Data' in appendix one to this report.
8. There were no clear trends in the data. Most respondents were in favour of, or neutral about, the overall policy.

## Licensing Acts Committee recommendation

9. The Vale Licensing Acts Committee, at its meeting 17 September 2013, voted to recommend to Council to retain the 'no casino' clause under Section 166 (1) of the Gambling Act 2005. Subject to this change in the policy it voted to recommend the amended Joint Gambling Policy to the Cabinet for recommendation to the Council.
10. The South Licensing Acts Committee on 19 September 2013 considered the consultation responses and the Joint Gambling Policy as amended by the Vale committee. The South Licensing Acts Committee voted to recommend the amended Joint Gambling Policy to the Cabinet for recommendation to the Council.
11. There were some minor wording changes to the policy as a result of observations by the committee but the main difference between the consultation version of the Joint Gambling Policy and the amended version is the change in section 4.9.3 to reflect the difference in approach over the consideration of applications for licensed casino premises. The amended policy is shown in Appendix 2.
12. The Gambling Act 2005 specifically excludes the Executive from decisions over the licensing of premises. This prevents the Cabinet from making a recommendation or expressing an opinion on the adoption of a 'no casino' clause to Council.

## **Gambling policy adoption process**

13. The Gambling Act 2005 is prescriptive about how different democratic structures should adopt different elements of the legislation. For the adoption of the Gambling Policy the process is:

- Licensing Acts Committee recommend to Cabinet that recommends to full Council

## **Implementation**

14. Once the Council has adopted a new Gambling Policy it must publish a notice of intention to adopt the new policy four weeks before the new policy comes into force. The policy will be due for renewal on 1 February 2016.

## **Financial Implications**

15. There are no financial implications arising from the adoption proposed policy.

## **Legal Implications**

16. The joint policy has been drafted to reflect current legislative requirements. All applications for licences and permits under the Gambling Act 2005 have to be made and determined in accordance with the council's gambling policy.

## **Risks**

17. Failure to reflect the requirements of the Gambling Act 2005 and associated regulations could result in the councils not complying with the legislation. Having a clear policy helps to ensure that licensing decisions comply with the legislation and are made fairly and consistently.

## **Conclusion**

18. The Cabinet is recommended to consider the recommendation of the Licensing Acts Committee and to recommend Council to:

(i) adopt the proposed Joint Gambling Policy

(ii) authorise the Head of Legal and Democratic Services to make minor editorial changes to the Joint Gambling Policy.

(iii) authorise the Head of Legal and Democratic Services to publish the Joint Gambling Policy in accordance with the Gambling Act 2005 (Licensing Authority Policy Statement)(England and Wales) Regulations 2006.

## **Background Papers**

None

APPENDIX 1

# Cabinet Report: Joint Gambling Policy



Listening Learning Leading

## (Supplementary data)

Report of Head of Legal and Democratic Services

Author: Robert Draper

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Wards affected: All

Verbatim comments	
<b>Comments - If you have any comments about changes to the policy on casinos please write in below</b>	
Resident (?)	No comment to make
Resident (?)	No comment to make
Sutton Courtenay PC	Sutton Courtenay Parish Council had no comments to make
Marcham PC	Marcham Parish Council is extremely sadden to think that the District Council is considering a change to its policy not to permit casinos in the area
Resident (Vale)	The Vale needs to demonstrate (through local referendum) that the community wishes to have a casino. I doubt anyone is asking specifically for a casino so why change now. Whilst there maybe an economic and employment value, I doubt it is significant and I think we be differentiating between the types of jobs we want to attract. Casino employment would not be top of my list
North Hinksey PC	The Parish Council encourages the VWHDC to maintain a "No Casino" policy
Wokingham BC	No comment to make
Reading BC	No comment to make
Thame Town Council Environment Group	No comment to make

<b>Additional comments - If you have any other comments or suggestions about the draft Gambling Policy please write in below</b>	
Resident (?)	The Districts need to include a policy to overcome the issue of Betting Premises opening multiple shops in close proximity in order to overcome the limit of 4 gaming machines of category B (B2, B3 or B4). Our town high streets do not need multiple betting shops.
Resident (?)	Personally I think there should be a limit to the number of adult gaming premises and betting shops permitted in a geographical area. Frankly there are too many betting shops and gambling establishments in town centres. It openly encourages gambling which can have very negative effect on the local community.
Marcham PC	No comment to make
North Hinksey PC	No comment to make
Resident (Vale)	Not had time to completely review the policy - it is too long. Have you not got a summary document?
Sutton Courtenay PC	No comment to make
Wokingham BC	No comment to make
Reading BC	No comment to make
Thame Town Council Environment Group	After examination of the Joint Statement of Licensing Policy (South Oxfordshire District Council and Vale of White Horse District Council) the Committee endorsed the draft policy document and fully concurred with its purpose. The policy was sufficiently drawn to cover all aspects as contained in the Gambling Act 2005 and was proportionate, sensible and understandable. RESOLVED: That the recommendation to South Oxfordshire District Council be that the Joint Statement of Licensing Policy be adopted without amendment.

<b>Organisation Details</b>	<b>District</b>	<b>Responding as:</b>	<b>Agreement with overall policy</b>	<b>No Casino clause</b>
	Both	Resident	Tend to disagree	The Vale should keep its current policy
	Both	Resident	Tend to agree	The Vale should keep its current policy
	Vale of White Horse	Resident	Neither agree nor disagree	The Vale should keep its current policy
Sutton Courtenay PC	Vale of White Horse	Parish	Neither agree nor disagree	Don't know
Marcham PC	Vale of White Horse	Parish	Strongly disagree	The Vale should keep its current policy
North Hinksey PC	Vale of White Horse	Parish	Tend to agree	The Vale should keep its current policy
Wokingham BC	Both	A Responsible Authority	Neither agree nor disagree	Don't know
Reading BC	Both	A Responsible Authority	Neither agree nor disagree	Don't know
Thame TC Environ. Group	Both	A Responsible Authority	Strongly agree	Don't know

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## **Statement of Principles**

## **The Gambling Act 2005**

## **Joint statement of licensing policy**

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This policy was adopted by the Vale of White Horse District Council at the meeting of Council on ##### 2013 and South Oxfordshire District Council at the meeting of Council on ##### 2013 and comes into force from ##### 2013 and will be reviewed by 1 February 2016.

Reference	Section
	Glossary
1.0	Introduction
1.1	Scope
1.1.1	Licensing authorities
1.1.2	Vale of White Horse District Council area
1.1.3	South Oxfordshire District Council area
1.1.4	Council functions
2.0	Background
2.1	Purpose of policy
2.2	Persons consulted
2.3	Declaration
2.4	Responsible authorities
2.5	Interested parties
2.6	Licensing objectives
2.7	Decision making and delegation or powers
2.8	Reviews of premises licences
2.9	Appeals against the decisions of the council
2.10	Enforcement
2.11	Exchange of information
2.12	Application procedure
2.13	Fees
3.0	Permits
3.1	Unlicensed family entertainment centre machine permits
3.2	(Alcohol) licensed premises gaming machine permits
3.3	Club gaming and club machine permits
3.4	Prize gaming permits
4.0	Premises Licences
4.1	Primary gambling activity
4.2	Premises
4.3	Location
4.4	Conditions
4.5	Door supervisors
4.6	Adult gaming centres
4.7	Licensed family entertainment centres
4.8	Tracks
4.9	Casinos
4.10	Betting premises
4.11	Bingo
4.12	Temporary use notices
4.13	Provisional statements
4.14	Travelling fairs

	<b>Annexes</b>
Annex 1	Map of the Vale of White Horse District Council area
Annex 2	Map of the South Oxfordshire District Council area
Annex 3	List of persons / bodies responding to the consultation on this policy
Annex 4	List of responsible authorities
Annex 5	Licensing authority delegations
Annex 6	Summary of gaming machine categories and machine provisions by premises

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## GLOSSARY

### Adult Gaming Centres

Adult gaming centres (AGCs) are a category of gambling premises contained within the Act. Persons operating an AGC must hold a gaming machines general operating licence from the Commission and must seek a premises licence from the licensing authority. The holder of an adult gaming centre premises licence may make available for use up to four category B3 or B4 machines, any number of category C or D machines.

### Amusement arcades

These are not referred to as such in the Act. See adult gaming centres and licensed and unlicensed family entertainment centres.

### Betting

Betting means making or accepting a bet on the outcome of a race, competition, or any other event; the likelihood of anything occurring or not occurring; or whether anything is true or not true.

### Bingo

Bingo has no statutory definition in the Act. It has its ordinary and natural meaning. The distinction between cash bingo, where cash prizes are derived from the stakes, and prize bingo, where prizes were not directly related to the stakes paid, under the previous legislation has been removed for commercial operators, and the holder of a bingo operating licence will be able to offer any type of bingo game, whether cash or prize. That means that premises with a bingo premises licence, or a casino premises licence (where the operator holds a bingo as well as a casino operating licence), will be able to offer bingo in all its forms. So too will alcohol-licensed premises, club and miners' welfare institutes (up to a total weekly prize value of less than £2,000).

Prize bingo is traditionally played in arcades, or travelling funfairs. For these operators, prize bingo is subsumed within the allowances for prize gaming in the Act. This means that adult gaming centres, both licensed and unlicensed family entertainment centres, travelling fairs, and any premises with a prize gaming permit will be able to offer prize gaming, which includes prize bingo.

### Casino

An arrangement whereby people can participate in one or more casino games.

### Casino games

Games of chance not being equal chance gaming. i.e. games in which players stake against a "bank".

## Councils

The licensing authorities. The Vale of White Horse District Council in its capacity as the licensing authority for the area of Vale of White Horse and South Oxfordshire District Council in its capacity as the licensing authority for the area of South Oxfordshire.

## Equal chance gaming

This is a game where the chances of winning are equally favourable to all participants, and which does not involve playing or staking against a “bank”. It is immaterial how the “bank” is described and whether or not it is controlled by a player.

### Exempt activities:

Private betting is betting which takes place between inhabitants of the same premises or between employees of the same employer.

Private gaming (which is gaming that takes place in private dwellings and on domestic occasions) is exempt from licensing or registration providing that no charge is made for participating; only equal chance gaming takes place; and it does not occur in a place to which the public have access.

Non commercial gambling is when no part of the proceeds/profits will be for private gain. The proceeds/profits are the sums raised by the organisers, for example, by way of fees for entrance or participation, or by way of stakes, minus an amount deducted by the organiser in respect of costs reasonably incurred in organising the event including the provision of a prize. The following conditions would also have to apply:

- the profits will be for a purpose other than that for private gain
- the players are informed that the purpose of the gaming is to raise money for a specified purpose other than that of private gain
- the event must not take place in premises which either have a premises licence or on premises relying on a temporary use notice under the new act
- the gaming must not be remote.

Any Regulations made by the Secretary of State will need to be complied with and will include for example regulations limiting the amounts staked and limiting participation fees. If the profits from the activity are used for a purpose other than that which was specified, an offence would be committed.

## Gambling

Gambling is defined as: gaming, betting or participating in a lottery.

## **Games of chance**

This covers games that involve both chance and skill. This includes games in which skill can eliminate an element of chance and includes games that are presented as involving an element of chance. It does not include a sport. Playing a game of chance need not involve other participants.

## **Gaming**

Gaming means playing a game of chance for a prize.

## **Guidance**

The Gambling Commission under section 25 of the Act are required to issue guidance on the manner in which local authorities are to exercise their functions under the Act, in particular, the principles to be applied by local authorities in exercising their functions under the Act.

## **Interested parties**

Interested parties are defined under section 158 of the Act. To accept a representation from an interested party, the council must take the view that the person:

- lives sufficiently close to the premises to be likely to be affected by the authorised activities
- has business interests that might be affected by the authorised activities
- represents persons in either of these groups.

Interested parties can also be a councillor or an MP.

## **Licensed Family Entertainment Centres**

These premises require operating licences from the Gambling Commission. They will be able to offer gaming machines in categories C and D. Gaming machines are a form of gambling which is attractive to children and Licensed Family Entertainment Centres may contain machines of the Category D machines on which they are allowed to play as well as category C which they are not permitted to play on.

## **Lottery**

A 'lottery' is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process which relies wholly on chance.

## **Operating Licence**

The Act requires that individuals or companies who intend to provide facilities for certain types of gambling must obtain an operating licence from the Gambling Commission. In general, these licences cover the principal commercial forms of gambling operation. Operating licences may be issued for the following forms of gambling:

- a casino operating licence
- a bingo operating licence
- a general betting operating licence
- a pool betting operating licence
- a betting intermediary operating licence
- a gaming machine general operating licence (for an adult gaming centre)
- a gaming machine general operating licence (for a family entertainment centre)
- a gaming machine technical operating licence (to manufacture, supply, install, adapt, maintain or repair a gaming machine or part of a gaming machine)
- a gambling software operating licence (to manufacture, supply, install or adapt gambling software)
- a lottery operating licence.

## **Premises Licence**

A premises licence issued by a licensing authority authorises the provision of facilities on casino premises, bingo premises, betting premises, including tracks, adult gaming centres and family entertainment centres.

## **Representations**

In dealing with applications the council is obliged to consider representations from two categories of person, referred to in the Act as interested parties and responsible authorities.

## **Unlicensed Family Entertainment Centres**

These premises can provide category D machines providing prizes of up to £5 cash or £8 in goods. Stakes are limited to 10p (or 30p for a goods prize). They can also offer prize bingo.

## 1.0 INTRODUCTION

### 1.1 Scope

- 1.1.1 Gambling activities are regulated by The Gambling Act 2005 ('the Act'). The Vale of White Horse and South Oxfordshire District Councils are licensing authorities for the purposes of the Act. This 'Statement of Principles' ('policy') covers both the districts of the Vale of White Horse District Council and South Oxfordshire District Council ('the councils'). The act requires the councils to produce a statement of principles concerning their duties under the Act every three years.
- 1.1.2 Vale of White Horse District Council covers approximately 224 square miles. It borders the City of Oxford, Swindon, South Oxfordshire, West Oxfordshire and West Berkshire. It has three main towns: Abingdon, Wantage and Faringdon. Each has a town council, with 65 parish councils covering the other areas. These towns are traditional market towns, which act as local centres for their residents and the surrounding villages. Much of the district is rural in nature, including part of the North Wessex Downs Area of Outstanding Natural Beauty (AONB); a map of the area is attached as Annex 1. The 2011 census recorded a population of 121,000. In the census of 2001 the Vale's population was 115,627, an increase of 5,500, roughly 4.6% per cent.
- 1.1.3 South Oxfordshire District Council covers nearly 260 square miles. Its boundary reaches from the edge of the City of Oxford in the north-west along the borders of Buckinghamshire and Berkshire to the outskirts of Reading in the South. It has four main towns: Didcot, Henley, Thame and Wallingford, with Didcot becoming increasingly dominant as the main urban centre. Much of the district is rural in nature and most of the southern part of the district sits in either the Chilterns or North Wessex Downs AONB. The Northwest of the district forms part of the Oxford green belt. A map of the area is attached as Annex 2. The 2011 census recorded a population of 134,300. In the census of 2001 the district's population was 128,000, an increase of 6,300, roughly 4.6% per cent. Tourism provides the district with an annual income of approximately £160 million.
- 1.1.4 The Act gives the councils various regulatory functions in relation to gambling. The councils' main functions under the Act are:
- licensing premises for gambling activities
  - considering notices given for the temporary use of premises for gambling
  - granting permits for gaming and gaming machines in clubs and miners' welfare institutes
  - regulating gaming and gaming machines in alcohol licensed premises



- granting permits to family entertainment centres (FECs) for the use of certain lower stake gaming machines
- granting permits for prize gaming
- considering occasional use notices for betting at tracks
- registering small societies' lotteries
- maintaining a register of premises licences (for casinos, bingo halls, adult gaming centres, family entertainment centres, betting shops and race tracks).

There is an obligation on the councils to provide information annually to the gambling commission to include details of licences, permits and registrations issued.

The councils maintain statutory registers of premises licensed under the Act. The registers can be viewed on the relevant council's website or by prior request at the relevant council office.

## **2.0 BACKGROUND**

### **2.1 Purpose of policy**

It is expected that the councils regulate gambling in the public interest. The purpose of this policy is to ensure the councils' compliance with the Act, to protect the health and welfare of the general public and to assist businesses by ensuring they are aware of the councils' requirements and the way in which the councils carry out their regulatory functions.

### **2.2 Persons consulted**

The following bodies/persons were consulted on this policy and their views taken into consideration:

- the Chief Constable of Thames Valley Police
- businesses and individuals in the councils' areas who held a premises licence granted under the Act at the time consultation commenced
- one or more persons who appeared to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act. A full list of consultees is attached at Annex 3.

## 2.3 Declaration

This policy has been produced with due regard to the licensing objectives, the Gambling Commission's draft 'Guidance to Licensing Authorities 4<sup>th</sup> edition' and the responses received as part of the consultation process. The policy was under consultation for a six week period from 21 June 2013 and was agreed by both the Vale of White Horse District Council and South Oxfordshire District Council on 23 October 2013 and 24 October 2013 respectively. It shall be in force for no longer than three years and it may be reviewed and amended at any time within the three year period. The policy does not override the right of any person to make an application, make representations about an application or apply for a review of a licence. Each application and representation will be considered on its own merits and in accordance with the Act. The policy has been agreed taking into account the Human Rights Act 1998 and the councils will consider the need to balance the legislation and the principles contained within the policy with the human rights of all parties, be they licence holders, applicants or interested parties.

## 2.4 Responsible Authorities

Under the Act responsible authorities are public bodies who must be notified of applications and who are entitled to make representations to the licensing authority in relation to applications for and in relation to, premises licences. The responsible authorities for both councils are:

- the licensing authority
- the Gambling Commission
- the Chief Constable of Thames Valley Police
- Oxfordshire Fire and Rescue Service
- the planning authority (within the relevant council)
- the local town council, parish council or parish meeting
- the environmental protection department (of the relevant council)
- a body designated in writing by the licensing authority as competent to advise about the protection of children from harm (see 2.4.2)
- HM Revenue & Customs
- any other persons prescribed in regulations by the Secretary of State.

Contact details for the above authorities are included at Annex 4

2.4.1 In the event that the premises are a vessel, the following bodies are also responsible authorities:

- the Environment Agency

- the British Waterways Board
- the Secretary of State for Transport (who acts through the Maritime and Coastguard Agency)

2.4.2 In exercising the councils' powers under section 157(h) of the Act to designate a body competent to advise them about the protection of children from harm the following principles have been applied:

- the need for the body to be responsible for an area covering the whole of a licensing authority's area
- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group

Having regard to the above principles, the councils have designated the Oxfordshire Safeguarding Children Board at Oxfordshire County Council for this purpose.

## 2.5 Interested Parties

2.5.1 Interested parties can make representations about licence applications, or apply for a review of an existing licence. The Act defines interested parties as persons or bodies who, in the opinion of the licensing authority:

- (a) live sufficiently close to the premises to be likely to be affected by the authorised activities;
- (b) have business interests that might be affected by the authorised activities; or
- (c) represent persons who satisfy (a) or (b) (see 2.5.4)

2.5.2 Whether or not a person is an interested party is a decision that will be taken by the relevant council on a case-by-case basis, judging each case on its merits. However, the following factors will be taken into account:

- the size of the premises (for example, larger premises may affect people over a wider geographical area)
- the nature of the activities planned or already taking place
- the distance of the premises from the location of the person making the representation

- the potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment)
- the circumstances of the complainant (which may be relevant to the distance from the premises, for example, it could be reasonable for an authority to conclude that 'sufficiently close to be likely to be affected' could have a different meaning for (a) a private resident (b) a residential school for children with truanting problems and (c) a residential hostel for vulnerable adults)
- the catchment area of the premises (i.e. how far people travel to visit); and whether the person making the representation has business interests in that catchment area, that might be affected (this is particularly relevant when representations are made by another gambling business who state their business interests may be affected, however whether or not there is demand for the premises shall not be taken into account).

2.5.3 This list is not exhaustive and other factors may be taken into consideration if the councils deem it necessary.

2.5.4 The councils considers the following people / bodies to fall within the category of those who represent persons living close to premises, or having business interests that might be affected by the authorised activities:-

- trade associations
- residents' and tenants' associations
- district, county, town and parish councillors
- MPs
- school head-teachers
- community groups
- charities
- faith groups
- medical practices
- bodies that exist to help people with gambling addictions such as GamCare or Gamblers Anonymous.

2.5.5 In other cases, the councils shall require written evidence that the person / association / body represent an interested party.

## 2.6 Licensing objectives

In exercising their functions under the Act, the councils must have regard to the licensing objectives as set out in section one of the Act. The licensing objectives are:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensuring that gambling is conducted in a fair and open way
- protecting children and other vulnerable persons from being harmed or exploited by gambling.

The councils will aim to permit the use of premises for gambling as required by section 153 of the Act.

- 2.6.1 The councils can only make decisions based on the Licensing Objectives and not for unrelated moral, ethical or business reasons, for example, a general dislike of gambling, or expected demand.

## **2.7 Decision making and delegation of powers**

- 2.7.1 All applications for the grant or review of a licence or permit will be considered on their own merits. The Act makes it clear that neither issues of demand for a premises nor compliance with planning or building regulations are to be considered when councils make decisions about applications. With regard to premises licences, the councils will consider all applications in accordance with the principle contained in section 153 of the Act. Responsible Authorities and Interested Parties may only make representations relevant to the licensing objectives listed at paragraph 2.6. For clarification, these are different to the licensing objectives of the Licensing Act 2003.

- 2.7.2 The councils expect applicants to show that they have policies and procedures in place to promote the licensing objectives, for example; exactly how they intend to ensure that children cannot gamble in their premises. Applicants are required to consider the following steps in promoting all three objectives:

- proof of age schemes
- Closed Circuit Television (CCTV)
- supervision of entrances / gambling areas
- physical separation of areas (for example when gaming machines are provided in pubs where children are permitted or in gaming centres where children may be permitted to play on some but not all of the machines)
- location of and entry to premises
- notices / signage
- training for staff on challenging persons suspected of being under-age
- training for staff on how to recognise someone with or developing a gambling addiction and what action to take

- training for staff on the types of crime that may occur as part of gambling and what action to take
- specific opening hours (for example if the premises is sited near a school or job centre)
- self-barring schemes
- provision of information leaflets / helpline numbers for organisations such as GamCare.

2.7.3 The councils will not automatically refuse an application for the grant of a licence because a Responsible Authority or Interested Party has concerns relating to one of the licensing objectives, they will take into account any measures the applicant may offer to put into place to overcome the concerns. Factors mentioned in paragraph 2.5.2 will be balanced with the merits of the application and the Licensing Objectives.

2.7.4 The Act defines at what level decisions may be made within councils – see Annex 5. Where representations have been received and remain un-resolved to the satisfaction of all parties, the Licensing Act Panel will hold a hearing to decide whether a licence, statement or club gaming permit will be granted.

2.7.5 Guidance on making applications for licences or permits, to make representations regarding application or to request a review can be found on the relevant council website or by contacting the relevant licensing team.

## **2.8 Reviews of Premises Licences**

2.8.1 Section 197 of the Act provides that an application for a review of a premises licence may be made by a Responsible Authority or Interested Party. There are regulations governing reviews (The Gambling Act 2005 (Premises Licences) (Review) Regulations 2007) which state that the person applying for the licence to be reviewed must do so in writing using a prescribed form, stating the reasons why a review is being requested and submitting it to the relevant council with any supporting documents. They must then send the same information to all (other) Responsible Authorities within seven days. Failure to do this will mean that the review process is halted until the documents are received by all parties.

2.8.2 The relevant council must grant the application for a review unless it thinks the grounds on which it is sought:

- are not relevant to this policy, or any guidance or codes of practice issued by the Gambling Commission, or the Licensing Objectives
- are frivolous

- are vexatious
- ‘will certainly not’ cause the council to revoke or suspend a licence or to remove, amend or attach conditions to the premises licence
- are substantially the same as the grounds cited in a previous application or substantially the same as representations made at the time the licence was granted, depending on how much time has passed (the licence should not be reviewed based on the same arguments that have already been considered by the relevant council).

2.8.3 Within seven days of receiving the application to review a premises licence, the relevant council will publish notice of the application in accordance with the regulations mentioned in paragraph 2.7.4.

2.8.4 Representations in response to the application must be made within the 28 days which follow publication of the notice and the relevant council must carry out the review as soon as possible after the 28 days has ended.

2.8.5 If the relevant council deems action is justified, its options are to:

- add, remove or amend a licence condition imposed by the relevant council
- exclude a default condition imposed by the Secretary of State (relating to for example, opening hours) or remove or amend such an exclusion
- suspend the premises licence for a period not exceeding three months
- revoke the premises licence.

2.8.6 The relevant council will notify the licence holder, the applicant for the review, any person who made representations, the Gambling Commission, the Chief Constable of Thames Valley Police and HM Revenue and Customs of the outcome of the review as soon as possible.

## **2.9 Appeals against a decision of the councils**

2.9.1 The act details the process for appeals against the councils’ decisions in regards to licences, permits, provisional statements and temporary use notices. In all cases appeals are to the local Magistrates’ Court within 21 days of the appellant’s receipt of the councils’ decision.

2.9.2 Any party may apply for a judicial review if they believe that a decision taken by the relevant council is:

- beyond the powers available to it
- subject to procedural impropriety or unfairness
- irrational (a decision so unreasonable no sensible person could have reached it).

## 2.10 Enforcement

2.10.1 The councils seek to secure compliance with the law in a variety of ways. Most contact with individuals and businesses is informal; providing advice and assistance over the telephone, during visits and in writing. Formal measures will include warnings, licence reviews and prosecution. The objective of these measures will be to ensure compliance with the three licensing objectives including any general or specific licence conditions.

2.10.2 Part 15 of the Act details inspections that may be made to check for compliance with the Act. The councils will adopt a risk-based approach to the inspection of gambling premises which will be operated in conjunction with the councils' current enforcement policy. This will allow for the targeting of high-risk premises or those where a breach would have serious consequences. Premises that are low risk and / or well run will be subject to a less frequent inspection regime.

2.10.3 Section 346 of the Act gives the councils the power to instigate criminal proceedings in respect of the offences specified in that section. The councils will ensure that enforcement is carried out in a fair and consistent manner and in accordance with the Regulatory Compliance Code (<http://www.bis.gov.uk/policies/better-regulation/improving-regulatory-delivery/implementing-principles-of-better-regulation/the-regulators-compliance-code>) and the councils' enforcement policy.

2.10.4 Copies of the above documents are available on request from the councils' licensing teams.

2.10.5 The councils will endeavour to work with, and avoid duplication with, other regulatory regimes so far as possible.

2.10.6 Concerns about manufacture, supply or repair of gaming machines will not be dealt with by the councils but will be referred to the Gambling Commission.



## 2.11 Exchange of information

- 2.11.1 The councils regard the lawful and correct treatment of information as important to the successful and efficient performance of their functions, and to maintain the confidence of the people / bodies they deal with. The councils will ensure that information is kept and shared lawfully and correctly.
- 2.11.2 The councils may share information in accordance with the following provisions of the Act:-
- sections 29 and 30 (with respect to information shared between the councils and the Gambling Commission)
  - section 350 (with respect to information shared between the councils and the other persons listed in Schedule 6 to the Act)
- 2.11.3 The purpose of information exchange is not only to fulfil the requirements under the Act, but also to enable both the Gambling Commission and the councils to carry out work related to their regulatory functions in a risk-based manner, using the best available information.
- 2.11.4 In the exercise of the above functions, consideration shall also be given to the common law duty of confidence, the law relating to defamation, the guidance issued by the Gambling Commission and to the councils' policies in relation to data protection and freedom of information.
- 2.11.5 Any information sharing between the councils and Thames Valley Police must also be carried out in accordance with the information sharing protocol under the Oxfordshire memorandum of understanding.
- 2.11.6 Any person wishing to obtain further information about their rights under the Data Protection Act 1998 or the Freedom of Information Act 2000 may view the councils' policies at [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk) or [www.southoxon.gov.uk](http://www.southoxon.gov.uk) or alternatively members of the public and businesses can also access information and advice regarding licensing by obtaining independent legal advice or contacting the following bodies:
- Local Government Regulation ( formerly LACORS)  
[www.local.gov.uk](http://www.local.gov.uk)
  - DCMS (Department for Culture, Media and Sport)  
[www.culture.gov.uk](http://www.culture.gov.uk)
  - Citizens Advice Bureau  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

## 2.12 Application procedure

Applications for family entertainment centres, prize gaming and licensed premises gaming machine permits are to be made on the relevant council's forms available at either [www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling](http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling) or [www.southoxon.gov.uk/services-and-advice/business/licensing/gambling](http://www.southoxon.gov.uk/services-and-advice/business/licensing/gambling)

For all other types of licences and permits, the standard forms are available at:

[http://www.culture.gov.uk/what\\_we\\_do/gambling\\_and\\_racing/4153.aspx](http://www.culture.gov.uk/what_we_do/gambling_and_racing/4153.aspx).

Applicants must ensure that they are aware of what should accompany each application (for example a plan of the premises). Each of the websites mentioned details these requirements.

## 2.13 Fees

Maximum licence fees are set by the government; however each council sets its own fees up to these maximums. Fees set by the councils are subject to annual review. A list of current fees to accompany the different licence / permit applications can be found by accessing the councils' websites at either [www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling](http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling) or <http://www.southoxon.gov.uk/services-and-advice/business/licensing/gambling>

## 3. PERMITS

Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for the latest details on machine categories including maximum stakes and pay-outs permitted and the entitlement of certain premises to certain categories and numbers of machines. A list of entitlements as at January 2013 is included at Annex 6

The councils will expect applicants to be able to demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permitted in their premises and that staff are trained to have a full understanding of them also.

The holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of any machine(s).

### **3.1 Unlicensed family entertainment centre gaming machine permits (FECs)**

- 3.1.1 Unlicensed FECs are able to offer category D machines if granted a permit by the relevant council. If an operator of a family entertainment centre wishes to make category C machines available in addition to category D machines, they will need to apply for an operating licence from the Gambling Commission and a premises licence from the relevant council.
- 3.1.2 The councils can grant or refuse an application for an FEC permit, but cannot attach conditions.
- 3.1.3 As unlicensed family entertainment centres appeal to children and young persons, the councils expect applicants to pay particular attention to the example measures detailed in paragraph 2.7.2.
- 3.1.4 In considering the protection of children, the councils will expect the applicant to show not only how they intend to protect children from gambling but also that they have taken into account wider child protection considerations in their policies and procedures. The efficacy of such policies and procedures will each be considered on their merits.
- 3.1.5 The councils will not grant a permit for unlicensed family entertainment centres if the applicant has a relevant conviction (as set out in Schedule 7 to the Act). Applicants will be required to undergo an enhanced criminal records bureau check.

### **3.2 (Alcohol) licensed premises gaming machine permits**

The Gambling Commission has published a number of useful leaflets and guidance about gaming machines and other types of gambling specifically to provide information to premises authorised to sell alcohol. These can be found at:

[http://www.gamblingcommission.gov.uk/publications\\_guidance\\_advic.aspx](http://www.gamblingcommission.gov.uk/publications_guidance_advic.aspx)

- 3.2.1 Premises licensed to sell alcohol for consumption on the premises are automatically entitled to two gaming machine permits, of categories C and / or D. The holder of the premises licence authorising the sale of alcohol will simply need to notify the council and pay the prescribed fee.
- 3.2.2 The councils can remove the automatic authorisation in respect of any particular premises if:
  - provision of the machines is not reasonably consistent with the pursuit of the licensing objectives

- gaming has taken place on the premises that breaches a condition of section 282 of the Act
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

- 3.2.3 If the holder of the premises licence wishes to have more than two machines in the premises, they will need to apply for a permit.
- 3.2.4 As there may be children in some alcohol licensed premises, the councils expect applicants to pay particular attention to the example measures detailed in paragraph 2.7.2. in order to protect the children.
- 3.2.5 It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would need to be applied for and dealt with under the Gambling Act, not the Licensing Act.
- 3.2.6 The councils can decide to grant the application with a smaller number of machines and / or a different category of machines than that applied for, however conditions cannot be attached to the permit.

### **3.3 Club gaming and club machine permits**

The numbers and categories of machine permitted are different to non-clubs. Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for the latest maximum stakes and pay-outs permitted for each machine category and numbers of machine(s) permitted.

- 3.3.1 The councils may grant members' clubs and miners' welfare institutes (but not commercial clubs) club gaming permits which authorise the establishments to provide gaming machines, equal chance gaming and games of chance.
- 3.3.2 If a members' club or a miners' welfare institute does not wish to have the full range of facilities permitted by a club gaming permit, they may apply to the councils for a club machine permit under section 273 of the Act.
- 3.3.3 To qualify, members clubs must have at least 25 members and be established and conducted 'wholly or mainly' for purposes other than gaming, unless the gaming is permitted by separate regulations. Bridge and whist clubs will be permitted, replicating the previous position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit and controlled by its members equally. Examples include working men's clubs, branches of the Royal British Legion, sports and social clubs and clubs with political affiliations.

3.3.4 The councils must satisfy themselves that the club genuinely meets the requirements of the Act to obtain a club gaming permit and therefore may ask for supporting documents. The following is a list of matters that will be considered:

- the procedures for guests accepted into the club
- how the club is advertised
- the running of the club, for example committee meetings, financial accounts and election of committee members.

This list is not exhaustive and the councils may ask for any documents they feel are necessary in determining whether or not a club is genuine, even if it has already been granted a Club Premises Certificate under the Licensing Act 2003.

3.3.5 An application may only be refused on one or more of the following grounds:

- the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied
- the applicant's premises are used wholly or mainly by children and / or young persons
- an offence under the Act or a breach of condition of a permit has been committed by the applicant while providing gaming facilities
- a permit held by the applicant has been cancelled in the previous ten years; or
- an objection has been lodged by the Gambling Commission or the police.

3.3.6 Under section 72 of the Act, there is a 'fast-track' procedure available for clubs which hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police and the grounds upon which a council can refuse a permit are reduced.

3.3.7 The grounds on which an application under the fast track procedure may be refused are:

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12 of the Act

- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club gaming machine permit issued to the applicant in the last ten years has been cancelled

3.3.8 The councils may grant or refuse an application for a club gaming or club machine permit but cannot attach any conditions to it. However there are a number of conditions in the Act that the holder must comply with. These are contained in the Gaming Machine Permits Code of Practice issued by the Gambling Commission. This can be found on the Gambling Commission's website [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

### 3.4 Prize gaming permits

3.4.1 Section 288 of the Act defines gaming as prize gaming if the nature and size of the prize is not determined by the number of people playing or the amount paid for, or raised by the gaming.

3.4.2 Casinos, bingo premises, adult gaming centres and licensed family entertainment centres do not require a permit in order to offer prize gaming.

3.4.3 Travelling fairs do not require a permit in order to offer equal chance prize gaming, provided that taken together, the facilities for gambling are ancillary to the fair.

3.4.4 Children and young persons may participate in equal chance prize gaming only.

3.4.5 Applicants for a prize gaming permit should set out the types of gaming that they are intending to offer. The applicant should be able to demonstrate:

- that they understand the limits on stakes and prizes that are set out in Regulations; and
- that the gaming offered is lawful.

3.4.6 The councils can grant or refuse an application for a permit, but cannot attach any conditions to it. However, there are four conditions in the Act that permit holders must comply with. These are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day;

the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;

- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

3.4.7 Councils can only grant a permit if they have consulted the chief officer of police about the application. Applicants must disclose any relevant convictions they may have to the council and the council will consider any objections that the police make about the suitability of person or the premises, including its location and the potential for disorder.

## **4. PREMISES LICENCES**

### **4.1 Primary gambling activity**

4.1.1 Premises licences authorise the provision of gambling activities in:

- casinos
- bingo premises
- betting premises (including tracks and premises used by betting intermediaries)
- adult gaming centres and
- family entertainment centres.

4.1.2 Premises licences will be considered in accordance with the principles set out in paragraph 2.7.

### **4.2 Premises**

4.2.1 In the Act a premises is defined as 'any place'. No more than one premises licence can apply to any place, however one premises may hold more than one premises licence so long as the building can be genuinely separated. In determining whether or not the separation is genuine, the councils will base their decisions on the following:

- are the premises registered separately for business rates?
- are the premises owned by the same person?
- can each of the premises be accessed from the street or is access to one only via the other or another gambling premises?

4.2.2 Roping off and different coloured carpets are examples of methods used by some proprietors to artificially sub-divide premises and the councils will not consider premises 'divided' as such as two separate premises.

4.2.3 Where two or more licences are applied for within the same building and the council does consider separation genuine, the applicant(s) must still demonstrate how they will uphold the licensing objectives, with particular reference to how they plan to control the access from one part of the building into the other, in order to protect children from accidentally or otherwise accessing types of gambling to which they are not authorised.

### **4.3 Location**

4.3.1 The location of premises may be relevant to the promotion of the licensing objectives. In particular, premises located in close proximity to the following may give rise to concern

- schools
- vulnerable adult centres
- residential areas with a high concentration of children.

4.3.2 Much will depend upon the type of gambling that is proposed will be offered on the premises. The councils will consider the location on a case-by-case basis. If the proposed location does pose a risk to the promotion of the licensing objectives, the applicant must demonstrate how they propose to overcome such concerns.

### **4.4 Conditions**

4.4.1 Conditions may be imposed upon a premises licence in a number of ways. These are:

- (a) mandatory – set by the Secretary of State, some set out in the Act and some to be prescribed in regulations, for all, or classes of licence



- (b) default – to be prescribed in regulations made by the Secretary of State, to be attached to all or classes of licences unless excluded by the licensing authority
- (c) specific – conditions that can be attached to an individual licence by the licensing authority

4.4.2 Any conditions imposed by the councils will be proportionate to the circumstances that they are seeking to address. In particular, the councils will ensure that premises licence conditions:

- are relevant to the need to make the proposed building suitable as a gambling facility
- are directly related to the premises and the type of licence applied for
- are fairly and reasonably related to the scale of premises and
- are reasonable in all other respects.

4.4.3 Certain matters may not be the subject of conditions. These are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition
- conditions relating to gaming machine categories, numbers, or method of operation
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated) and
- conditions in relation to stakes, fees, winnings or prizes.

## 4.5 Door supervisors

4.5.1 It is not a mandatory requirement of the Act to impose a condition relating to door supervision. However, if the councils consider it necessary to impose a condition on a premises licence requiring the presence of door supervisors they shall be licensed by the Security Industry Authority (SIA).

4.5.2 There is an exemption for 'in house' employees working as door supervisors at licensed casino or bingo premises, however 'contract' staff employed as door supervisors will need to be licensed by the SIA.

The councils may still impose specific requirements on these unlicensed door supervisors if they considered it necessary at particular premises.

## **4.6 Adult gaming centres**

- 4.6.1 Operators of an adult gaming centre must obtain an operating licence from the Gambling Commission and a premises licence from the relevant council. This will allow the operator to make category B, C & D machines available to their customers.
- 4.6.2 In considering licence applications for adult gaming centres, consideration will be given to the need to protect children and vulnerable persons from harm or being exploited by gambling. The councils will therefore expect applicants to demonstrate that there will be sufficient measures in place to promote this objective.

## **4.7 Licensed family entertainment centres**

- 4.7.1 Operators of a licensed family entertainment centre will require an operating licence from the Gambling Commission and a premises licence from the relevant council. This will allow the operator to make category C & D machines available to their customers.
- 4.7.2 Children and young persons will be able to enter licensed family entertainment centres and play on the category D machines. They will not be permitted to play category C machines.
- 4.7.3 As family entertainment centres will particularly appeal to children and young persons, consideration shall be given to child protection issues. Where category C machines are available in licensed family entertainment centres the councils will require that:
- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance
  - only adults are admitted to the area where the category C machines are located
  - access to the area where the category C machines are located is supervised
  - the area where the category C machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and

- at the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

## 4.8 Tracks

- 4.8.1 Tracks are sites (including racecourses and dog tracks) where races or sporting events take place. Operators of tracks will require a premises licence from the relevant council, but they do not need to obtain an operating licence from the Gambling Commission (although they may have one).
- 4.8.2 Tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track.
- 4.8.3 It is a mandatory condition of all track licences that children and young persons are excluded from any areas where facilities for betting are provided and any area where a gaming machine, other than a category D machine, is situated. In relation to the areas used for betting, special dispensation from this rule is provided for dog tracks and horse racecourses on days when racing takes place. On these days families will be entitled to attend a track or racecourse and children may enter the areas where facilities for betting are provided. This race day dispensation does not apply to the areas where gaming machines of category B & C are provided and the councils will therefore expect that suitable measures are in place to prevent children from entering such areas.
- 4.8.4 Holders of betting premises licences in respect of tracks who also hold a pool betting operating licence may make available up to four gaming machines (categories B2 to D) on the track. The councils will therefore expect the applicant to demonstrate that suitable measures are in place to ensure that children are prevented from entering areas where machines (other than category D machines) are made available.
- 4.8.5 The councils will attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public, for example, the rules could be printed in the race-card or made available in leaflet form from the track office.
- 4.8.6 The councils will require the following information from applicants for premises licences in respect of tracks:
- detailed plans for the racetrack itself and the area that will be used for temporary 'on-course' betting facilities (often known as the 'betting ring')

- in the case of dog tracks and horse racecourses, details of the fixed and mobile pool betting facilities operated as well as any other proposed gambling facilities.

- 4.8.7 Plans submitted with the application should be clearly marked to show what licensable activities will take place where and how children will be separated from category C machines.
- 4.8.8 The councils will accept occasional use notices for tracks in accordance with section 39 of the Act.

## 4.9 Casinos

- 4.9.1 The act states that operators of a casino must obtain an operating licence from the Gambling Commission and a premises licence from the relevant council.
- 4.9.2 In July 2012 a Culture, Media and Sport Select Committee reviewed the Act and recommended that any local authority should be able to make its own decision about whether or not to have a casino in its district. The Committee also recommended that the licences for casinos that were licensed under the pre-existing Gaming Act of 1968 be made portable, allowing operators to relocate to any local authority (with the authority's consent).
- 4.9.3(a) **Vale of White Horse District Council:** Policy not to allow applications for a casino.

Section 166 of the Act gives the council the power to pass a 'no casino' resolution, meaning that applications for a casino would not be considered. The council has adopted a 'no casino' resolution on the basis that this rural district with country market towns is an inappropriate place for a casino, that casinos are better located in large towns or cities, and the council should also protect the most vulnerable people from gambling in casinos. This resolution is required to be renewed within three years.

- 4.9.3(b) **South Oxfordshire District Council:** Policy to allow applications for a casino

Section 166 of the Act gives the council the power to pass a 'no casino' resolution, meaning that applications for a casino would not be considered. The council has not adopted a 'no casino' policy. As such, all applications received for a premises licence to operate a casino in the council area would be judged on their own merits, in accordance with paragraph 2.7 and the requirements set out in paragraph 4.9.4.

4.9.4 The councils shall require applicants for casino licences to:

- submit a procedure with their application for the reporting of any suspicious activity
- follow a policy of requiring proof of identification to be shown on entering the casino in order to act as a deterrent to those considering using the casino for criminal activities (such as money laundering) and to effectively support gambling self-exclusion schemes
- detail any entertainment to be provided
- submit details of employee training to promote the Licensing Objectives
- submit a policy to promote the protection of children and vulnerable persons
- submit a policy regarding the identification of and interventions in force to aid problem gamblers
- set aside at least one 'training room' where customers can learn how to play the various games offered in a non-threatening environment. The room shall clearly display information on how and where help for problem gambling can be sought
- set aside a quiet area as a refuge from gambling. The room shall clearly display information on how and where help for problem gambling can be sought.

#### **4.10 Betting premises**

4.10.1 Betting premises are those premises which take bets other than at a track (commonly known as a licensed betting office). Operators of betting premises will require an operating licence from the Gambling Commission and a premises licence from the relevant council.

4.10.2 It is unlawful for anyone under the age of 18 to place a bet. Persons under the age of 18 shall not be permitted to enter a premises licensed for betting.

4.10.3 The councils expect applicants to demonstrate how they will ensure that neither children nor vulnerable persons are able to place a bet, for example by detailing proof of identification and self-barring schemes and staff training.

4.10.4 At the time of writing, the holder of a betting premises licence may make available for use up to four gaming machines of category B (B2, B3 or B4), C or D.

4.10.5 The councils may, in accordance with section 181 of the Act, enforce the number of betting machines, their nature and the circumstances in which those machines are made available for use. When considering whether to impose such conditions, the councils will take into account the following:

- the size of the premises
- the number of counter positions available for person-to-person transactions and
- the ability of staff to monitor that machines are not used by children and young persons or by vulnerable people.

## 4.11 Bingo

- 4.11.1 Operators of premises offering bingo (cash or prize bingo) will require a bingo operating licence from the Gambling Commission and a premises licence from the relevant council.
- 4.11.2 The council will need to be satisfied that bingo can be played in any premises for which it grants a bingo premises licence. This is a relevant consideration where the operator of an existing bingo premises applied to vary their licence to exclude an area of the existing premises from its ambit and then applied for a new premises licence, or multiple licences for that or those excluded areas.
- 4.11.3 The councils note the unusual circumstances in which the splitting of a pre-existing premise into two adjacent premises might be permitted and in particular that it is not permissible to exceed 20 per cent of the total number of B3 machines available for use in the premises.
- 4.11.4 Children and young people are allowed into bingo premises, however they are not permitted to participate in the bingo and if category B or C machines are present, these must be separated from areas where children and young people are allowed. Where category C or above machines are available in premises to which children are admitted the councils will require that:
- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance
  - access to the area where the machines are located is supervised
  - the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder and
  - at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

## 4.12 Temporary use notices

- 4.12.1 Temporary use notices allow the use of premises for gambling where there is no premises licence but where a person or company holding a relevant operators licence wishes to use the premises temporarily for providing facilities for gambling.
- 4.12.2 There are a number of statutory limits concerning the use of temporary use notices. Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for details of the maximum numbers of days premises may be used and for other restrictions.
- 4.12.3 If objections are received to a temporary use notice (from the Police, Gambling Commission, HM Revenue & Customs or any other licensing authority in whose area the premises are situated), the council must hold a hearing to consider the representation (unless all the participants agree that a hearing is unnecessary).
- 4.12.4 If the council, after a hearing has taken place or been dispensed with, considers that the temporary use notice should not have effect, it must issue a counter-notice which may:
- prevent the temporary use notice from taking effect
  - limit the Activities that are permitted
  - limit the time period of the gambling or
  - allow the Activities to take place subject to a specified condition.
- 4.12.5 The councils will apply the principles set out in paragraph 2.7 of this statement to any consideration as to whether to issue a counter-notice.

## 4.13 Provisional statements

- 4.13.1 Section 204 of the Act provides for a person to make an application for a provisional statement in respect of premises they expect to be constructed, altered or expect to acquire the right to occupy. For example, a developer may wish to apply for a provisional statement to see whether or not a premises licence would be issued prior to entering into a contract to buy or lease the premises. Equally, a provisional statement may be applied for where there is already a premises licence in force but the application is for a different type of gambling.
- 4.13.2 An applicant need not hold an operating licence from the Gambling Commission before applying for a provisional statement and the councils shall not take into account the likelihood of an operating licence

being granted in determining whether or not to grant the provisional statement.

- 4.13.3 If a provisional statement has been granted, the fee for the subsequent premises licence application will be less and the councils are constrained in considering matters; no further representations from Responsible Authorities or Interested Parties may be taken into account unless they concern matters which could not have been addressed at the provisional statement stage or they reflect a change in the applicant's circumstances.
- 4.13.4 The councils may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:
- which could not have been raised by way of representations at the provisional licence stage
  - which, in the council's opinion, reflect a change in the operator's circumstances
  - where the premises has not been constructed in accordance with the plan and information submitted with the provisional statement application. (There must be a substantial change to the plan and the council shall discuss any concerns with the operator before coming to a final decision).

#### **4.14 Travelling fairs**

- 4.14.1 The Act defines a travelling fair as, 'wholly or principally' providing amusements.
- 4.14.2 To be exempt from requiring a permit for gaming machines, the fair must be on a site that is not used for a fair for more than 27 days per calendar year (regardless of whether it is the same or different travelling fairs which occupy the land).
- 4.14.3 Fairs may provide an unlimited number of category D machines provided the facilities for gambling amount to no more than ancillary amusement to the fair.
- 4.14.3 Whilst the gaming machine providers may be exempt from the requirement to hold a permit, they must comply with the legal requirements about how the machines operate.
- 4.14.4 The councils will liaise with neighbouring authorities to ensure that land used for fairs which crosses local authority boundaries is monitored.

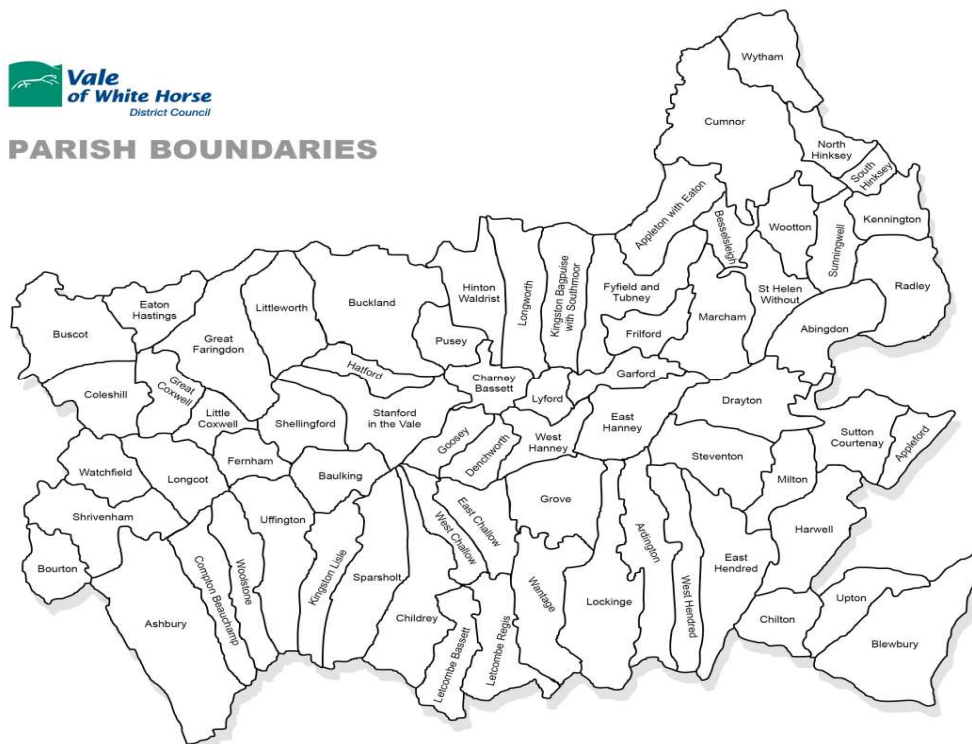


# ANNEX 1

## Map of the Vale of White Horse District Council Area



### PARISH BOUNDARIES



# ANNEX 2

## Map of the South Oxfordshire District Council Area



**ANNEX 3**

**List of persons / bodies responding to the consultation on this policy**

<b>Organisation Details</b>	<b>Responding as:</b>
Resident	Resident
Resident	Resident
Resident	Resident
Sutton Courtenay Parish Council	Parish Council
Marcham Parish Council	Parish Council
North Hinksey Parish Council	Parish Council
Thame Town Council: Environment Group	Town Council
Wokingham Borough Council	Responsible Authority
Reading Borough Council	Responsible Authority

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## ANNEX 4

### List of responsible authorities

The Responsible Authorities for the council areas under the Act, and their contact details are as follows.

Contact details may change, and other responsible authorities may be designated by regulations by the Secretary of State. For latest information, please check with the relevant council's licensing team.

		Contact details for preliminary discussions or follow-up enquiries
Responsible Authority	Address	Telephone, e-mail and website
The Licensing Authorities	Licensing Team Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540534 <a href="mailto:licensing.unit@whitehorsedc.gov.uk">licensing.unit@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing">www.whitehorsedc.gov.uk/services-and-advice/business/licensing</a>
	Licensing Team South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823209 <a href="mailto:licensing@southoxon.gov.uk">licensing@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/business/licensing">www.southoxon.gov.uk/services-and-advice/business/licensing</a>
The Planning Authorities	Planning Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540347 <a href="mailto:planning@whitehorsedc.gov.uk">planning@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/planning-and-building">www.whitehorsedc.gov.uk/services-and-advice/planning-and-building</a>
	Planning South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823740 <a href="mailto:planning@southoxon.gov.uk">planning@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/planning-and-building">www.southoxon.gov.uk/services-and-advice/planning-and-building</a>
Environmental Health	Environmental Protection Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540555 <a href="mailto:environmentalprotection@whitehorsedc.gov.uk">environmentalprotection@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/environment">www.whitehorsedc.gov.uk/services-and-advice/environment</a>
	Environmental Protection South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823203 <a href="mailto:env.health@southoxon.gov.uk">env.health@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/environment">http://www.southoxon.gov.uk/services-and-advice/environment</a>

Gambling Commission	Gambling Commission Victoria Square House Victoria Square Birmingham B2 4BP	0121 230 6500 <a href="mailto:info@gamblingcommission.gov.uk">info@gamblingcommission.gov.uk</a> <a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a>
Thames Valley Police	Chief Constable, Thames Valley Police Headquarters Oxford Road Kidlington OX5 2NX	01865 266109 <a href="mailto:licensing@thamesvalley.pnn.police.uk">licensing@thamesvalley.pnn.police.uk</a> <a href="http://www.thamesvalley.police.uk">www.thamesvalley.police.uk</a>
Fire and Rescue Service	Oxfordshire Fire and Rescue Service Sterling Road Kidlington OX5 2DU	01865 842999 <a href="mailto:fire.service@oxfordshire.gov.uk">fire.service@oxfordshire.gov.uk</a> <a href="http://www.oxfordshire.gov.uk/cms/public-site/fire-and-rescue-service">http://www.oxfordshire.gov.uk/cms/public-site/fire-and-rescue-service</a>
Oxfordshire Safeguarding Children Board	Oxfordshire Safeguarding Children Board c/o Children, Young People & Families Directorate Oxfordshire County Council, County Hall, New Road Oxford OX1 1ND	01865 810628 <a href="mailto:oscb@oxfordshire.gov.uk">oscb@oxfordshire.gov.uk</a> <a href="http://www.oscb.gov.uk">www.oscb.gov.uk</a>
Revenue and Customs	Her Majesty's Revenue and Customs	0845 010 9000 Not contactable by e-mail <a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a>

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## ANNEX 5

### Licensing authority delegations

Matter to be dealt with	Full Council	Licensing Acts Panel	Officers
Final approval of three year licensing policy statement	X		
Policy not to permit casinos	X		
Fee setting (when appropriate)	X		
Application for premises licence		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Review of a premises licence		X	
Application for club gaming/ club machine permits		Where objections have been made and not withdrawn	Where no representations received or all have been withdrawn
Cancellation of club gaming/ club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

X indicates the lowest level to which decisions can be delegated

**ANNEX 6**

**Summary of gaming machine categories**

<b>Category of Machine</b>	<b>Maximum stake (from July 2011)*</b>	<b>Maximum prize (from July 2011)*</b>
<b>A</b>	Unlimited	Unlimited
<b>B1</b>	£2	£4,000
<b>B2</b>	£100 (in multiples of £10)	£500
<b>B3A</b>	£1	£500
<b>B3</b>	£2	£500
<b>B4</b>	£1	£250
<b>C</b>	£1	£70
<b>D – non-money prize (other than a crane grab, coin pusher, penny fall machines)</b>	30p	£8
<b>D – non-money prize (crane grab machine)</b>	£1	£50
<b>D money prize (other than coin pusher or penny falls machines)</b>	10p	£5
<b>D – combined money and non-money prize (other than a coin pusher or penny falls machines)</b>	10p	£8 (of which no more than £5 may be a money prize)
<b>D – combined money and non-money prize (coin pusher or penny falls machine)</b>	10p	£15 (of which no more that £8 may be a money prize)

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Summary of machine provisions by premises

	Machine Category							
	A	B1	B2	B3	B4	C	D	
<b>Large casino</b> (machine/table ratio of 5-1 up to maximum)		Maximum of 150 machines: Any combination of machines in categories B to D (except B3A machines), within the total limit of 150 (subject to machine/table ratio)						
<b>Small casino</b> (machine/table ratio of 2-1 up to maximum)		Maximum of 80 machines: Any combination of machines in categories B to D (except B3A machines), within the total limit of 80 (subject to machine/table ratio)						
<b>Pre-2005 Act casinos</b> (no machine/table ratio)		Maximum of 20 machines categories B to D (except B3A machines) or any number of C or D machines instead						
<b>Betting premises and tracks occupied by Pool Betting</b>		Maximum of 4 machines categories B2 to D (except B3A machines)						
<b>Bingo Premises</b>					Maximum of 20% of the total number of machines available for use on the premises category B3 or B4	No limit on category C or D machines		
<b>Adult gaming centre</b>					Maximum of 20% of the total number of machines available for use on the premises category B3 or B4	No limit on category C or D machines		
<b>Family entertainment centre</b> (with premises licence)							No limit on category C or D machines	
<b>Family entertainment centre</b> (with permit)							No limit on Category D machines	
<b>Clubs or miners' welfare institute</b> (with permit)					Maximum of 3 machines in categories B3A or B4 to D*			
<b>Qualifying alcohol licensed premises</b>							1 or 2 machines of category C or D automatic upon notification	
<b>Qualifying alcohol licensed premises</b> (with gaming machine permit)						Number as category C or D machines on permit		
<b>Travelling Fair</b>						No limit on category D machines		
	<b>A</b>	<b>B1</b>	<b>B2</b>	<b>B3</b>	<b>B4</b>	<b>C</b>	<b>D</b>	

\*It should be noted that members' clubs and miners' welfare institutes are entitled to site a total of three machines in categories B3A to D but only one B3A machine can be sited as part of this entitlement. Commercial clubs are entitled to a total of three machines in categories B4 to D.





Listening Learning Leading

# **Report to: Cabinet Council**

## **Audit and Corporate Governance Committee**

Report of: Head of Finance

Author: Emma Creed

Tel: 01491 823847

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

Cabinet Member responsible: David Dodds

Tel: 01844 297714

E-mail: david.dodds@southandvale.gov.uk

To: Audit and Corporate Governance Committee on: 26 September 2013

To: Cabinet on: 17 October 2013

To: Council on: 24 October 2013

## **Treasury management outturn 2012/13**

That Audit and Corporate Governance Committee:

1. notes the treasury management outturn report 2012/13 and
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.
3. make any comments and recommendations to cabinet as necessary.

That Cabinet:

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

1. Approve the treasury management outturn report for 2012/13;
2. Approve the actual 2012/13 prudential indicators within the report.

## **Purpose of report**

1. The report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities. This report is to advise Councillors of the performance of the treasury management function (the management of our investments) for the financial year 2012/13. This complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Practice on Treasury Management (revised) 2009.

## **Strategic objectives**

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

## **Background**

3. The council's treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice require a report to be provided to council at the end of the financial year. The report covers the treasury activity for 2012/13.
4. The 2012/13 treasury management strategy was approved by council on 22 February 2012. This report provides details on the treasury activity and performance for 2012/13 against prudential indicators and benchmarks set for the year. Full council is required to approve this report.
5. An update on the economic conditions is in Appendix 'A'.

## **Icelandic bank default – Kaupthing Singer & Friedlander**

6. The Council invested £2.5 million in July 2007 with the failed Icelandic bank Kaupthing Singer and Friedlander Ltd (KSF). The Council has received £1,999,829 to date in respect of the claim for £2.6 million (£2.5 million investment plus interest).
7. As a wholesale depositor, the Council is treated as an unsecured creditor in the administration process and ranks equally with all other unsecured creditors. The administrators intend to make further payments at regular intervals. The latest creditors' report now indicates that the estimated total amount to be recovered should be in the range of 84p to 86.5p in the pound. In total terms this would mean receiving between £2,209,901 and £2,275,671.

## **Treasury activities in 2012/13**

### **Council investments as at 31 March 2013**

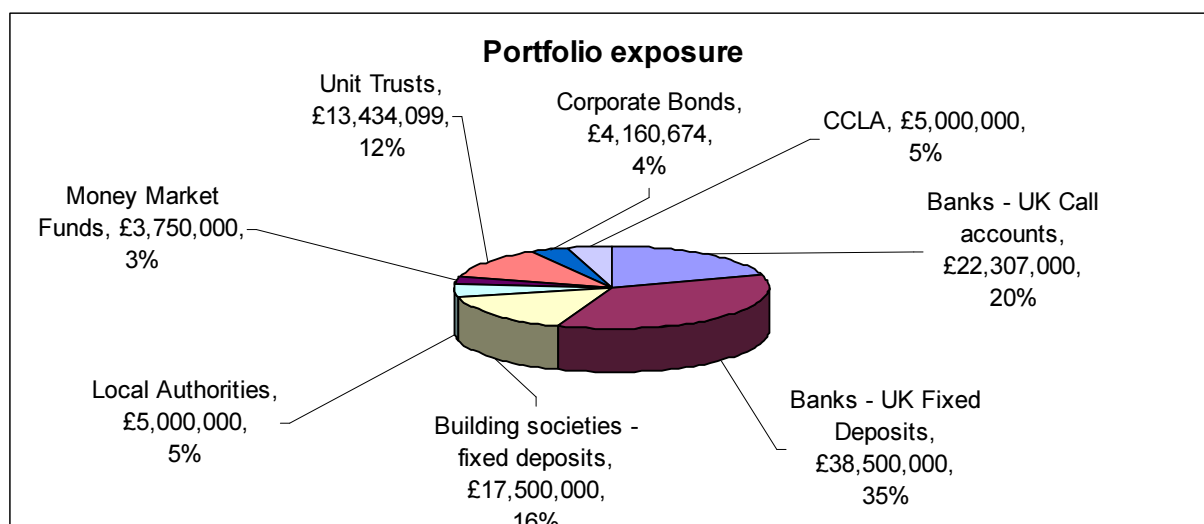
The Council continues to invest with regard for security, liquidity and yield, in that order. The Council's investments, analysed by age as at the end of 2012/13, is shown in table 1 below.

<b>Table 1: maturity structure of investments as at 31 March 2013:</b>		
	<b>Total £000</b>	<b>% holding</b>
<b>Cash deposits:</b>		
Call account	22,307	20%
Up to 1 month	4,000	4%
2 month	5,500	5%
3 month	6,000	5%
4 month	5,000	5%
5-6 Month	9,000	8%
7-12 Month	26,500	24%
1 -2 Year	2,000	2%
2-5 Year	3,000	3%
Kaupthing Singer & Friedlander	500	0%
<b>Total cash deposits</b>	<b>83,807</b>	<b>76%</b>
<b>CCLA - property fund</b>	<b>5,000</b>	<b>5%</b>
<b>Equities</b>	<b>13,434</b>	<b>12%</b>
<b>Corporate bonds</b>	<b>4,161</b>	<b>4%</b>
<b>Money market funds</b>	<b>3,750</b>	<b>3%</b>
<b>Overall total</b>	<b>110,152</b>	<b>100%</b>

N

ote: £110.152 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 Thames Valley Police, 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.

A significant proportion of the portfolio is held in the form of fixed interest rate cash deposits. These provide some certainty over the investment return. The chart below shows in percentage terms how the portfolio is spread across the investment types:



**Investment income**

8. The total interest earned on investments during 2012/13 was £2.6 million, compared to the original estimate of £2.5 million, as shown in table 2 below:

<b>Table 2: Investment interest earned by investment type</b>			
<b>Investment type</b>	<b>Interest earned</b>		
	<b>Annual Budget £000</b>	<b>Actual £000</b>	<b>Variation £000</b>
Call accounts	43	130	87
Cash deposits < 1yr	1,057	567	(490)
Cash deposits > 1yr	705	1,196	491
MMF	30	29	(1)
Corporate Bonds	411	253	(158)
Equities	250	431	181
Transferred debt	10	7	(3)
	<b>2,506</b>	<b>2,614</b>	<b>108</b>

9. The variation in investment earnings of £108,000 above the original estimate for 2012/13 is due to a number of reasons:

- Interest received on unit trusts was £181,000 higher than forecast due to the overall increase in the value during the year.
- Interest earned on corporate bonds was £158,000 lower due to maturities that were not reinvested in corporate bonds
- Interest earned on cash deposits was £85,000 higher than forecast due to longer dated investments combined with higher interest rates achieved.

10. The actual average interest rate of return achieved for the year was 2.18 per cent.

**Movement in the value of investments**

11. Table 3 below shows the movement in value of the Council's investments at the end of the year.

<b>Table 3: Investment portfolio values and movements.</b>	<b>2011/12 £m's</b>	<b>2012/13 £m's</b>	<b>Movement in Investments</b>
<b>Cost Values (£m's)</b>			
Bank & Building Society deposits	87.22	87.56	0.34
CCLA	0.00	5.00	5.00
Equities	13.43	13.43	0.00
Corporate Bonds	4.27	4.16	(0.11)
	<b>104.92</b>	<b>110.15</b>	<b>5.23</b>

The value of investment deposits fluctuates throughout the year due to cash flow and spending patterns.

**Performance measurement**

12. A list of investments as at 31 March 2013 is shown in appendix B. All investments were with approved counterparties. The average level of investments held was £117 million and the average return on these investments is shown below in table 4. This shows in summary the performance of the council’s investments against the benchmarks set out in the Treasury Management Strategy. These benchmarks are used to assess and monitor the council’s investment performance for each type of investment.

<b>Table 4: Investment returns achieved against benchmark</b>				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.56%	1.86%	1.30%	3 Month LIBID
Equities	12.59%	11.68%	(0.91%)	FTSE All Shares Index
Corporate Bonds	0.50%	5.68%	5.18%	BoE base rate

Note: the benchmark return for unit trusts reflects the movement in capital value. All other benchmarks reflect earnings of investment income. The total actual return for the whole investment portfolio was 2.18 per cent.

13. Bank and building society deposits increased by £0.34 million during the year from £87.22 million as at 1 April 2012 to £87.56 million by 31 March 2013.
14. Returns on internally managed cash deposits are benchmarked against the three month LIBID rate, which was an average of 0.56 per cent for 2012/13. The performance for the year of 1.86 per cent exceeded the benchmark by 1.30 per cent.
15. In the first part of the financial year, it was difficult to place investments because of the continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income for the first half of the year. The government’s Funding for Lending Scheme (FLS) was introduced in August 2012. As a result interest rates at which banks and building societies accepted deposits from local authorities dropped sharply. After this, investments were primarily held in call accounts which offered a better return than the market rates for deposits.
16. Local authority market rates for cash deposits have historically been around the same level as the three month LIBID rate. However, actual rates achieved are dictated by changeable factors, such as cash flow and the market demand for funds. For the purposes of providing comparative performance indicators, the market average rates of interest are shown in table 5.

Table 5: Cumulative performance against benchmark	
	Cumulative % returns
<b>Actual</b>	<b>2.18</b>
Benchmark - 3 Month LIBID	0.56
Variance - (Under)/Over benchmark	1.62
Industry average*	1.12
Variance - (Under)/Over industry benchmark	1.06

\*Source: Sector - weighted average of 7 fund managers results covering 38 funds.

### Equities

17. The council's holdings with the Legal & General (L&G) UK 100 Index Trust were purchased in 2000/01 at an initial cost of £10 million. This is an authorised unit trust incorporated in the United Kingdom and regulated by the FSA. The trust's objective is to track the capital performance of the UK equity market as represented by the FTSE 100 index.
18. The unit trusts are accounted for in the Council's financial statements at fair value<sup>1</sup>. The market value in April 2012 of £13.43 million rose significantly between July and November 2012, at which point the value exceeded the trigger point of £14m, when a disposal of £2m was made. Table 6 below shows the movement in capital value:

Table 6: Unit Trusts - Movement in capital		
	£	£
Market Value as at 31.3.13		13,434,099
Less:		
Dividends received in year	230,883	
Accrued dividends	199,911	
		(430,794)
Add:		
Disposal in year		2,000,000
Amended market value as at 31.3.13		15,003,305
Market value as at 1.4.12		13,434,631
Increase in Market Value in year		1,568,674

<sup>1</sup> Fair value: is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. In some cases this will be the amount paid for purchasing the investment. This may not always be the case, where there have been substantial transaction costs (as in an investment fund), or where interest payable does not reflect market rates or obligations (as in corporate bonds).

19. The value quoted in the statement of accounts includes adjustments for accrued interest. In order to assess the true unit trust performance an adjustment must be made to amend the market value<sup>2</sup>. Table 7 below shows the unit trust performance without the accounting adjustments required for the statement of accounts:
20. Unit trusts fluctuated quite a lot throughout the year, as volatility in the markets has driven investors to move to safer havens such as gilts.

<b>Table 7: Unit Trust performance 1.4.12 - 31.3.13</b>	
Increase in FTSE all share was	12.59%
Increase in Market Value	11.68%
Under-performance	(0.92%)
	£
Market Value 1.4.12	13,434,631
Plus 12.59% FTSE increase	1,691,420
Benchmark Market Value at 31.3.13	15,126,051
Market Value (amended at 31.3.13)	15,003,305
<b>Under performance 1.4.12 to 31.3.13</b>	<b>(122,746)</b>

20. Dividends received of £0.4 million were reinvested to acquire additional fund units. The unit trusts are benchmarked against the FTSE All Shares Index, which represents 98-99 per cent of the UK market capitalisation. The index shows the performance of all eligible companies listed on the London Stock Exchange main market and today covers 630 constituents with a combined value of nearly £1.8 trillion. It is recognised as the main benchmark for unit trusts.

### Corporate Bonds

21. The Council's corporate bonds are also accounted for in the financial statements at fair value. The opening carrying value<sup>3</sup> for 1 April 2012 was £4.1 million. The closing carrying value at 31 March 2013 was £4.1 million. The carrying values and market values for the corporate bonds are shown in table 8 below:

<b>Table 8: Corporate bond values</b>					
Bonds	Original cost £000's	Nominal Value £000's	Carrying Value as at 1.4.12 £000's	Carrying Value as at 1.4.13 £000's	Market value at 1.4.13
Santander 11.50%	422	270	335	323	318
RBS 9.625%	1,973	1,500	1,621	1,631	1,713
Halifax 11.5%	2,942	2,000	2,178	2,114	2,130
	5,337	3,770	4,134	4,068	4,161

22. The weighted average return on the Council's corporate bonds for 2012/13 was 5.68 per cent, this significantly exceeded the benchmark return.
23. The corporate bonds mature on dates between 2014 and 2017. Annual interest earned will remain the same for the whole period a bond is held. Table 9 below shows the redemption yield of the bonds if held until the redemption date.

<b>Table 9: corporate bond redemption yields if held to maturity</b>								
Bank	Interest rate %	Original cost £000	Nominal value £000	Interest to date £000	Interest due £000	Redemption value £000	Redemption date	Redemption yield
Santander	11.50%	422	270	310	117	270	04/01/2017	5.59%
RBS	9.63%	1,973	1,500	1,591	321	1,500	22/06/2015	6.20%
Halifax	11.50%	2,942	2,000	2,208	175	2,000	17/01/2014	5.25%

### Money market funds (MMFs)

24. Money market funds are commercially run pooled investments. They work rather like unit trusts, but whereas the latter are based upon shares in companies, MMFs rely on loans to companies. As their pooled funds have a high total value, better rates of return can be obtained. Legislation allows authorities to access only those MMFs with the highest possible credit rating (AAA).
25. Access and liquidity, together with high security, have meant these funds have been used throughout the year. The Council currently invests in three MMFs and the amount held in each at the 31 March 2013 is shown below:

<b>Table 10: Money market funds</b>	
	<b>31/03/2013 £000</b>
Deutsche Bank	1,000
Blackrock	2,030
Goldman Sachs	720
	<b>3,750</b>

### Other investments

#### PENSION FUND CONTRIBUTIONS

26. The Council made two contributions of £5 million to the Oxfordshire County Council pension fund, one in April 2005, the other in April 2008. The Council made these payments to reduce the ongoing contributions to the fund. Based on historical performance statistics, the return earned by the pension fund has been better than that



achieved by the Council. The pension fund is able to invest far larger amounts than we do and therefore can attract higher rates of return.

27. The value of the pension fund assets and liabilities is based on a series of actuarial assumptions. From 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which will effectively set the expected rate of return equal to the pensions discount rate provided in the International Accounting Standard (IAS19). Based on the actuarial valuation as at the 31 March 2013, the long term rate of return per annum expected on the funds assets was 4.3 per cent (5.7 per cent as at 31 March 2012).

#### **LAND AND PROPERTY**

28. The Council holds a portfolio of investment property which includes land, industrial estates, depots, garages and shops that are used on a commercial basis. These assets had a net book value of £15.9 million at 31 March 2013 (£16.3 million at 31 March 2012) and generated income (net of any direct service costs) of £1.0 million in 2012/13 (£0.9million in 2011/12).
29. The Economy, Leisure and Property (ELP) team manages investment property, ensuring that rent is collected and rent reviews are implemented. The performance of the investment property is assessed annually by ELP to determine if assets should be retained or disposed of and agree any actions to improve or enhance the value of the investment property holdings.

#### **Treasury management limits on activity**

30. The council is required by the Prudential Code to report on the limits set each year in the Treasury Management Strategy. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. During the year none of these limits were exceeded. These limits are shown in appendix C.

#### **LIQUIDITY AND YIELD**

31. The benchmarks for liquidity are set to ensure that sufficient funds can be accessed at short notice. These are targets and not limits. The weighted average life (WAL) in days sets a benchmark for how long investments should be made and the maximum benchmark is a target set to ensure that investments are not made for too long. For example the amount to be maintained for liquidity was £10m and the actual of £26m was above the benchmark. The larger balance on call is due to the more attractive interest rates earned following the introduction of the FLS, which lowered market rates. The actual for the WAL of 278 days exceeded the benchmark of 182.5 days and did not exceed the maximum of 1095 days.
32. The year end position against the original benchmarks approved in February 2012 is shown below:

<b>Table 11: Risk-liquidity against benchmark</b>		
	<b>2012/13 Benchmark £m</b>	<b>2012/13 Actual £m</b>
Bank overdraft	0.5	0
Short term deposits - minimum available within 1 week	10	26
	<b>2012/13 Benchmark</b>	<b>2012/13 Actual</b>
Weighted average life (days)	182.5	278.0
Weighted average life - maximum	1095.0	278.0

## Debt activity during 2012/13

33. During 2012/13 there has been no need for the Council to borrow. The Council will continue to take a prudent approach to its debt strategy. The prudential indicators and limits set out in appendix C provide the scope and flexibility for the Council to borrow in the short-term up to the maximum limits, if such a need arose within the cash flow management activities of the authority, for the achievement of its service objectives.

## Financial implications

34. A year ago, forecasts were that inflationary pressures would mean that interest rates would have to start rising towards the end of 2012. This has not happened and the current outlook for growth in the UK economy means interest rates are very low and are likely to remain so. The investments made in 2012/13 ensured that the council earned interest of £2.6 million, however from 2013, income is anticipated to reduce until market rates rise. This will be reflected in the council's 2014/15 budget and its medium term financial plan.

## Legal implications

35. 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 DCLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

## Conclusion

36. As at 31 March 2013, the Council's financial investments had a cost value of approximately £110 million. As a result of proactive management of investments held, and despite a fall in interest rates, during 2012/13 investments generated £2.614 million in investment income, which was £108,000 above the £2.506 million original budgeted estimate.

37. The financial year 2012/13 provided volatile conditions with regard to treasury management. Concerns for counterparty risk continue to present the council with a difficult environment to invest in. The main implications of these factors were:

- low investment returns and difficulty to forecast;
- increased counterparty risk – reduced choice of counterparties

- Interest rate exposure risk – due to investments held in short-term maturity periods.

38. Despite the continued uncertainty the overall investment performance was above the industry average for 2012/13. Investments were made in the year that provided a good return whilst maintaining security and liquidity.

## **Appendices**

- A – Economic update and interest rates
- B – List of investments as at 31 March 2013
- C – Prudential indicators
- D – Glossary of terms

**Economic Update and interest rates as at August 2013**

- A1. Growth in the UK economy remains weak. National debt is expected to rise above 100 per cent of GDP by 2015-16 and this resulted in the UK losing its AAA rating.
- A2. Household financial conditions remain subdued. Job fears, inflation eroding disposable incomes, small or no pay increases are all factors contributing to consumers' ability to spend and overall living standards have fallen in real terms due to the sharp price rises relative to wages. Average real wages have fallen every month since June 2008. The squeeze on households' income will remain a critical factor in the economy over the next few years. Inflation is the main cause and will continue to have the greatest impact on living standards as real income will continue to decline. The slow recovery has meant that social security payments remain high and tax income is low.
- A3. The Euro region suffered a further period of stress with Spain forced to officially ask for a bailout of its domestic banks. However, the ECB declared it would do whatever it takes to stabilise the Eurozone.
- A4. The government's Funding for Lending Scheme (FLS) has been introduced to improve access to mortgages at lower rates. This has affected lenders need to borrow and money market rates have fallen considerably as a result. There will be a need to increase interest rates and reverse the government bond purchases at some stage, but it is unlikely to happen in the next 12 to 24 months.
- A5. Investor demand in UK gilts as a 'safe haven' continues to keep yield increases down. Long term rates will eventually rise, mainly due to the fact that high volumes of gilts have been issued already in the UK and also in other major western countries.
- A6. The interest rate forecast is based on the assumption that growth starts to recover in the next three years. If the EZ crisis worsens or low growth in the UK continues the base rate is likely to remain low for longer than this forecast.
- A7. Concerns over investment counterparty risk remain because of the volatile economic conditions. However the council's current treasury management policy manages this risk down to a low level.

30. Interest rates

- A8. The Bank of England changed its forecast significantly in the August Inflation report and upgraded its growth predictions to 1.4% in 2013 and 2.5% in 2014.
- A9. Bank rate remained unchanged at 0.5% throughout the first half of 2012/13. The earlier forecast of a rate rise in Q4 of 2014 has been postponed until Q4 in 2016.
- A10. Investment rates have remained flat with a range between 0.5 per cent to around 1.0 per cent for up to a year's maturity. This has dropped significantly as banks and building societies were offered further cheap cash supply via the FLS. The short term rates from one month to six months offer very little differential with six month rates ranging between 0.37 per cent and 0.55 per cent.

A11. Sector's forecast of the expected movement in medium term interest rates:

	NOW	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 month LIBID	0.39	0.40	0.40	0.40	0.40	0.40	0.40	0.40
6 month LIBID	0.47	0.50	0.50	0.50	0.50	0.50	0.50	0.50
12 month LIBID	0.74	0.80	0.80	0.80	0.80	0.80	0.80	0.80
5 yr PWLB	2.20	2.20	2.20	2.20	2.20	2.20	2.30	2.40
10 yr PWLB	3.40	3.30	3.30	3.30	3.30	3.30	3.40	3.50
25 yr PWLB	4.30	4.20	4.20	4.30	4.30	4.40	4.50	4.60
50 yr PWLB	4.30	4.30	4.30	4.40	4.40	4.50	4.60	4.70
	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
3 month LIBID	0.40	0.40	0.40	0.40	0.50	0.60	0.80	1.00
6 month LIBID	0.50	0.50	0.50	0.60	0.70	0.90	1.10	1.30
12 month LIBID	0.80	0.90	1.00	1.20	1.40	1.60	1.80	2.00
5 yr PWLB	2.50	2.60	2.80	2.90	3.00	3.20	3.30	3.40
10 yr PWLB	3.60	3.80	3.90	4.10	4.20	4.30	4.40	4.50
25 yr PWLB	4.70	4.80	4.90	5.00	5.00	5.10	5.10	5.20
50 yr PWLB	4.80	4.90	5.00	5.10	5.10	5.20	5.20	5.30

Investments as at 31 March 2013

Counterparty	Deposit type	Principal	Rate
Royal Bank of Scotland	Fixed	5,000,000	2.82%
Brentwood Borough Council	Fixed	2,000,000	2.16%
Lloyds TSB	Fixed	5,000,000	2.80%
Lloyds TSB	Fixed	5,000,000	2.80%
Barclays Bank plc	Fixed	2,000,000	2.60%
Bank of Scotland	Fixed	3,000,000	2.80%
Barclays Bank plc	Fixed	3,000,000	2.75%
Kingston upon Hull City Council	Fixed	1,000,000	1.90%
Royal Bank of Scotland	Fixed	1,500,000	3.25%
Royal Bank of Scotland	Fixed	1,500,000	3.10%
Barclays Bank plc	Fixed	2,000,000	3.75%
Barclays Bank plc	Fixed	1,500,000	2.60%
HSBC	Fixed	2,000,000	1.90%
Doncaster MBC	Fixed	2,000,000	1.05%
Bank of Scotland	Fixed	1,000,000	2.55%
National Counties Building Society	Fixed	1,500,000	1.80%
Nottingham Building Society	Fixed	2,000,000	1.75%
Saffron Building Society	Fixed	2,000,000	1.65%
Lloyds TSB	Fixed	4,000,000	2.85%
National Counties Building Society	Fixed	1,000,000	1.40%
Newcastle Building Society	Fixed	4,000,000	1.58%
West Bromwich Building Society	Fixed	1,000,000	1.30%
Royal Bank of Scotland	Fixed	2,000,000	1.55%
Manchester Building Society	Fixed	1,000,000	0.85%
West Bromwich Building Society	Fixed	3,000,000	1.05%
West Bromwich Building Society	Fixed	2,000,000	0.95%
Santander	Call	12,280,000	0.90%
Alliance & Leicester 30 Day Notice A/c	Call	1,139	0.90%
Royal Bank of Scotland	Call	2,298	0.85%
Royal Bank of Scotland	Call	10,024,724	1.05%
Goldman Sachs	MMF	720,000	Variable
Deutsche Bank	MMF	1,000,000	Variable
Blackrock	MMF	2,030,000	Variable
L&G Equities	Unit trust	13,434,099	Variable
Royal Bank of Scotland	Corporate bond	1,712,625	9.63%
Halifax	Corporate bond	2,129,800	11.00%
Santander	Corporate bond	318,249	11.50%
CCLA - property fund	Property fund	5,000,000	
KSF	Icelandic investment	500,171	
<b>GRAND TOTAL</b>		<b>110,153,104</b>	

<b>Prudential indicators as at 31 March 2013</b>		
	<b>2012/13 Original estimate £m</b>	<b>31.03.2013 Position £m</b>
<b>Authorised limit for external debt</b>		
Borrowing	5	0
Other long term liabilities	5	0
	<b>10</b>	<b>0</b>
<b>Operational boundary for external debt</b>		
Borrowing	2	0
Other long term liabilities	3	0
	<b>5</b>	<b>0</b>
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	84	100
Limits on variable interest rates	26	30
<b>Maximum principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested > 364 days	5	70
Limit to be placed on investments to maturity		
1 - 2 years	2	70
2 - 5 years	3	50
5 years +	0	50
<b>Investment portfolio spread</b>		
Supranational bonds	15	0
Gilts	15	0
Equities*	10	13
Corporate bonds	10	4
Money market funds	20	4
Pooled bond fund	5	0
Property - direct investments	30	16
Property related pooled funds	10	5
External fund manager	20	0
Cash and certificates of deposit	85%	76%
Debt management account deposit facility	100%	0%

\*Limit at time of purchase - Equities include accumulated dividends

Appendix D

GLOSSARY OF TERMS

31. <b>Basis Point (BP)</b>	32. 1/100th of 1%, i.e. 0.01%
33. <b>Base Rate</b>	34. Minimum lending rate of a bank or financial institution in the UK.
35. <b>Benchmark</b>	36. A measure against which the investment policy or performance of a fund manager can be compared.
37. <b>Bill of Exchange</b>	38. A financial instrument financing trade.
39. <b>Callable Deposit</b>	40. 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.
41. <b>Cash Fund Management</b>	42. 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.
43. <b>Certificate of Deposit (CD)</b>	44. 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.
45. <b>Commercial Paper</b>	46. 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.
47. <b>Corporate Bond</b>	48. 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.
49. <b>Counterparty</b>	50. Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
51. <b>CDS</b>	52. 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.
53. <b>CFR</b>	54. Capital Financing Requirement.
55. <b>CIPFA</b>	56. Chartered Institute of Public Finance and Accountancy.
57. <b>CLG</b>	58. Department for Communities and Local Government.
59. <b>Derivative</b>	60. 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.
61. <b>DMADF</b>	62. Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
63. <b>ECB</b>	64. European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
65. <b>Equity</b>	66. 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.
67. <b>Forward Deal</b>	68. 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.
69. <b>Forward Deposits</b>	70. Same as forward dealing (above).
71. <b>Fiscal Policy</b>	72. The government policy on taxation and welfare payments.
73. <b>GDP</b>	74. Gross Domestic Product.
75. <b>Gilt</b>	76. Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
77. <b>LIBID</b>	78. London inter-bank bid rate
79. <b>LIBOR</b>	80. London inter-bank offered rate
81. <b>Money Market Fund</b>	82. A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
83. <b>Monetary Policy Committee</b>	84. Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the

<b>(MPC)</b>	committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
<b>85. Other Bond Funds</b>	86. Pooled funds investing in a wide range of bonds.
<b>87. PWLB</b>	88. Public Works Loan Board.
<b>89. QE</b>	90. Quantitative Easing.
<b>91. Retail Price Index</b>	92. 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.
<b>93. Sovereign Issues (Ex UK Gilts)</b>	94. Bonds issued or guaranteed by nation states, but excluding UK government bonds.
<b>95. Supranational Bonds</b>	96. 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.
<b>97. Treasury Bill</b>	98. 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 Head of Finance

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To: CABINET

DATE: 17 October 2013

## Council tax reduction scheme 2014/15 onwards

### Recommendations

that Cabinet recommends to Council:

- (a) to adopt the council tax reduction scheme commencing 1 April 2014, until such time as members wish to change the scheme, which will be the same scheme as adopted for 2013/14, except for the addition of recommendation (b)
- (b) personal allowances and non-dependent deductions for working age claimants will increase by one per cent on 1 April each year, commencing 1 April 2014

### Purpose of Report

1. The purpose of this report is to enable the council to adopt a council tax reduction scheme for the financial year 2014/15 and onwards.

### Corporate Objectives

2. The council is required by statute to implement a scheme to help those on low incomes to meet their council tax liability. In accordance with the strategic objective "effective management of resources" by introducing the scheme we will achieve the corporate priorities of providing value for money services that meet the need of our residents and service users and, provide equality of access to our services.

## Background

3. Prior to April 2013 there was a national scheme of financial assistance called “council tax benefit” which was available to taxpayers on low incomes to help them meet their council tax liability. This scheme had been in operation since 1993.
4. Following changes introduced by the Local Government Finance Act 2012, this council adopted its own local “council tax reduction scheme” to take effect from 1 April 2013. This was against a backdrop of reduced Government funding of approximately ten per cent compared to the funding given for the previous council tax benefit scheme.
5. In common with the other district councils in Oxfordshire, the local scheme more or less mirrored the previous council tax benefit scheme which meant that no residents saw a reduction in their entitlement.
6. The ten per cent reduction in Government funding was counteracted by our implementation of technical reforms to the council tax system whereby more council tax was charged on empty properties and second homes.
7. The final scheme that was adopted was for one year only therefore the council is required to formally adopt a scheme for 2014/15. This formal adoption must be undertaken by full Council before 31 January 2014.

## Proposal for 2014/15 onwards

8. It is proposed that the scheme adopted for 2014/15 shall be the same as the scheme that was adopted for 2013/14. The reasons for this are it:
  - provides minimal disruption for the council and residents
  - is predictable (in that it is based on the previous national scheme) and involves no additional new risk
  - protects income for vulnerable families at a time when other welfare reforms are taking place e.g. spare room subsidy, benefit cap, personal independence payments, universal credit
  - does not create any new administrative costs
  - should not affect council tax collection rates and bad debt provisions or, revision of contractual (Capita’s) collection targets
  - does not disproportionately affect any particular group – disabled persons, single parents, etc
  - allows more time for the council to monitor the effects of other benefit-cutting schemes around the country
  - presents a very low risk of legal challenge
9. It is further proposed that the scheme be adopted open ended so that it will continue to apply for future financial years until such time as the council formally changes it. This avoids annual administration.

10. One proposed change to be made to the scheme for 2014/15 onwards will be to introduce a clause for “**uprating**”. This is the process whereby the “personal allowances” and “non-dependent deductions” used for calculating levels of entitlement are increased each year, normally in line with inflation, but sometimes by other amounts (such as the current one per cent increase introduced by the Chancellor in his December 2012 autumn statement).
11. Whilst the council is seeing ongoing reductions in Government funding each year, and at a time when increases in national welfare benefits are being capped at below inflation rates, it would not seem reasonable to uprate the council’s local scheme by inflation. **It is therefore proposed that personal allowances and non-dependent deductions be uprated by one per cent each year, starting in 2014/15.**
12. If the council chose not to uprate these allowances, residents would effectively have a cut in their entitlement each year as the cost of living increases (although it is acknowledged that a one per cent uprating is still less than inflation). Also, if non-dependent deductions (e.g. adult children - who are expected to contribute to housing costs) were not uprated, the general taxpayers of the district would pick up the cost of increasing CTRS costs rather than the non- dependents themselves.

### Alternative option

13. For the 2013/14 schemes the Government offered additional “transitional funding” to councils who did not reduce entitlement by more than 8.5 per cent. Therefore, it could be argued that a reduction of this amount in 2014/15 would be deemed to be acceptable to the Government.
14. Initial modelling work undertaken has shown that reducing entitlement by **8.5 per cent** would be likely to save the council approximately **£20,000**. However, officers believe that the costs of recovering the additional bills raised by reducing entitlement are likely to also be in the region of £20,000. Because of this, and the reasons listed in paragraph eight above, officers recommend not pursuing this option.

### Financial Implications

15. As stated above, the costs of the council tax reduction scheme are broadly neutral following changes made to the amounts of council tax charged for empty properties and second homes. By retaining the existing council tax reduction scheme no new financial implications will arise, but neither are we taking the opportunity to generate additional council tax by reducing recipients' discount.
16. The Government has also awarded further “new burdens” grant for 2013/14 to recognise the work required to adopt a local council tax reduction scheme. This totals **£46,052**. By not changing the scheme it is unlikely that the council will spend this grant and it will be transferred to reserves.

### Legal Implications

17. The current council tax reduction scheme was adopted for 2013/14 only. There is a statutory duty to adopt a 2014/15 scheme by 31 January 2014. If this is not adhered to the Government’s default scheme will be imposed on the council.

## Risks

18. By maintaining existing levels of support it is not anticipated that there will be any legal challenge to the council's scheme. Therefore, the only risk is that a scheme is not adopted for 2014/15 and the Government's default scheme is imposed. This would leave the council in the position of not being able to determine its own rules and take into account local circumstances and needs.
19. The council continues to face the financial risk of receiving less council tax income than budgeted due to a significant increase in eligible recipients of the discount. This risk is not increased by the recommendation to maintain the current scheme. The risk could be reduced if the scheme were changed to make fewer residents eligible for the discount, although this would be dependent on the council collecting the new/increased liabilities and considering the impact on vulnerable groups that would result from the change in eligibility.

## Equality Implications

20. The scheme takes account of the public sector equality duties through ensuring it does not disproportionately affect any particular group. It protects income for vulnerable families through adopting the 2013/14 scheme and introducing the clause to 'uprate' their allowances.

## Conclusion

21. As stated above, and for the reasons given, the council must adopt a local council tax reduction scheme for 2014/15 by 31 January 2014 and it is proposed that this (and for future years) be based on the current 2013/14 scheme, with the addition of a clause for uprating of allowances and non-dependent deductions.

# Cabinet Report



Listening Learning Leading

Report of Strategic Director

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To: CABINET

DATE: 17 October 2013

## Long term loan to Soha Housing

### Recommendations

- (a) that Cabinet recommends Council to approve the addition of £15,000,000 to the approved capital programme to provide long term funding to Soha Housing for the purpose of providing additional social housing in Oxfordshire;
- (b) that subject to Council approving the addition to the capital programme, Cabinet:
  - (i) agrees to provide a long term loan to Soha Housing for the purpose of providing additional social housing in Oxfordshire, on the terms set out in the report of the strategic director; and
  - (ii) delegates authority to the strategic director to negotiate and agree the final terms of the loan agreement and to enter into the loan agreement and any ancillary documents on behalf of the council.

### Purpose of Report

1. Officers have negotiated the terms of a possible long term loan to Soha that would provide a long term investment income stream to the council whilst giving Soha access to lower cost borrowing to fund social housing schemes locally. This report summarises the arrangement and enables the cabinet to recommend the loan to full council.

### Corporate Objectives

2. The council has a strategic objective of 'meeting housing need' and corporate priorities under that to:

- work with developers to overcome obstacles to development
  - ensure that new developments include a range of different types of affordable housing to meet local needs
3. The council also has a strategic objective of 'effective management of resources' and a corporate priority under that to 'agree prudent and sustainable medium term financial plans and strategy'.

## Background

4. Officers have been reviewing options for investing some of the council's substantial financial balances in the medium-to-long term to contribute to the housing priorities, without adversely impacting on the council's financial standing, security and liquidity. Given the ongoing need for additional rented social housing, officers have approached Soha, the largest provider of rented social accommodation in the district to discuss its needs.
5. Soha is about to go to the financial market to fund its next programme of future development. Soha is interested in borrowing from the council if that provides cheaper finance. Officers have negotiated a loan arrangement that Soha is agreeable to. The funding must be used purely for social housing in Oxfordshire and will therefore have a direct impact on increasing the number of properties available for social rent in and around the district. This report sets out the details of the loan in order for Cabinet to decide if it wishes to recommend it to council.
6. Soha owns and manages around 5,800 properties, all within 1 hours drive of Didcot. They have a substantial development programme that currently exceeds 200 new units per annum. They are recognised as one of the best social landlords in the country and are financially strong. They have a strong commitment to, and record in, meeting housing and community need in South Oxfordshire and the surrounding districts with an emphasis on providing excellent customer service and involving residents. Their objectives, therefore, dovetail with those of the council.
7. Housing officers continue to pursue many other options which contribute to the above strategic objective and priorities. Finance officers continue to discharge the council's medium term financial plan and treasury management strategy, which includes looking for investment opportunities that balance security (risk), return and liquidity.

## Options

8. This loan arrangement is a compromise between the two strategic objectives above (housing and finance), which provides the flexibility to contribute to both. The negotiations which led to the final proposal covered many different aspects of lending including term, interest rate, arrangement fee, security, etc. Therefore many other lending **options** were considered but rejected as being either unacceptable to the council or commercially unacceptable to Soha.
9. The council has no statutory duty to lend to housing associations and can choose not to pursue this lending opportunity, in which case Soha will borrow from the market at commercial rates.
10. If the council chooses not to pursue this option it will make less contribution to its housing objective and will have to rely on other initiatives.



## Financial Implications

11. Under the council's treasury management policy the council can lend up to £20m to any single counterparty. The council regularly lends up to £5m in short term deposits to single counterparties (other councils and financial institutions) and has lent £7m in one instance.
12. This loan to Soha would be the highest value loan ever advanced by the council (£15m) over the longest repayment term (20 years).
13. The advance uses 12.5% of the council's currently available £120m cash balances which would be unavailable for other uses until the loan is repaid after 20 years. This could restrict future capital and revenue plans if remaining balances were to be fully exhausted.
14. In order to be financially attractive to Soha, a preferential fixed rate has been negotiated. Over the 20 year term of this loan it is likely that the council could achieve greater returns from other financial investments. However, this loan represents lower risk, being fully secured against rent-generating property, and makes a major contribution to the council's housing strategic objective.
15. Due to the preferential interest rate being offered by the council, this loan would fall outside the treasury management policy and, instead, would constitute capital expenditure for which council will need to approve an addition to the approved capital programme. This report suggests that the cabinet recommends an addition to the approved capital programme to full council.
16. The details of the loan are commercially sensitive and are summarised in a confidential appendix to this report.

## Legal Implications

17. As this is the first time the council has considered lending to a housing association we appointed Trowers and Hamlins LLP, an external firm of experienced lawyers to advise the council, particularly on the vires (legal authority) and state aid compliance issues.
18. Trowers and Hamlins have confirmed that the council has power under section 24 of the Local Government Act 1988 and in compliance with general consent C under section 25 of that Act to make this loan to Soha to build social homes. Trowers and Hamlin have also confirmed that the loan does not breach State Aid laws because it meets the 'Services in the General Economic Interest' (SGEI) requirement of state aid compliance. Provisions have been included in the loan agreement to ensure continuing compliance throughout the term of the loan.
19. The lawyers have highlighted that the loan terms, whilst being legal and state aid compliant, are less onerous than a commercial loan arrangement and it would be in the council's financial interest to try to improve them. As this arrangement is not intended to compete with a commercial loan and it would make the loan unacceptable to Soha, this advice has not been followed.

## Risks

20. All loans carry some risk. The borrower may default on the loan causing an unexpected cost to the public purse. A fixed interest rate might be exceeded by variable market rates, effectively causing an opportunity cost of lost interest.
21. To mitigate the risk of default, due diligence checks have been performed by Sector, an independent financial consultant, who have advised other councils such as Warrington on its loan to Warrington and Arena Housing Associations . Soha is strong financially and has obtained their Regulator's highest rating for viability for each of the last 8 years. When considered with the almost non-existent level of default in the housing association sector overall, the risk of Soha not meeting interest payments is very low. There is added protection for the council from cross-default provisions in all Soha's loan agreements, which mean we can rely, to a reasonable extent, on other funders' (banks) expertise in monitoring Soha's financial situation on an ongoing basis.
22. Sector's conclusion having completed its due diligence checks is that the financial standing of the borrower represents a relatively low lending risk. Sector had concerns about possible other uses of the loan finance which might be outside the 1988 Act. However the loan agreement specifically limits the purpose to the provision of social housing and Soha has confirmed it will provide regular reports to demonstrate how the council's money is used exclusively for that purpose.
23. To further mitigate the risks, the loan will be secured against properties with strong future rental streams. The total value of property assets, which will be valued based on net rental streams rather than the higher market values and over which the council will have a legal charge, will exceed 100% of the balance of the loan at any point in time, with regular monitoring checks.

## Other implications

24. This proposal uses a significant proportion of the council's balances to benefit local housing, whilst protecting council taxpayers' funds. There is a positive message for both the council and Soha to publicise by way of a joint communications plan. In addition, the council will be publicly recognised on individual specific social housing schemes which are facilitated by the loan.

## Conclusion

25. This loan arrangement makes a positive contribution to meeting the local housing need by enabling our largest local registered social landlord to access cheaper finance which will reduce its administrative overheads, freeing up more of its resources for housing schemes. The council will receive public recognition as funder of the resulting schemes. This is a loan rather than a grant and therefore the balances will be repaid in due course. Whilst the council could make a higher financial return from other unsecured investments which would represent higher risk, the negotiated interest rate on this loan provides a good return for lower risk, secured on housing assets.

## Background Papers

- None

**Agenda Item 11**

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

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