Agenda

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Date: 28 January 2021
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A meeting of the

Cabinet

will be held on Friday 5 February 2021 at 10.30 am
This will be a virtual, online meeting.

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

Cabinet Members:
Councillors

Emily Smith (Chair)
Debby Hallett (Vice-Chair)
Andy Crawford
Neil Fawcett
Helen Pighills
Judy Roberts
Bethia Thomas
Catherine Webber

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Margaret Reed
Head of Legal and Democratic

Agenda

Open to the Public including the Press

1. Apologies for absence

To record apologies for absence.

2. Minutes
(Pages 4 - 13)

To adopt and sign as correct records the public minutes of the Cabinet meetings held on 4 and 18 December 2020.

3. Declarations of interest

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

4. Urgent business and chair's announcements

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

5. Public participation

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

6. Recommendations from other committees

To consider any recommendations to Cabinet from other committees.

7. Car park order 2021 - consultation results
(Pages 14 - 58)

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

8. S106 Request - Shrivenham Sports Pavilion
(Wards Affected: Watchfield and Shrivenham)
(Pages 59 - 71)

To consider the report of the interim head of development and regeneration.

9. Treasury management strategy 2021/22
(Pages 72 - 110)

To consider the interim head of finance's report.

10. Budget 2021/22

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

11. Capital strategy 2021/22 to 2030/31
(Pages 111 - 124)

To consider the interim head of finance's report.

12. Exclusion of the public, including the press

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

(i) it involves the likely disclosure of exempt information as defined in paragraphs 1-7 Part 1 of Schedule 12A of the Act, and

(ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exempt information under section 100A(4) of the Local Government Act 1972

13. Minutes

(Pages 125 - 129)

To adopt and sign as correct records the exempt minutes of the Cabinet meetings held on 4 and 18 December 2020.

Minutes

of a meeting of the

Cabinet

held on Friday 4 December 2020 at 10.30 am
This was a virtual, online meeting.

Open to the public, including the press

Present:

Members: Councillors Emily Smith (Chair), Debby Hallett (Vice-Chair), Andrew Crawford, Neil Fawcett, Helen Pighills, Judy Roberts, Bethia Thomas and Catherine Webber

Officers: John Backley, James Carpenter, Emily Cockle, Pat Connell, Emma Creed, Steve Culliford, Andrew Down, Susan Harbour, Liz Hayden, Simon Hewings, Paul Howden, Jeremy Lloyd, Suzanne Malcolm, Catrin Mathias, Adrianna Partridge, Margaret Reed and Mark Stone

Also present: Councillor Ron Batstone, Councillor Nathan Boyd, Councillor Jenny Hannaby, Councillor Simon Howell, Councillor Alison Jenner and Councillor Elaine Ware

Number of members of the public: 3

Ca.50 Apologies for absence

None

Ca.51 Minutes

RESOLVED: to approve the minutes of the Cabinet meetings held on 25 September, 2 and 16 October 2020 as correct records and agree that the Chair signs them as such.

Ca.52 Declarations of interest

None

Ca.53 Urgent business and chair's announcements

None

Ca.54 Public participation

Three members of the public had registered to speak at the Cabinet meeting.

(1) Julie Kelly, the lead petitioner, addressed Cabinet, requesting it to keep Old Abbey House in public or community ownership/use. Since the Council meeting, to which the petition was presented in October, the petition had now achieved approximately 1,750 signatures, plus additional support on social media. Cabinet was urged to provide a venue for community arts, cultural and musical events, a restaurant, room hire for start-ups/community groups/societies, and help attract residents and visitors to the historic heart of Abingdon and bring Old Abbey House back to life.

(2) Hester Hand spoke on behalf of the Friends of Abingdon, urging Cabinet to have a meaningful conversation about possible community use of Old Abbey House.

(3) Roger Thomas urged Cabinet to consider community use options for Old Abbey House, reminding councillors that the community was not expecting the council to pay for this facility. He urged Cabinet to think of Abingdon residents in a few years' time and the needs of the local community.

Ca.55 Petition - Old Abbey House, Abingdon

At its meeting on 7 October 2020, Council received a petition, which at that time via an online website and a paper petition, had achieved in excess of 1,600 signatures. The petition called on the council to:

1. keep Old Abbey House in public or community ownership/use for the benefit of the growing population of Abingdon.
2. support the creation of a mixed usage, flexible community facility which could include space to host art, cultural and musical events, a restaurant, room hire for start-ups/community groups/societies, and help attract residents and visitors to the historic heart of Abingdon.

Julie Kelly had presented the petition to and addressed Council. In accordance with its options in the council's Petition Scheme, Council determined that the petition should be referred to Cabinet for discussion as part of its determination of the future of Old Abbey House in Abingdon.

Cabinet welcomed the feedback from the local community on the future of Old Abbey House and the need for improved community facilities in the town. Many organisations had made suggestions, such as for community and arts spaces for social and leisure activities in Abingdon. It was recognised that Abingdon had a range of good facilities, but there could be more.

Cabinet understood why the community was interested in the future of Old Abbey House and understood the need for improved community facilities in Abingdon. However, members questioned whether such uses had to be located in Old Abbey House. These uses would need the right accommodation and resources to match. There were other buildings in Abingdon that might be more suitable. Currently Old Abbey House was empty as the council had no direct use for it. The council was also spending approximately £20,000 per month to maintain and secure Old Abbey House; this was not sustainable. There would also need to be significant capital expenditure on the property. However, Cabinet considered that Old Abbey House should be revitalised and a suitable use found.

Cabinet considered that the council should maintain contacts established with the community to understand their needs better and further explore the options. Cabinet thanked the speakers for their comments and thanked Julie Kelly for her petition. Cabinet

would take these comments into consideration when debating Old Abbey House later in the meeting.

RESOLVED: to receive the petition on the future of Old Abbey House, Abingdon, and take it into account when considering the Cabinet report later in the meeting.

Ca.56 Recommendations from other committees

Cabinet received the following comments from the Scrutiny Committee at its meeting on 23 November 2020. The committee made no recommendations but noted and commented on the reports relating to the community infrastructure levy spending strategy and civil parking enforcement. The committee was generally content with the reports and made comments to the Cabinet members.

Cabinet welcomed the committee's feedback.

Ca.57 Strategic vision for Oxfordshire

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

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

The vision set out how the plans, strategies and programmes for Oxfordshire, including the Oxfordshire Plan 2050, could be ambition-led and outcome focussed, facilitating a step-change in the approach to delivering sustainable development in Oxfordshire. If successful, the vision would achieve the following outcomes by 2050:

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

Cabinet welcomed the draft strategic vision but considered that it must not be ignored once in place. There would be a need to create a balance between growth and sustainability. All councils and agencies would need to support it. The council's plans and strategies would need to fit Oxfordshire's vision.

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

RESOLVED: to

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

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

Ca.58 Civil parking enforcement

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

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

The Cabinet member supported this proposal, Cabinet members too. There were likely to be knock-on impacts such as parking displacement and increased use of council car parks. Councillors asked whether yellow lines could be re-painted where necessary to make the regulations clearer.

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

RESOLVED: to

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

(b) support the proposal for Oxfordshire County Council to manage civil parking enforcement and to authorise the head of housing and environment, in consultation

with the head of legal and democratic, to negotiate and enter into any formal legal agreements required between South Oxfordshire District Council, Vale of White Horse District Council and Oxfordshire County Council.

RECOMMENDED to Council on 9 December 2020 to:

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

Ca.59 Treasury management mid-year monitoring report 2020/21

Cabinet considered the report of the interim head of finance. This set out a review of the treasury management performance at the mid-point of the 2020/21 financial year. The report projected that the Vale could be marginally over budget at the year end. However, officers expressed caution a relying on this projection due to the current low interest rates. At the mid-year point though, there had been no need for the council to borrow funds. Cabinet noted that the mid-year returns had been achieved within the counterparty limits and the prudential indicators set out in the treasury management strategy 2020/21.

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

RECOMMENDED to Council on 9 December 2020 to:

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

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

Ca.60 Council tax base 2021/22

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

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

Cabinet supported the recommendations.

RECOMMENDED to Council on 9 December 2020 to:

(a) approve the interim head of finance's report to Cabinet on 4 December 2020 for the calculation of the council's tax base and the calculation of the tax base for each parish area for 2021/22;

(b) agree that, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Vale of White Horse District Council as its council tax base for the year 2021/22 is 53,919.1; and

(c) agree that, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Vale of White Horse District Council as the council tax base for the year 2021/22 for each parish be the amount shown against the name of that parish in Appendix A of interim head of finance's report to Cabinet on 4 December 2020.

Ca.61 Exclusion of the public, including the press

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

(i) it involves the likely disclosure of exempt information as defined in paragraphs 1-7 Part 1 of Schedule 12A of the Act, and

(ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Ca.62 Minutes

Cabinet approved the exempt minutes of its meetings held on 25 September and 2 October 2020.

Ca.63 Old Abbey House, Abingdon

Cabinet agreed to dispose of Old Abbey House and offer it to a bidder, subject to contract.

Minutes

of a meeting of the

Cabinet

held on Friday 18 December 2020 at 10.30 am
This was a virtual meeting

Open to the public, including the press

Present:

Members: Councillors Emily Smith (Chair), Debby Hallett (Vice-Chair), Andrew Crawford, Neil Fawcett, Helen Pighills, Judy Roberts, Bethia Thomas and Catherine Webber

Officers: Officers: Jayne Bolton, James Carpenter, Emily Cockle, Steve Culliford, Pat Connell, Adrian Duffield, Ben Duffy, Michael Flowers, Mark Hewer, Simon Hewings, Jeremy Lloyd, Suzanne Malcolm, Catrin Mathias, Adrianna Partridge, Margaret Reed, Clare Roberts, Cathie Scotting, Mark Stone, Shona Ware, and Vivien Williams.

Also present: Councillors Ron Batstone, Nathan Boyd, Simon Howell, and Alison Jenner

Ca.64 Apologies for absence

None.

Ca.65 Declarations of interest

None.

Ca.66 Urgent business and chair's announcements

None.

Ca.67 Public participation

None.

Ca.68 Recommendations from other committees

There had been no recommendations from the Climate Emergency Advisory Committee which had met on Monday 14 December. Cabinet was informed that Scrutiny Committee had made decisions on Old Abbey House, Abingdon, which would be referred to in exempt session. There were no recommendations to be heard in public session.

Ca.69 Community Infrastructure Levy charging schedule review

Cabinet considered the head of planning's report on the review of the community infrastructure levy charging schedule. The item was introduced by the cabinet member for corporate services and transformation. Cabinet was informed that the community infrastructure levy was the key mechanism to support new development alongside section 106 contributions. The existing Community Infrastructure Levy rates did not support sufficient funds for the existing infrastructure. The new rates were variable and could generate approximately £6 million additional revenue.

Cabinet expressed support towards the amount of work that had gone into the review and also the positive contributions that the additional income would provide to the communities. Questions were raised in relation to ward member input and Cabinet were informed in response that there had been a discussion on this internally. It was clarified that the report also referenced engaging ward level councillors. The cabinet member for corporate services and transformation expressed the view that this should be discussed further by Cabinet once feedback from consultation had been received.

RESOLVED to:

a) agree the proposed new Community Infrastructure Levy rates, as set out in Table 1 to the head of planning's report to Cabinet on 18 December 2020;

b) agree that the Draft Community Infrastructure Levy Charging Schedule and draft Developer Contributions Supplementary Planning Document are published for public consultation for a four-week period;

c) authorise the head of planning, in consultation with the Cabinet member for corporate services and transformation, to make any necessary further minor changes to the Draft Community Infrastructure Levy Charging Schedule and associated maps and the supplementary planning document;

d) agree that, following public consultation, to authorise the head of planning, in consultation with the Cabinet member for corporate services and transformation, to consider all representations made, make any necessary amendments to the Draft Community Infrastructure Levy Charging Schedule, and submit the document and associated information for independent examination.

Ca.70 Review of Community Infrastructure Levy spending strategy

Cabinet considered the interim head of development and regeneration's report. The cabinet member for development and infrastructure introduced the item. The main change to the spending strategy had been that the review now was in part to bring it in line with the infrastructure development plan and the corporate plan, which would make it easier to achieve the goals set out in the documents. There would be no change to the percentages of the levy allocated to the councils or to healthcare. However, the council's own allocations for biodiversity, art and leisure facilities would be pooled together for a total of 30% which could then be spent in line with the corporate plan. The member also explained that by widening the geographic area it would increase the ability to deliver larger projects and could be used across the Vale of White Horse.

A question was raised regarding the district council's funding which had not been spent. Other services would be contacted to encourage involvement in spending this income. Cabinet supported the proposed amendment to the spending strategy and welcome the flexible approach this would bring.

RESOLVED: to approve the revised Community Infrastructure Levy Spending Strategy, attached as Appendix A to the interim head of development and regeneration's report, to come into effect from 1 April 2021.

Ca.71 Community lottery

Cabinet considered the interim head of corporate services' report. The cabinet member for community engagement introduced the item, proposing a business case for the community lottery scheme, which had been approved in 2018 but had been paused based on a combination of feedback derived from observations of success rates of other authorities, alongside work in response to the coronavirus pandemic. Through a small initial investment, the council could support local voluntary and community groups in their running costs. Groups would also have access to capital funding. The scheme would allow local groups to have ownership of funding in comparison to specific use through grants; this would enable these groups to continue their work within the district. There was no expected cost to the community organisation, and it would enable them to continue without any new risks. The scheme was expected to be self-financing in the first year and generating income in later years.

Questions were asked regarding the cost for the first year and whether costs would be recuperated or not. The community enablement manager clarified that initial costs would be £5000 and would be delivered through the existing budget. She also further explained that ongoing costs would be £1200 a year, which could be recovered in future and that ongoing costs would be covered through ticket sales. It was calculated that the scheme would need to sell 200 tickets a week and the lottery company managing the process would take between 17-20% of sales revenue.

Cabinet supported the proposal.

RESOLVED: to

(a) approve the business case for establishing a society lottery scheme and authorise the interim head of corporate services to determine the operational and management processes for the scheme;

(b) approve the appointment of Gatherwell Limited as the external lottery manager and authorise the interim head of corporate services to negotiate terms and enter into a contract with Gatherwell Limited;

(c) authorise the interim head of corporate services and the community enablement service manager to become the licence holders for the scheme on behalf of the council;

(d) agree the eligibility criteria for groups who can sign up to the lottery, as attached to the business case in the interim head of corporate services' report to Cabinet on 18 December 2020; and

(e) agree that the ongoing licencing and marketing costs be met from the general income received from ticket sales.

Ca.72 Exclusion of the public, including the press

Cabinet agreed to exclude members of the press and public from the meeting to discuss item 10 of the agenda (Old Abbey House) under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

i. it involves the likely disclosure of exempt information as defined in paragraphs 1-7 Part 1 of Schedule 12A of the Act, and

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

Ca.73 Old Abbey House, Abingdon

RESOLVED to**:**

(a) welcome the decisions of the Scrutiny Committee at its meeting on 15 December 2020 to:

i. accept the decision made by Cabinet on 4 December 2020;

ii. record that the committee found the process to be fair, and no information was unduly kept from the public; and

(b) address future communication with the public, supporting complete transparency where possible, through the delivery of the Corporate Plan 2020-2024 and other service policies.

The meeting closed at 12:05pm

Cabinet Report

Report of Head of Housing and Environment

Author: John Backley

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Wards affected: all

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To: CABINET

Date: 5 February 2021

Car park order 2021 - consultation results

Recommendations

That Cabinet

(a) considers the comments received on the Vale of White Horse District Council proposed car parking orders 2021 (No. 1 and No. 2) and make any amendments.

(b) considers the options to increase the cost of residents parking permits over the next three years (for existing holders only) and agree any changes it wishes to make.

(c) authorises the head of legal and democratic services to make the new orders No.1 and No.2 and to determine the date they will come into effect.

Purpose of Report

1. This report provides information for cabinet members to consider the feedback from the consultation on the draft 2021 car parking orders (No. 1 and No. 2) and to make a decision on what changes it wishes to make to the new orders 2021.

Corporate Plan

2. The provision and pricing of car parking supports the Vale of White Horse District Council's strategic objective theme four: "Building stable finances".

Background

3. Cabinet considered a report on car park fees and charges for 2020/21 at the meeting on 7 August 2020.

4. There was a subsequent correction to the report agreed by an Individual Cabinet Member Decision it confirmed that the excess charge payable within 28 days is £80 reduced to £40 if paid within 10 days.

5. The changes to the fees (option A) to increase all car parking fees for stays beyond two hours by 40p) and to increase the cost of permits by ten per cent (option D) were introduced following a Notice of Variation in the car parks and came into effect on 1 December 2020. New residential permits are no longer available (second part of option F).

6. Option B (a flat fee of 60p for up to two hours) and option C, reduce free parking from two hours to one hour, were rejected by cabinet.

7. Cabinet agreed to make the changes to Rye Farm (RF) and Hales Meadow (HM) car parks (option E) in Abingdon and for electric vehicle charging point enforcement (options H) and the phasing out of residential permits (option F).

8. These changes E, F (first part) and H require a formal consultation with statutory bodies including Thames Valley Police (TVP) and Oxfordshire County Council as the Highways Authority (OCC) and subsequently any amendments to the car parking orders. It is these options that the public consultation focused on. Option G regarding changes to the Civic car park was rejected.

9. There were no changes to Option I regarding the current arrangements for the level of excess charge notices (ECNs) and free parking on Sundays and for disabled badge holders.

10. A copy of the replies received from statutory consultees is attached as appendix A and appendix B has a copy of the public consultation survey questions and responses with replies from officers.

11. Scrutiny considered these changes at the meeting on 23 November 2020 and noted that:

    - some fees were due to increase on 1 December 2020
    - Climate Emergency Advisory Committee (CEAC) comments collected February 2020 were out of date
    - the reduction to one-hour free parking could be considered again in the future
    - there is an annual review of car park fees and charge
    - usage data was viewed as out of date and to be completed annually.
    - the impact of civil parking enforcement needs to be considered.

Results of the consultation

Statutory consultation on the draft car park 2021

12. The Road Traffic Regulation Act 1984 grants the power to the council to make an order. The 1984 Act, together with the Local Authorities' Traffic Orders (Procedure)

(England and Wales) Regulations 1996 (LATO), sets out the procedure the Council must follow. As required, the Vale published a draft order (Notice of Proposal) in the Oxford Times on 29 October 2020 and sent a draft order to the county council highways (who must consent to the order) and other appropriate organisations including the Police. Cabinet is required to consider all representations received before making the order.

13. Note that for the Vale there were two orders and so two Notices were published, one for Rye Farm and Hales Meadow car parks (as they are located in South Oxfordshire and operated under an agreement) and a second for all the other Vale car parks.

14. The statutory consultees in general support the draft order apart from the Road Haulage Association who object to the removal of the parking for commercial vehicles in Rye Farm car park, Abingdon. The Road Haulage Association 'strongly object' to the closure of the parking for large vehicles at Rye Farm car park. OCC has given consent to the new orders.

15. Appendix A has a table of the comments received from statutory consultees with replies from officers.

Public consultation on changes to the car parks

16. The council carried out a dedicated online survey to give people a chance to have their say on the proposed changes to the car park arrangements. It was open for the duration of the formal consultation (29 October to 19 November 2020) and a link was available from the councils' website page. The survey was publicised via Facebook (the majority of 79 per cent said they heard about the survey via Facebook) and Twitter. Appendix B has a copy of the survey and a summary of the results.

17. The communications team updated the webpages to explain why the consultation was taking place and providing a link to the survey. They also helped to promote the survey via social media and sending it to all district councillors and all town and parish councils.

18. The survey comprised of 16 questions and asked respondents to tell us how much they agreed or disagreed with each of the proposed changes which will form part of two new parking orders: Order No. 1 covers off-street parking in Vale of White Horse, Order No. 2 covers off-street parking in Rye Farm (RF) and Hales Meadow (HM) (these car parks sit outside the district but are run by Vale of White Horse). Respondents were also given the opportunity for each question, to provide comments on each of the proposals and general suggestions to improve car park service with our contractor SABA.

19. There were 199 responses to the online survey. The majority of responses came from members of the public and there were also single replies from an organisation, one councillor and one officer (question 1).

Public consultation results: Questions 2 to 6 related to Order No.1 (all Vale car parks except Rye Farm and Hales Meadow)

20. Question 2 (and Question 10 for RF and HM) was about the enforcement of non-electric vehicles parked in spaces reserved for electric vehicle (EV) charging or when EVs are not charging. This was largely supported by the public for order no. 1 (78 per

cent and 75 per cent strongly agreed or agreed respectively) and for order no. 2 (75 per cent strongly agreed or agreed on both parts of the proposal).

21. Question 3 (and Question 11 for RF and HM) asked for comments on the powers to enforce EV charging bays. 84 individual comments were received to question 3,, the joint most common comment was 'not agreeing' with the proposal to have EV charging bays, (13 replies), 13 respondents wanted to know what would happen once an EV finished charging, while 11 agreed with the proposal.

22. Question 4 (and Question 12 for RF and HM) asked for opinion on the removal of the discount on resident permits over a four-year period. 47 per cent of respondents (91 replies) disagreed or disagreed strongly and 27 per cent agreed or strongly agreed (53 replies) to question 4.

23. Question 5 (and Question 13 for RF and HM) asked for comments on the removal of discounted residents permits. Off the 199 people who replied to the survey there were 92 individual comments and the most frequently mentioned comment was disagreement to the proposal (35).

Questions 6 to 13 related to Order no.2 for Rye Farm and Hales Meadow car parks

24. Question 6 asked about formalising the parking for larger vehicles in Hales Meadow car park. The majority were in favour (58 perc ent agreed or strongly agreed).

25. Question 7 asked for comments on formalised parking for large vehicles in Hales Meadow and received 31 individual comments with general agreement the most frequent comment (7).

26. Question 8 was about removing the parking space for lorries and large vehicles in Rye Farm car park. 55 per cent were in agreement of this proposal.

27. Question 9 asked for comments on removing the parking spaces for large vehicles in Rye Farm car park. Of the 59 individual comments made, the top replies were 14 who disagreed with the proposal and 10 who agreed.

28. Question 10.1 – asked opinion on the enforcement of parking non EV in bays for EVs and the majority were in agreement (75 per cent).

29. Question 10.2 – asked opinion on the enforcement of EV parking in bays but not charging. The majority (75 per cent) agreed or agreed strongly.

30. Question 11 – asked for comments on the authority to enforce EV charging bays and from 40 individual comments, the most frequent concern raised (7 replies) was about what happens when EV charging was complete.

31. Question 12 - asked opinion on the phased removal of residents permits – 29 per cent agreed or strongly agreed and 46 per cent disagreed or strongly disagreed.

32. Question 13 – asked for comments on the phased removal of residents permits 74 individual comments were made and the three most frequently mentioned comments concerned overall disagreement with this proposal and that it would have a 'negative impact' and that 'parking spaces should be available for residents' (all received 17 mentions).

33. A copy of the public survey including the answers and comments is in appendix B which includes officer replies to the most frequently asked questions.

34. In addition, officers received comments directly from a resident objecting to the changes in the residents parking permits. The comments received reflects those in the public survey such as 'we wish to put in a complaint that your new proposal takes away our only available parking space for residents living in town in Wantage'. 'The council has not made any other provision for residents in town to have any parking areas' and 'The new charges indicated would certainly be out of reach for most residents'.

Special consideration for operating Rye Farm and Hales Meadow car parks

35. As the car parks at Rye Farm and Hales Meadow are in the district of South Oxfordshire, the Vale operates these car parks under a deed dated 17 April 2012. In this deed South Oxfordshire District Council delegates to Vale the functions to enable the provision and operation of the car parks by the Vale (under powers contained in the 1984 Road Traffic Regulation Act). The delegated functions include 'to make statutory orders and give notices in respect of the car parks' (Rye Farm and Hales Meadow). This allows the Vale cabinet to agree the proposed changes and make the new car park order No .2 2021.

Consultation results summary

36. In summary all aspects of the car park orders No.1 and No.2 which require formal consultation from statutory consultees were supported apart from the haulage association who were against the changes to Rye Farm car park, Abingdon.

37. The results from the public consultation also showed there is general support for nearly all proposals, the exception was the phasing out of the residents permits and bringing them in line with the cost of general parking permits.

Review of permits and residents permits

38. In considering the feedback on the residents permits, officers have reviewed the costs associated with parking permits. The permits available currently for all users provide a substantial reduction compared to the equivalent cost of parking each day. Based on the Limborough Road car park in Wantage (daily fee of £4.20 as of 1 December 2020), the cost to park each day would be £1,210 per year (based on 48 weeks, six days per week). Up until 1 December 2020, the annual cost of a residents permit for Limborough Road car park, Wantage was £143. This increased to £232 from 1 December 2020. The current cost of a (non-resident) annual permit valid Monday to Saturday is £501.

39. The table below shows how the residents permits would increase each year to bring them in line with non-resident permits.

Table 1 resident permits costs during 'phasing out' period (only available to those who had resident permits as of 30 November 2020)

Town	Type of permit	Length of permit	Residential Permits available at	Cost of residential Permits £	Price from 1/12/20 £	Price from 1/12/21 £	Price from 1/12/22 £	Price from 1/12/23 £
Abingdon	Monday to Sunday	Annual	Cattle market Charter Audlett Drive Abbey Close West St Helen Street	287	429	572	714	857
		Six Month		144	215	286	357	428
Abingdon	Monday to Sunday	Annual	Rye Farm Hales Meadows	287	386	486	585	684
		Six Months		144	194	243	293	342
Faringdon	Monday to Saturday	Annual	Gloucester Street	119	178	238	297	356
Wantage	Monday to Saturday	Annual	Portway	119	178	238	297	356
Wantage	Monday to Saturday	Annual	Mill St / Limborough Road	143	232	322	411	501
		Six Month		72	123	174	224	275
***OPTION A** **Example increase to 75% of total**					**232**	**292**	**352**	**411**
****OPTION B** **Example increase by 10% each year**					**232**	**255**	**280**	**308**

40. Given the feedback in the public consultation about changes to residents parking permits, officers ask cabinet to consider options for increasing the residents permits for existing holders.

OPTION A (increase to 75 per cent of permit)

a) to increase to a level that is 75 per cent of the current non-resident permit (rather than the original proposal of 100 per cent). This means that the cost of an annual residents permit for Limborough Road car park for example, would increase to £411 over the next three years**.** (*see above table). No new residents' permits will be issued so as existing permits are not renewed this charge will be phased out.

OPTION B (ten per cent increase each year)

b) to increase by ten per cent each year until 2023. This would mean that the cost of an annual residents permit for Limborough Road car park for example, would

increase from £232 in December 2020 to £308 from 1 December 2023 (** see above table).

41. An alternative would be to increase the residents permits to the same price as the non-residents permits but over a longer timescale, for example eight years rather than four. This option is less favourable given the length of time and the administrative changes required each year. It is also difficult to anticipate the impact on car park usage that other changes that may occur over such a long timescale such as a move towards the use of car clubs and car sharing and what the council may wish to consider to improve uptake for local residents.

Review of parking in Rye Farm car park for commercial vehicles

42. Cabinet is asked to consider the feedback from the Road Haulage Association and not to make any changes to the proposed order No.2 for Rye Farm and Hales Meadow car parks Abingdon.

43. Alternative parking for commercial vehicles is available at the Redbridge Park and Ride car park in Oxford (to the north of Abingdon) and at the Milton interchange off the A34 (to the South of Abingdon. Both of these sites are more easily accessible from the A34 compared to Rye Farm car park. Milton interchange also offers facilities for eating and sleeping. An additional 60 spaces for vehicles at Rye Farm encourages people to park on the edge of town and walk.

44. Rye Farm car park lies outside and adjacent to the Abingdon Air Quality Management Area (AQMA). Whilst there are no indicators of poor air quality in the car park, there was a monitoring site in Bridge Street on the other side of the bridge in Abingdon, and poorer air quality here resulted in the declaration of an AQMA in 2006. The link to the website below explains about the AQMA, Air Quality Action Plan and also the last Air Quality Status report submitted to Defra.

    https://oxfordshire.air-quality.info/local-air-quality-management/vale-of-white-horse

45. Since the declaration, air quality in Bridge St has improved and the monitoring site was removed several years ago however the AQMA still remains in place.

46. HGVs produce about seven times more emissions to air than cars and small vans and the removal of the lorry parking will reduce the number of large vehicle trips through the Abingdon AQMA to and from the A34, with a consequent reduction in congestion and emissions to air within the AQMA.

47. The perceived lack of car parking in Abingdon is an issue regularly raised with the Economic Development team. Making Rye Farm car park available to only small vehicles will provide additional parking for visitors. Also, there are plans to increase the night-time and leisure economy in Bridge Street in Abingdon and the Rye Farm would be closer for visitors to park than the Charter so any additional capacity at Rye Farm would be a great support for this.

48. The additional capacity for parking would provide the opportunity to sell more permits at Rye Farm car park for local residents.

49. The addition of an informal parking space for coaches in Hales Meadow car park and some larger spaces was well received by market traders, local coach operators and

frequent users like the Abingdon and district national trust association who gave direct feedback when the bays were first marked out.

50. Officers recommend the making of a new order to formalise the arrangements to remove the parking for commercial vehicles in Rye Farm car park and allow space for more smaller vehicle parking and formalise the coach bay and extra-large bays in Hales Meadow car park.

Legal Implications

51. The proposed changes A (increase fees by 40p), D (increase permits by 10 per cent) have been implemented by a Notice of Variation as of 1 December 2020. The first increase of the resident's permits was also implemented on 1 December and no more residents' permits have been sold.

52. The other changes E (Formalise the parking for one coach and market traders in Hales Meadow car park, Abingdon) and F (Remove the commercial vehicle parking in Rye Farm car park, Abingdon and use the area to create 'overflow' parking for smaller vehicles) and the enforcement of spaces reserved for electric vehicles, require the making of a new parking order.

53. The council published a proposed order in the car park and in the local press. A hard copy was also made for viewing at the council offices at Milton Park by prior appointment. The council also consulted with the County Council (who have consented to the order) and other appropriate organisations including the Police. This report allows Cabinet to consider all representations received before making a decision on the order.

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

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

56. Where contact details have been supplied, officers have made all complainants aware that the objections and comments received as part of the consultation will be considered at the cabinet meeting on 5 February 2021, that the report will be published on the website and that anyone is able to attend the meeting and make representations.

57. Once signed and sealed, the new approved order is advertised via a 'Notice of Making' in the local press and on the council website. A copy of the 'Notice of Making' is placed in each car park. The council must write to any person who made an objection to the draft order within 14 days to explain if the objection has been accepted or not and the reason for making the final decision.

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

59. Changes to the resident's permits can be made by Notice in the car park and by writing to all current residents.

Financial Implications

60. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position. For Vale, the position reflected in the council's medium-term financial plan (MTFP) as reported to Full Council in February 2020 showed that the council was not required to use reserves to set a balanced budget for 2020/21. However, this has changed following the revised budget agreed in October.

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

62. The cabinet report of 7 August 2020 details the financial implications of each of the options already agreed. If agreed, officers estimate a small increase in income from resident's fees as they increase over the next three years of £10,000 to £15,000 per year for option A (up to 75 per cent of full price) and between £3,000 and £4,000 per year for option B (10 per cent increase each year) . This will be reflected in the 2021/22 budget if agreed.

Risks

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

Conclusion

64. Officers carried out a consultation on changes to the draft car parking orders No.1 and No. 2 and the Cabinet is asked to consider the comments received and make any amendments it so wishes.

Background papers

Cabinet report 7 August 2020 – car park fees and charges

Appendix A: Replies from statutory consultees to Vale of White Horse District Council draft orders No.1 and No.2, 2021

Company	Comment made	Officer replies
Thames Valley Police	No Objection	
	a. Formalise parking for larger vehicles including market trader vans, and one coach in Hales Meadow car park, Abingdon - This will be seen as a potential positive measure in so much that it could help further reduce the traffic congestion on market days.	N/A
	b. Remove the commercial parking (lorries and mobile homes) in Rye Farm car park, Abingdon and create 'overflow' for vehicles - This will certainly help with the flow of smaller vehicles but clarity and direction will need to be clear and unambiguous for the larger vehicles?	Additional signage is in place to direct users to the rear of the car park when it is full
	c. Introduce spaces reserved for electric vehicles whilst charging - This is becoming more common and will be seen positively from an environmentally friendly perspective. Will the Council be able to undertake any enforcement if a non-electric vehicle blocks the ability for a genuine electric vehicle user from taking advantage of the charging facility?	Yes, the new order will allow enforcement of non EVs parked in bays reserved for charging EVs
	Is there any consideration to camera enforcement measures for those who breach the parking conditions?	We are exploring the use of mobile ANPR (automatic number plate recognition) for enforcement.
Oxfordshire County Council	No objection to the consultation taking place. No issues with the orders	N/A

Company	Comment made	Officer replies
Road haulage Association	We are extremely concerned that Vale of White Horse District Council are consulting about the apparently permanent removal of Lorry Parking facilities at Rye Farm, Abingdon. We urge the council to reconsider removing essential infrastructure for Road Freight as described by the National Infrastructure Commission. We strongly object to the closure of these facilities. Road Freight is essential for all Abingdon and Oxfordshire business to be able to receive collections and deliveries. All food, medicine and other essential goods are delivered by road freight. Drivers must take mandatory breaks. It is essential for lorry drivers to have proper, safe parking facilities to take mandatory breaks and rest periods. Removing Heavy Goods Vehicle parking will displace these vehicles to less desirable locations and potentially adversely impact residential areas. Lorry drivers arriving early for deliveries need places to wait, driving around waiting for a delivery slot causes unnecessary congestion and contributes to poor air quality. Lorry parking is an essential part of local infrastructure. The National Infrastructure Commission recently referred to Freight Blindness by local authorities in providing adequate Road Freight facilities. The Future of Freight report stated, "This report has demonstrated that both government and local authorities often have little understanding of why and how to plan for freight, leaving the needs of the freight system far down the priority list." It takes 21 unregulated Transit vans to move the contents of one 44 tonne Heavy Goods vehicle. If there is a change of transport mode to van deliveries this will create congestion in the Abingdon area. Road Freight industry has done more than any other in reducing emissions and decarbonization. By 2022 more than 72% of HGV will be of Euro VI standard, by contrast old cars and vans create the worst emissions. Lorry parking is essential for all Abingdon business, if this is permanently removed it will result in unintended consequences for the Abingdon community. Please advise me of what alternative parking facilities will be provided for Heavy Goods Vehicles.	Alternative parking for commercial vehicles is available at the Redbridge Park and Ride car park in Oxford (to the north of Abingdon) and at the Milton interchange off the A34 (to the South of Abingdon. Both of these site are more easily accessible from the A34 compared to Rye Farm car park. Milton interchange also offers facilities for eating and sleeping. Additional spaces for vehicles at Rye Farm encourages people to park on the edge of town and walk. Reducing the number of lorries coming through Abingdon helps to reduce air pollution. These additional spaces in the car park may also be used if there was any development of car parks in Abingdon town centre which meant that spaces would be temporarily reduced. Rye Farm car park lies outside but adjacent to the Abingdon Air Quality Management Area (AQMA). Whilst there are no indicators of poor air quality in the car park, there is a monitoring site in Bridge Street on the other side of the bridge in Abingdon, and poorer air quality here resulted in the declaration of an AQMA in 2006. Since the declaration, air quality in Bridge St has improved and the monitoring site was removed several years ago but the AQMA still remains in place. HGVs produce about seven times more emissions to air than cars and small vans and the removal of the lorry parking will reduce the number of large vehicle trips through the Abingdon AQMA to and from the A34, with a consequent reduction in congestion and emissions to air within the AQMA. The perceived lack of car parking in Abingdon is an issue regularly raised with the economic development team. Making Rye Farm car park available to only small vehicles will provide additional parking for visitors, especially if the multi storey is redeveloped. Also, there are plans to increase the night time and leisure economy in Bridge Street in Abingdon and the Rye Farm would be closer for visitors to park than the Charter so any additional capacity at Rye Farm would be a great support for this. There is a proposal to turn the commercial space at the Old Gaol to residential and the plans do not include parking provision. The additional capacity for residential permits at Rye Farm would help to address this issue.

Company	Comment made	Officer replies
Oxfordshire Fire & Rescue Service	I can confirm that based on the information provided at this time there will be no impact for OFRS and there are no concerns raised. Further to your email below dated 28th September 2020, I can confirm that based on the information provided at this time there will be no impact for OFRS and there are no concerns raised	N/A

Appendix B

Consultation results on proposed changes to off-street parking in South Oxfordshire (Word version of the online survey with replies to questions). Appendix B appears after Appendix C.

Appendix C

Vale of White Horse District Council

VALE OF WHITE HORSE DISTRICT COUNCIL

Car Park Charges from 1 December 2020

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
Abbey Close Abingdon	Pay and Display (Mon-Sun 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits Mon-Sun (7 day)	Annual	£857.00
		6 months	£428.00
		3 months	£256.00
		1 month	£86.00
	Permits Mon-Fri (5 day)	Annual	£715.00
		3 months	£213.00
		1 month	£72.00
	Cosener's House day permits only	24 hours (in advance)	£6.38
	Permit – Residents	Annual	£429.00
	Permit – Residents	6 months	£215.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Audlett Drive	Pay and Display		

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
Abingdon	(Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits Mon-Sat (6 day)	Annual	£857.00
		6 months	£428.00
		3 months	£256.00
		1 month	86.00
	Permits Mon-Fri (5 day)	Annual	£715.00
		3 months	£213.00
		1 month	£72.00
	Permits – Residents	Annual	£429.00
	Permits – Residents	6 months	£215.00
	Excess Charge	Standard	No change
		If paid within 10 days	No change
Charter M/S Abingdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits Mon-Sat (6 day)	Annual	£857.00
		6 months	£428.00
		3 months	£256.00
		1 month	£86.00
	Permits Mon-Fri (5 day)	Annual	£72.00

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
		3 months	£213.00
		1 month	£72.00
	am or pm 6 day	annual	£429.00
	am or pm 5 day	annual	£358.00
	Vehicle Release Fee		No change
	Excess Charges	Standard	No change
		If paid within 10 days	No change
	Permits – Residents	Annual	£429.00
		6 months	£215.00
West St Helen St Abingdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits Mon-Sat (6 day)	Annual	£857.00
		6 months	£428.00
		3 months	£256.00
		1 month	£86.00
	Permits Mon-Fri (5 day)	Annual	£715.00
		3 months	£213.00
		1 month	£72.00
	Permits – Residents	Annual	£429.00
	Permits - Residents	6 months	£215.00
	Excess Charge	Standard	No change
		If paid within 10 days	No change

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
Civic Abingdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Cattle Market Abingdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.80
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits – Residents	Annual	£429.00
	Permits – Residents	6 months	£215.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Hales Meadow Abingdon	Pay and Display (Mon-Sun 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 - 4 hours	£3.50
		4 – 6 hours	£4.20
		Over 6 hours	£4.70
	Permits Mon – Sun (7 day)	Annual	£684.00
		6 months	£342.00

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
		3 months	209.00
		1 month	£67.00
	Permits Mon – Fri (5 day)	Annual	£572.00
		3 Months	£173.00
		Monthly	£57.00
	Permits – Residential	Annual	£386.00
	Permits – Residential	6 months	£194.00
	Market Traders Permits	1 day/week Annual	£85.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Rye Farm Abingdon	Pay and Display (Mon-Sun 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.90
		3 – 4 hours	£3.50
		4 – 6 hours	£4.20
		Over 6 hours	£4.70
	Permits Mon-Sun (7 day)	Annual	£684.00
		6 months	£342.00
		3 months	£209.00
		1 month	£67.00
	Permits Mon-Fri (5 day)	Annual	£572.00
		3 months	£173.00
		1 month	£57.00

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
	Permits – Residential	Annual	£386.00
	Permits – Residential	6 months	£194.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Portway Wantage	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.70
		3 – 4 hours	£3.70
		4 – 6 hours	£4.70
		Over 6 hours	£5.70
	Permits – School Term	Daily (10 min)	£12.00
	Permits – Residents	Annual	£178.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Limborough Rd A & B Wantage	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.70
		3 – 4 hours	£3.30
		4 – 6 hours	£3.70
		Over 6 hours	£4.20
	Permits Mon-Sat (6 day)	Annual	£501.00
		3 months	£150.00
		1 month	£51.00
		Market Traders	£74.00
	Permits –	Annual	£232.00

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
	Residents		
	Permits – Residents	6 month	£123.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Mill Street, Undercroft Wantage	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.70
		3 – 4 hours	£3.30
		4 – 6 hours	£3.70
		Over 6 hours	£4.20
	Permits Mon-Sat (6 day)	Annual	£501.00
		3 Months	£150.00
		1 month	51.00
	Permits – Residents	Annual	£232.00
	Permits – Residents	6 months	£123.00
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Southampton St Faringdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.50
	Excess Charges	Standard	No change
		If paid within 10 days	No change
Gloucester St Faringdon	Pay and Display (Mon-Sat 8.00am to 6:00pm)	0 – 1 hour	No change
		1 – 3 hours	£1.40
		3 – 4 hours	£2.80

CAR PARK	TYPE OF PARKING	PERIOD	CHARGES from 1 December 2020
		4 – 6 hours	£3.00
		Over 6 hours	£3.20
	Permits Mon-Sat (6 day)	Annual	£356.00
		3 months	£108.00
		1 month	£36.00
		Market Traders	£40.00
	Permits – School Term	Daily (20 min)	£12.00
	Permits - Residents	Annual	£178.00
	Excess Charges	Standard	No Change
		If paid within 10 days	£50.00
General	Skips	24 hour	No change
	Wheelie Bins (per space)	Annual	No change
	Permit Replacement		No change
	Permit Refunds (Admin cost)		No change

Appendix B

Summary for Cabinet report

Proposed changes to off-street parking in Vale of White Horse Consultation

CONSULTATION REPORT RESULTS

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

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

DECEMBER 2020

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

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

SUMMARY OF FINDINGS

The following reports the feedback received to the consultation survey for the proposed changes to off-street parking in Vale of White Horse. The consultation ran for 21 days from 29 October to 19 November 2020. We received 199 responses via the online survey, showing a high level of public engagement for this type of consultation. There were approximately 600 individual comments and questions from responders. The response has far exceeded what we were expecting, providing very strong data for us to use. Alongside the online survey, the council also sought comments from statutory consultees such as the highways authority, police and town and parish councils.

The survey included 16 questions and asked respondents to tell us how much they agree or disagree with each of the proposed changes which will form part of two new parking orders: Order No. 1 covers off-street parking in Vale of White Horse, Order No. 2 covers off-street parking in Rye Farm and Hales Meadow (these car parks sit outside the district but are run by Vale of White Horse). Respondents were also given the opportunity to provide comments on each proposal, as well as additional comments on the two orders and general suggestions to improve car park service with our contractor SABA.

A summary of the proposed changes:
We want to provide additional parking for electric vehicles and powers to issue fines for parking non-electric vehicles in electric charging bays, or for leaving an electric vehicle in the bay when it's not charging. We would also like to phase the removal of the discount on resident permits over a four-year period from 2020 to 2024 (new resident permits are no longer available to purchase, although space permitting, full price permits may be purchased).

We are also proposing to remove the parking for large vehicles in the Rye Farm car park in Abingdon-on-Thames and create more spaces for smaller vehicles. We also want to formalise parking bays in Hales Meadow car park in Abingdon-on-Thames for coaches and mobile homes.

The proposals in the consultation are based on the report and decision by Cabinet on Friday 7 August 2020. The report and minutes can be found here (please copy and paste the link below into your web browser):

http://democratic.whitehorsedc.gov.uk/documents/s48418/Report.pdf

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

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

Q1. Are you responding as:				
			Response Percent	Response Total
1	An individual/member of the public		98.46%	192
2	A business/organisation		0.51%	1
3	A district, county or town/parish councillor		0.51%	1
4	A district, county or town/parish officer		0.51%	1
5	Other (please specify):		0.00%	0
			answered	195
			skipped	4

ORDER NO.1
Changes being proposed to off-street parking in Vale of White Horse

Proposal (c) to introduce spaces (bays) reserved for electric vehicles whilst charging, and enforcement for unauthorised parking in those spaces in respect of…
i) non-electric vehicles parked in those space and
ii) electric vehicles parked in those spaces but not for the purpose of charging.

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

Q2. Currently, we don't have any electric vehicle bays. If we were to introduce them, we will need the powers to introduce enforcement for: i) non-electric vehicles parked in those spaces ii)Â electric vehicles parked in those spaces but not for the purpose of charging You can find out more information on our website. How far do you agree or disagree with the above proposals?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Response Total
i) enforcement for non-electric vehicles parked in those spaces	46.2% (90)	31.3% (61)	4.1% (8)	6.2% (12)	11.3% (22)	1.0% (2)	195
ii) enforcement for electric vehicles parked in those spaces but not for the purpose of charging	39.5% (77)	35.4% (69)	6.7% (13)	7.2% (14)	10.3% (20)	1.0% (2)	195
						answered	195
						skipped	4

Matrix Charts

2.1. i) enforcement for non-electric vehicles parked in those spaces			Response Percent	Response Total
1	Strongly agree		46.2%	90
2	Agree		31.3%	61
3	Neither agree nor disagree		4.1%	8
4	Disagree		6.2%	12
5	Strongly disagree		11.3%	22
6	Don't know		1.0%	2

2.1. i) enforcement for non-electric vehicles parked in those spaces									Response Percent	Response Total
Statistics	Minimum	1	Mean	2.08	Std. Deviation	1.39	Satisfaction Rate	21.64	answered	195
	Maximum	6	Variance	1.92	Std. Error	0.1				

2.2. ii) enforcement for electric vehicles parked in those spaces but not for the purpose of charging									Response Percent	Response Total
1	Strongly agree								39.5%	77
2	Agree								35.4%	69
3	Neither agree nor disagree								6.7%	13
4	Disagree								7.2%	14
5	Strongly disagree								10.3%	20
6	Don't know								1.0%	2
Statistics	Minimum	1	Mean	2.16	Std. Deviation	1.34	Satisfaction Rate	23.28	answered	195
	Maximum	6	Variance	1.81	Std. Error	0.1				

Q3 If you have any comments on the proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
Currently, we don't have any electric vehicle bays. If we were to introduce them, we will need the powers to introduce enforcement for: i) non-electric vehicles parked in those spaces ii) electric vehicles parked in those spaces but not for the purpose of charging.

This question received 55 responses, containing 84 individual comments and 4 questions. The most frequently mentioned comments were around two main areas. Receiving 13 overall comments: respondents wanted to know what would happen if an EV had finished charging before the owner returned (they would then be in an EV bay but not charging). 13 comments were also not in agreement with the proposal and respondents said they did not want EV-only bays. Following closely at 11 comments were remarks in favour of the proposal, with respondents agreeing that there should be enforcement for EV charging bays. 6 respondents thought anyone should be able to use EV bays if they weren't in use. Other comments are listed below.

Comments analysis summary and frequency:

13	what is outcome if EV charging completed before return of owner
13	don't agree with proposal: no EV-only bays
11	agree with proposal: enforcement for EV charging spaces
6	anyone can use EV bays if not in use
4	charging points essential for carbon reduction
4	start with small number EV spaces
4	balance needed across all types of parking bays
3	clear signage needed
3	cost to the general public
3	benefits wealthier people
2	offer EV rapid charging 40KW-plus
2	EV bays for parking only
2	have EV charging areas with room to manoeuvre
2	suggest time limit
2	has survey looked at need for charging points, number of spaces
1	EV charging needed in Wantage
1	EV bays for charging only
1	don't need EV bays in Faringdon
1	only visitors would benefit
1	will there be a cost for EV charging?
1	no EV charging in small car parks
1	use under-used disabled parking spaces for EV
1	consider cars that self-charge
1	enforcement not needed
1	use solar to power charging points

4 QUESTIONS

Q. What happens if car is fully charged?
A. Driver to move vehicle once fully charged. If a vehicle is parked in a space and is not connected to a charger then a penalty notice will apply.

Q. Please notify locals of the number of electric vehicle spaces, and whether there will be a cost to charge vehicles.
A. This is still to be agreed and will be published in a report on EV charging
www.parkandchargeoxfordshire.co.uk

Q. Presumably a survey has taken place to establish the need for the charging points and that when in place they will be signposted for locals and visitors alike?
A. Coming soon! refer to report on park and charge when published

Q. please do tell me how many people on average and low incomes run electric cars? What happens if an old person parks there by mistake?
A. Please refer to above report when published on EV take up in Oxfordshire. The enforcement of EV spaces will be carried out fairly and consistently and it is the vehicle that is observed not the person.

Proposal (d) To phase the removal of the discount on resident permits over a four-year period from 2020 to 2024...
New resident permits are no longer available to purchase, although space permitting, full price permits may be purchased.

Q4 Respondents were asked how far they agree or disagree with this proposal.

Q4. Currently, new resident permits are no longer available to purchase, although space permitting, full price permits may be purchased. The proposal is to phase the removal of the discount on existing resident permits over a four-year period from 2020 to 2024. You can find out more information on our website. How far do you agree or disagree with this proposal?

			Response Percent	Response Total
1	Strongly agree		11.92%	23
2	Agree		15.54%	30
3	Neither agree nor disagree		17.62%	34
4	Disagree		14.51%	28
5	Strongly disagree		32.64%	63
6	Don't know		7.77%	15
			answered	193
			skipped	6

Q5 If you have any comments on this proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
Currently, new resident permits are no longer available to purchase, although space permitting, full price permits may be purchased. The proposal is to phase the removal of the discount on existing resident permits over a four-year period from 2020 to 2024.

This question received 50 responses covering 92 individual comments and 8 questions. The most frequently mentioned comment, from 35 respondents, focused on the general disagreement with this proposal, mainly due to the negative impact it will have on residents who require permits. Respondents mentioned that there is already a parking shortage coupled with increase in car usage (9 comments), and the town centre and new housing developments have limited parking spaces (7 comments). Other comments, all with 4 responses include: taxpayers should get discounted permit near their home, car park charges should align with resident parking rates, improved public transport is needed e.g. to science parks and cycle infrastructure, and this proposal will push more illegal parking onto the streets. Other comments are listed below.

Comments analysis summary and frequency:

35	disagree with proposal: it will have negative impact on residents requiring permits
9	Already have parking shortage and increased car usage
7	town centre and new housing has limited parking spaces
4	Taxpayers should get discounted permit near home
4	car park charges should align with resident parking rates
4	improve public transport eg to science parks and cycle infrastructure
4	Will push more illegal parking on to the streets
3	base charges on: car types (encourage newer cars), number of cars
3	Where is the evidence base behind this proposal
2	businesses to pay full amount
2	parking should support town centre business
2	Don't understand the question
2	request for information on pricing, discounts given
1	Clarify how to obtain permit when moving
1	suggest first permit is free/discounted, then buy extra
1	developers should provide more than one parking space
1	subsidised parking in conflict with green agenda
1	Abingdon permits more expensive than Oxford
1	consider parking needs for disabled residents
1	understand council need to make money
1	what are view of other local authorities?
1	doesn't affect me
1	provide free parking for EV
1	better signage and information in car parks (e.g. Undercroft)

8 QUESTIONS

Q. If new permits cannot be purchased, what happens when people move house?
A. They have to give up their permit if they move house.

Q. Why would you remove residents benefits?
A. The council is aiming to make the cost of parking permits consistent for both those that park all day for work in the town or who live close by.

Q. Where are residents supposed to park?
A. Permits will still be available but at the same cost as 'normal' parking permits and available to all.

Q. Please provide information on what the full price would be in future.
A. The proposal is the full price for residents will be the same as the current full price parking permit which is on the website. For example an annual permit for Charter car park, Abingdon, Monday to Saturday is from £857. Link below:

https://www.whitehorsedc.gov.uk/vale-of-white-horse-district-council/parking-roads-and-streets/parking/parking-permits-season-tickets/

However, Cabinet is still to agree this and consider at the meeting on 5 February 2021.

Q. This is confusing. Are you proposing getting rid of resident permits all together?
This would be disastrous and unfair, and is only going to lead to an increase in illegal parking on double yellow lines, as is frequently seen outside Abbey Yard, yet nothing is done about it.
A. Yes for new residents. For existing resident permit holders, they can still buy parking permits, they would just be the same price as other parking permits.

Q. apart from the need to raise revenue what benefit would it bring to businesses?
A. Businesses are also able to purchase parking permits for their staff. It means that the price of permits for people coming to work in the towns or who live close by are the same.

Q. Are the Abingdon town centre car parks running at capacity ? We are due to publish usage data on the website of how full car parks are in early 2021.
Do you really want to refuse a payment of say £200 per annum and have a space empty ?
A. There is a waiting list for permits so we do not believe we will have empty spaces.

Q. Surely selling a space is better than having an empty space ? Have you considered the possible changes in parking behaviour as a result of change working patterns - both of residents and town-centre workers ? It would have been helpful if you have published the evidence base behind your proposals (eg modelling and sensitivity analysis studies - as I am sure that you will have done such analysis.). What do the local councillors for the Abingdon Town Centre area think of these ideas ? I am sure they would have mentioned the existing well-used and successful OCC-run scheme - I am presuming they have been asked for their views - but perhaps not yet ?
A. All town councils were asked to feedback into this consultation. This is a district wide approach. The evidence is based on the disparity between getting a heavily subsidised parking permit (by the general tax payer) because of where you live. This compared to the reductions normally offered to other car park users who pay for their parking in advance in the form of a permit.

Q. First of all, I cannot see any reason to justify the measure. Is it coming about because the parkings are in deficit? Then my question is does a parking management scheme need to be self-financed?
A. No, there is nothing in the parking policy to say this.
Q. Is it a measure to ease congestion? Then you should call the new prices a congestion charge on the residents, a new tax in effect. But can you prove that such a measure would decrease congestion in the centre of town?
A. No, it is not aimed at congestion. It is to reduce disparity between residents and workers, both of which request regular parking and the Vale can offer this at a discount if paid in advance.

ORDER NO.2 Proposals

Proposal (c) to formalise the parking for larger vehicles including market trader vans and one coach, in Hales Meadow car park, Abingdon-on-Thames

Q6 Respondents were asked how far they agree or disagree with this proposal.

Q6. The proposal is to formalise the parking for larger vehicles including market trader vans and one coach, in Hales Meadow car park, Abingdon-on-Thames. You can find out more information on our website. How far do you agree or disagree with this proposal?

			Response Percent	Response Total
1	Strongly agree		16.15%	31
2	Agree		42.19%	81
3	Neither agree nor disagree		23.96%	46
4	Disagree		5.21%	10
5	Strongly disagree		4.17%	8
6	Don't know		8.33%	16
			answered	192
			skipped	7

Q7 If you have any comments on the proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
The proposal is to formalise the parking for larger vehicles including market trader vans and one coach, in Hales Meadow car park, Abingdon-on-Thames.

This question received 26 responses covering 31 individual comments and 3 questions. The most frequently mentioned was 7 responders in agreement in general with the proposal. There were 4 comments made about the proposal not being practical, mainly due to lack of space in this car park. The same number (4) suggested a more flexible use of the spaces for example, not limited just when markets are in town. 2 comments were received both about the need for enforcement, and that camper vans should not be allowed to use this car park. Other comments are listed below with the full list of comments.

Comments analysis summary and frequency:

7 agree with the proposal in general

4	proposal not practical, not enough space
4	need more flexible use of spaces
3	don't use/no opinion
2	enforcement needed for parking and loading
2	camper vans / motorhomes should not be allowed
1	Abingdon parking 'horrible', need better one way system
1	prefer Hales Meadow to Rye Farm
1	more than one coach space to encourage town visitors
1	disagree with proposal, will push cars to town centre
1	sort Rye Farm flooding
1	safe car park for cars
1	keep 2 hours free parking in town
1	disabled spaces needed for river/sports access
1	want more residents parking in Rye Farm

3 QUESTIONS

Q. Perhaps the 4 motor homes parked behind Dodson Court since lockdown began could be encouraged to use Hales Meadow. They were still there a couple of weeks ago and no spaces for cars available.
A. It is not a Vale car park that we can enforce so please contact the car park owner/operator.

Q. That car park isn't very big, will that give enough large spaces?
A. We will monitor usage and publish on the website.

Q. Why not make it more flexible instead of less? will those spaces be left empty when there is no market?
A. We try and find the right balance between offering extra wide spaces for large vehicles and 'normal' spaces for other vehicles. Offering flexibility on ground markings and signs is difficult to control and enforce. No, they can be used by camper vans or large transit vehicles.

Proposal (d) to remove the commercial vehicle parking (lorries and mobile homes) in Rye Farm car park, Abingdon-on-Thames and thereby increasing the size of that car park for smaller vehicles;

Q8 Respondents were asked how far they agree or disagree with this proposal.

Q8. Currently, the Rye Farm car park is in two sections, for larger commercial vehicles and smaller vehicles. The proposal is to remove the commercial vehicle parking (lorries and mobile homes) in Rye Farm car park, Abingdon-on-Thames and thereby increase the size of that car park for smaller vehicles. You can find out more information on our website. How far do you agree or disagree with this proposal?

			Response Percent	Response Total
1	Strongly agree		21.88%	42
2	Agree		33.33%	64
3	Neither agree nor disagree		19.27%	37
4	Disagree		11.46%	22
5	Strongly disagree		6.77%	13
6	Don't know		7.29%	14
			answered	192
			skipped	7

Q9 If you have any comments on is the proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
Currently, the Rye Farm car park is in two sections, for larger commercial vehicles and smaller vehicles. The proposal is to remove the commercial vehicle parking (lorries and mobile homes) in Rye Farm car park, Abingdon-on-Thames and thereby increase the size of that car park for smaller vehicles

This question received 40 responses covering 59 individual comments and 7 questions. 14 respondents don't agree with the proposal and prefer to keep large vehicle parking or find alternative parking for larger vehicles. 10 respondents agree with the proposal in general. 4 of respondents suggest removing the height restrictions, as they negatively impact disabled users and larger vehicles from using the car park, and the same number (4) asked where the evidence base is for this proposal. Comments also include the suggestion for the car park to be resurfaced (potholes, flooding) (3), to encourage cycling and walking: improve pedestrian

and cycle paths eg into town (3) and to use any additional spaces for residents (3). Other comments are listed below.

Comments analysis summary and frequency:

14	don't agree with proposal (don't change/keep large vehicle parking or find alternative)
10	agree with the proposal in general
4	negative impact for disabled, van drivers: remove height restrictions
4	Where is the evidence base behind this proposal
3	car park needs to be resurfaced (potholes, flooding)
3	encourage cycling and walking: improve pedestrian and cycle paths eg into town
3	suggest using additional spaces for residents
2	use for coaches as more room than in Hales Meadow
2	enforcement needed eg travellers
2	Make bays available to all
2	Camper vans & mobile homes bring in tourism good for trade
2	more town centre parking needed
1	doesn't affect me
1	not noticed commercial side being used
1	Provide motorcycle only bays
1	Reduce commercial parking rather than removing
1	Introduce a park & ride service
1	Have a designate an area for travellers passing through
1	what benefits will local businesses get to replace lost parking?
1	charge less to park here rather than go to town centre

7 QUESTIONS

Q. Where are they to park instead?
A. There is formal parking for lorries at the Redbridge Park and Ride car park in Oxford and at the service station at the A34 Milton Interchange. Lorries can also use on-street parking by the Fairacres trading estate. All of these locations offer much easier access from the A34 unlike Rye Farm car park where you have to use the one way system around Abingdon town centre.

Q. It has its problems with commercial vehicles being allowed to park there but i presume they have to have somewhere to park other than taking up lay bys?
A. See reply directly above.

Q. How many lorries are using this area?
A. None; it has been temporarily closed to lorries for at least 18 months.

Q. Can the flooding issue be rectified without my council tax going up.
A. Not easily. The proximity to the River Thames and the flood plain means that the car park will flood occasionally.

Q. I'm not sure what the answer is, but something must be done with this space since it was close to lorries due to travellers using it illegally. Perhaps it could be used for residents permit parking?? but could easily be used for smaller vehicles as general parking.
A. Yes, agreed. It is currently used for an 'overflow' car park accessed via the main car park.

Q. what benefits are you offering for local business to replace the lost parking.

A. There is more parking for smaller vehicles.

Q. It is not clear where you expect HGV vehicles to park if you remove this facility - on residential roads ? or at random places around the town ? rather than just saying what you are stopping it would have been useful to say what you are opening, as well.
A. See reply above answering 'where to park instead'

Proposal (e) Introduce spaces (bays) reserved for electric vehicles whilst charging, and enforcement for unauthorised parking in those spaces in respect of...

i) non-electric vehicles parked in those spaces
ii) ii) electric vehicles parked in those spaces but not for the purpose of charging

Q10 Respondents were asked how far they agree or disagree with this proposal.

Q10. Currently, we don't have the authority to enforce parking bays where electric vehicles are charging. The proposal is to introduce enforcement for: i) non-electric vehicles parked in those spaces ii) electric vehicles parked in those spaces but not for the purpose of charging You can find out more information on our website. How far do you agree or disagree with this proposal?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Response Total
i) enforcement for parking non-electric vehicles parked in those spaces	42.1% (82)	33.3% (65)	5.6% (11)	6.2% (12)	12.8% (25)	0.0% (0)	195
ii) enforcement for parking electric vehicles parked in those spaces but not for the purpose of charging	37.1% (72)	38.1% (74)	6.7% (13)	7.7% (15)	10.3% (20)	0.0% (0)	194
						answered	195
						skipped	4

Matrix Charts

10.1. i) enforcement for parking non-electric vehicles parked in those spaces			Response Percent	Response Total
1	Strongly agree		42.1%	82
2	Agree		33.3%	65
3	Neither agree nor disagree		5.6%	11

10.1. i) enforcement for parking non-electric vehicles parked in those spaces			Response Percent	Response Total
4	Disagree		6.2%	12
5	Strongly disagree		12.8%	25
6	Don't know		0.0%	0

Statistics										
	Minimum	1	Mean	2.14	Std. Deviation	1.36	Satisfaction Rate	22.87	answered	195
	Maximum	5	Variance	1.86	Std. Error	0.1				

10.2. ii) enforcement for parking electric vehicles parked in those spaces but not for the purpose of charging			Response Percent	Response Total
1	Strongly agree		37.1%	72
2	Agree		38.1%	74
3	Neither agree nor disagree		6.7%	13
4	Disagree		7.7%	15
5	Strongly disagree		10.3%	20
6	Don't know		0.0%	0

Statistics										
	Minimum	1	Mean	2.16	Std. Deviation	1.28	Satisfaction Rate	23.2	answered	194
	Maximum	5	Variance	1.65	Std. Error	0.09				

Q11 If you have any comments on the proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
Currently, we don't have the authority to enforce parking bays where electric vehicles are charging. The proposal is to introduce enforcement for: i) non-electric vehicles parked in those spaces ii) electric vehicles parked in those spaces but not for the purpose of charging.

This question received 31 responses covering 40 individual comments and 3 questions. The most frequently mentioned comment raised by 7 respondents concerned what happens when charging an EV was complete, drivers shouldn't at this point be penalised if they hadn't returned to their cars. 6 respondents disagree with proposal: they don't think there should be EV only parking bays or the enforcement that goes with it. 4 respondents suggested adding

more general parking bays, and the same number, 4, thought it would be okay to share EV bays with other vehicles. Other comments are listed below with the full list of comments.

Comments analysis summary and frequency:

7	what happens when charging complete, shouldn't then be penalised
6	disagree with proposal: no to EV parking bays, enforcement
4	Add more general parking bays
4	Share EV bays with other vehicles
3	Need more enforcement on illegal parking
3	agree with proposal in general: fines for non EV'S parked in EV bays
3	where is evidence base behind this proposal, need more information
2	Make bays bigger
2	Duplicate question already answered
1	Visual display of parking spaces to avoid congestion
1	Accidental parking in EV bays/ outcome is what?
1	Fast charging bays only/notification to owner when charging is complete
1	Owners responsibility to charge EV at home
1	At what cost? will council tax rise?
1	Negative impact on space for regular vehicles

3 QUESTIONS

Q. What about of they have finished charging?
A. They must move the vehicle once it has finished charging. The council is currently seeking the powers to enforce this via the new orders.

Q. I don't know how they work (is there a way to lock the charger to the vehicle whilst charging? and how is electric paid for?) more info required before I could comment further.
A. More info about EV charging found here: www.parkandchargeoxfordshire.co.uk. This website will be updated once the EV charging points in South and vale are confirmed.

Q. i reiterate what happens when its accidental parking will a person with age or disability be charged? is enforcement necessary as only affluent residents can afford electric cars
A. Unfortunately, enforcement is required for those people that park a non EV in an EV space reserved for these vehicles. We observe the vehicle not the driver. More info on EV charging points will be published here in the new year www.parkandchargeoxfordshire.co.uk.

Proposal (f) To phase the removal of the discount on resident permits over a four-year period from 2020 to 2024.

Q12 Respondents were asked how far they agree or disagree with this proposal.

Q12. Currently, new resident permits are no longer available to purchase, although space permitting, full price permits may be purchased. The proposal is to phase the removal of the discount on existing resident permits over a four-year period from 2020 to 2024. You can find out more information on our website. How far do you agree or disagree with this proposal?				
			Response Percent	Response Total
1	Strongly agree		9.28%	18
2	Agree		19.59%	38
3	Neither agree nor disagree		16.49%	32
4	Disagree		16.49%	32
5	Strongly disagree		29.90%	58
6	Don't know		8.25%	16
			answered	194
			skipped	5

Q13 If you have any comments on the proposal, please provide them below.

Respondents were asked to provide comments on the following proposal:
Currently, new resident permits are no longer available to purchase, although space permitting, full price permits may be purchased. The proposal is to phase the removal of the discount on existing resident permits over a four-year period from 2020 to 2024.

This question received 38 responses and 74 individual comments and 4 questions. The three most frequently mentioned comments, each with 17 responses, were overall disagreement with this proposal, this proposal will have a negative impact on residents, and that parking spaces need to be available for residents to use. 8 responders mentioned that the question had already been asked [this is probably in reference to Order No. 1 having a similar proposal]. 5 responders asked where the evidence for this proposal and thought there was either a lack of information or wondered why the consultation wasn't sent to current permit holders. Other comments are listed below with the full list of comments.

Comments analysis summary and frequency:

17 disagree with proposal
17 proposal will have negative impact on residents
17 Parking spaces need to be available for residents
8 Same question /confused/already answered
5 Where is evidence, lack of information/proposal not reaching everyone*
3 Could devalue property

2 agree with this proposal
2 more enforcement needed for illegal parking
1 Stop further development in town
1 this doesn't apply to me
1 More public transport/promote cycling/walking

QUESTIONS

Q. Please provide information on what the full prices would be.
A. Cost of parking permits is on the website: *https://www.whitehorsedc.gov.uk/vale-of-white-horse-district-council/parking-roads-and-streets/parking/car-parks/*

Q. Why was there a discount in the first place?
A. Unfortunately council records do not show who and when and why this decision which was made many years ago.

Q. Are the Abingdon town centre car parks running at capacity ?
A. Pre Covid, at some times of the day, yes.

Q. Do you really want to refuse a payment of say £200 per annum and have a space empty ? Surely selling a space is better than having an empty space ? Have you considered the possible changes in parking behaviour as a result of change working patterns - both of residents and town-centre workers ? It would have been helpful if you have published the evidence base behind your proposals (eg modelling and sensitivity analysis studies - as I am sure that you will have done such analysis.). What do the local councillors for the Abingdon Town Centre area think of these ideas ? I am sure they would have mentioned the existing well-used and successful OCC-run scheme - I am presuming they have been asked for their views - but perhaps not yet ?
A. Please see replies to the same question relating to Order No. 1 (question 5 above)

First of all, I cannot see any reason to justify the measure. Is it coming about because the parkings are in deficit? Then my question is does a parking management scheme need to be self-financed?... You could also raise moderately the resident parking permits without scraping the scheme. Is it a measure to ease congestion? Then you should call the new prices a congestion charge on the residents, a new tax in effect. But can you prove that such a measure would decrease congestion in the centre of town?
A. Please see replies to the same question relating to Order No. 1 (question 5 above)

Anything else?

Q14. Do you have any additional comments on the revoking of the 2011 order or the 2012 order, and the proposals relating to the two 2021 orders, that you would like us to consider as part of the proposals to changes to off-street parking in the Vale of White Horse?

This question received 54 responses and 73 individual comments and 5 questions. The most frequently mentioned comment, by 12 responders, cited the need for more resident parking to be provided. The additional parking is needed especially near town centres where no off-street parking is available, for disabled vehicles and in new housing developments. 11 respondents

felt the car parking proposals in general would have a negative impact on town trade and leisure. More enforcement would be required for illegally parked vehicles was mentioned by 8 respondents. 6 respondents said they want the council to be more open and transparent stating they thought these proposals should have been more visible especially for current permit holders and residents. 6 respondents want to keep the 2-hour free parking [even though this didn't form part of the consultation]. 4 respondents want no changes to be made to the current order '*leave as is*', 4 want more permits to be provided especially for town workers and residents, and 4 want to see measures taken through the orders to reduce pollution and tackling the climate change eg encourage people to walk or cycle. Other comments are listed below.

Comments analysis summary and frequency:

12	provide more resident parking: near town centre, if no off-street parking, disabled, new housing
11	proposals will have negative impact on town trade and leisure
8	more enforcement needed on illegally parked vehicles
6	Be more open transparent: proposals should be more visible esp. current permit holders, residents
6	keep 2 hours free parking for short stay
4	No change wanted, leave as is
4	Provide more permits: for workers in town and for residents
4	reduce pollution/ tackle climate change: encourage people to walk or cycle, protect businesses
3	Use multi storey: 24 hours all levels, needs repair, open new parking/multi storey
2	Better public transport needed, eg incentives to use more
2	EV charging and parking spaces required
2	Bigger parking bays are needed
2	statements in proposals confusing: refer to charging or parking, need more information / figures
1	what are costs of running car parks (requested from Cabinet members on social media)
1	questions are repetitive *(officer note: probably due to Order No. 1 and Order No. 2 having repeats)*
1	EV bays not wanted
1	Abingdon resident permits already more than Oxford
1	just a way for council to make money
1	support school run parking: change payment times, encourage green transport/walking bus
1	open large car park for lorries and coaches

QUESTIONS

Q. What about telling us how the costs of running the car parks is broken down? This was a request from the initial social media review/discussion. Two cabinet members committed to find and publish these!

A. The cost of running car parks can be found in the car parking report to Cabinet.

The report and minutes can be found here (please copy and paste the link below into your web browser):

http://democratic.whitehorsedc.gov.uk/documents/s48418/Report.pdf

Q. Will these proposals include funding for parking attendants in order to enforce the new rules? I haven't seen a parking attendant in Abingdon for a very long time...
A. Yes, the cost of running the car parks includes for enforcement which is carried out under contract with Saba.

Q. Where does the Council propose that residents who have no on-street parking actually park their vehicle?
A. Residents are still able to purchase parking permits but at the same price as other parking permits.

Q. Many of the statements in these proposals are very confusing. They refer to charging without specifying it is for charging time for car parking payment or for electric charging. All the documents should be updated, as they could be challenged in the Courts.
A. The survey is not a legal document for the enforcement of the car park. We refer to the car park order which we be published in due course once Cabinet has considered all the comments and feedback. This document should clarify all the 'charging' references.

Draft order 2021 is here: *https://www.whitehorsedc.gov.uk/vale-of-white-horse-district-council/parking-roads-and-streets/parking/parking-policy-consultation-have-your-say/*

Q. *I am unsure why you seemed to ask the same questions twice ?*
A. The Order No.1 is for all car parks within the Vale district area. Order No.2 relates to Rye Farm and Hales Meadow car parks which are in South Oxfordshire and require a different order.

Q. have you sent a copy of this survey to the existing holders of car park permits as I suspect they are a large source of you income ? If not, why not ? (Relying people to find the survey on your web site is a bit random).
A. We published the survey widely using social media (particularly Facebook) and had very good uptake which I believe captures the general consensus.

General car park suggestions

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

This question received 72 responses and 111 individual comments and 2 questions (36% of survey responders choosing to provide additional feedback in this question). The most frequently mentioned comment by 14 responders (13%) was that there needs to be improved enforcement for cars parked illegally, followed by the view from 12 respondents (11%) who want to keep free parking – the 2 hour free parking and Sunday parking were mentioned. 10 respondents (9%) want to see increased parking in town centres, while bigger parking bays to accommodate todays' larger cars were mentioned by 7 respondents (6%). Improving technology by introducing faster machines, using an ANPR system (automatic number plate recognition) and an app for payments was suggested by 6 respondents (5%). The need for electric vehicle parking and charging spaces (5 respondents), and more permits for town workers (5 respondents) were mentioned. Other comments are listed below.

Comments analysis summary and frequency:

14	Improve enforcement on illegally parked cars
12	Keep free parking eg 2 hours, Sundays
10	Increase parking in town centres
7	Bigger parking bays needed (cars bigger these days)
6	Improve technology: faster machines, use ANPR system, app for payment
5	EV parking & charging need
5	More permits for workers in town
4	make better use of multi storey in town
3	No free parking: charging is ok '
3	More free parking
3	Clear signage on parking rules & for disabled drivers not needing to display free ticket
3	Decrease permit price & make more available
3	More parent/baby spaces needed
3	Covered/secure motorbike and bicycle parking
2	Introduce park & ride system
2	need better traffic management
2	Consistent parking management between town, district and county authorities
2	No changes needed
2	Safer night use
2	More permits for residents
2	Publicise surveys better/bigger notice boards
2	proposals would have negative impact on local businesses
1	Council staff not to park in Abbey Close
1	Review height restrictions for disabled vehicles
1	Unfair charging to non EV cars
1	Introduce sustainable energy provisions/lighting
1	Vale car parks are generally good
1	Introduce coach & lorry parking to help trade/tourism
1	Is Saba involved, and will they benefit financially
1	Where is promised transparency from Vale?

1 build new car park or convert existing to multi-storey
1 have a 15 minute/drop off parking slot
1 new housing should allow for parking
1 incentivise public transport and active travel
1 designated spaces for electric car-club vehicles
1 publicise local events/news in car parks

QUESTIONS

Q. See previous comment. Is Saba part of the 5 councils debacle?
A. The current contract with Saba has no direct connection to the wider Five Councils contract.

Q. Will they get a cut of the fines?
A. No, Saba have a fixed rate contract with no incentives.

Q. More transparency, isn't that what you promised?
A. Yes, although we cannot publish the exact arrangements with Saba due to the commercial sensitivity.

Q. Could you please chat to the folks who organise the Oxford hospitals car parks to put a bit less effort into signs warning about covid and a bit more effort into fixing the fact that every single individual needs to press buttons and handle cash to access covid screening there? Thanks
A. I'm sorry but this should be taken up directly with NHS and the car park operator as the council has no responsibility or influence parking arrangements at the hospital and access to facilities.

And finally...

Q16 Respondents were asked how far they agree or disagree with this proposal.

16. How did you hear about this consultation? Tick all that apply.				
			Response Percent	Response Total
1	Council website		3.08%	6
2	Email		5.13%	10
3	Facebook		74.36%	145
4	Read it in the newspaper (online or hard-copy)		1.54%	3
5	Twitter		7.69%	15
6	Via Town or Parish Council		4.62%	9
7	Word of mouth		5.64%	11
8	Other (please specify):		4.62%	9
			answered	195
			skipped	4

'Other' comments:

- Wife from Twitter
- NextDoor app
- Abingdon blog
- WaGCG newsletter
- Wantage & Grove Campaign Group
- Car park notice
- WAGCG
- I was emailed to tell me that Residents Permits are no longer available. Surely this is illegal as it is at the proposal stage?
- Chance - saw one of your legal notices in the parks and read it (with some difficulty in the dark) to find out you were proposing changes. I do not regularly look at your website nor do twitter/facebook

END

Cabinet Report

Report of Interim Head of Development & Regeneration

Author: Emily Cockle

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Wards affected: Watchfield and Shrivenham

Cabinet member responsible: Councillor Judy Roberts

Tel: 01865 864041

E-mail: judy.roberts@whitehorsedc.gov.uk

To: CABINET

Date: 5 February 2021

S106 Request – Shrivenham Sports Pavilion

Recommendations

(a) Cabinet is asked to approve funding to Shrivenham Parish Council on behalf of Viscountess Barrington Memorial Hall and Recreation Ground Trust in its capacity as the sole trustee of the Trust towards a new sports pavilion to be erected by the Trust on the Recreation Ground owned by the Trust and to create a budget of £378,537.80:

(i) to delegate authority to the Interim Head of Development and Regeneration in consultation with the Head of Legal Services to:

- agree a funding agreement with Shrivenham Parish Council in its capacity as the sole trustee of the Trust to govern the terms of use of the S106 funding; the instalments in which the funding is paid; the timing of instalments; the conditions subject to which instalments are paid and to otherwise protect the interests of Vale of White Horse District Council as the provider of the funding

- include Shrivenham Parish Council as a party to the funding agreement in its own right where necessary or desirable to facilitate the carrying out and completion of the new sports pavilion project by the Trust

- approve the payment to Shrivenham Parish Council of £361,423.96 towards the new sports pavilion project subject to and in accordance with the funding agreement and

- approve the payment to Shrivenham Parish Council of the portion of £17,113.84 recovered (minus legal costs) on completion of a Deed of Variation to repurpose a Changing Rooms Contribution received under Agreement 16V52 subject to and in accordance with the terms of the funding agreement.

(b) To approve the payment of instalments three and four of the Sports and Leisure Contribution (Shrivenham recreation ground pavilion) as defined in clause 1.1.33 of S106 Agreement 16V30 and the Cricket Facilities Contribution, as defined in clause one of the Second Schedule of S106 Agreement 17V14 to the Shrivenham Sports Pavilion project:

- yet to be received by the council to Shrivenham Parish Council when received subject to and in accordance with the funding agreement to whichever value is the lower of the amount received by the council and the value of forward funding that Shrivenham Parish Council has not recovered by any other means;

- to Shrivenham Parish Council subject to and in accordance with the funding agreement, on creation of a budget to the value stated above, with no requirement for a further S106 Application, report and decision.

Purpose of Report

1. We received an application on 20 October 2020 from Shrivenham Parish Council, sole trustee of the Viscountess Barrington Trust, to request a total of £378,537.80 in S106 funding. Together with additional funding sources amounting to £133,102.34 (detailed below), this funding will secure a pavilion for community use including indoor and outdoor sporting facilities for the local community. The table below indicates how the costs of the pavilion will be met from a variety of sources.

S106 Contributions	£378,537.80
Benefactor Donation	£100,000.00
Garfield Weston Grant	£15,000.00
Parish CIL Receipts	£9,934.65
Parish Council Reserves	£8,167.69
Total Project Cost	**£511,640.14**

2. This report seeks approval to fund the pavilion project and to ask cabinet to seek council approval to set up a budget to pay Shrivenham Parish Council, subject to a funding and legal agreement on the use of the funds, the requested sum of £378,537.80 from ten S106 contributions arising from the following developments:

3. Development: Land off Townsend Road
   Planning Ref: P15/V0663/O
   S106 Ref: 16V30
   Date of agreement: 6 April 2016
   Decision: Planning Committee

16V30	
Obligation	**Definition**
Sport and Leisure Contribution	The sum of £11,497 towards Shrivenham recreation ground pavilion

4. Development: Land off Colton Road Shrivenham
   Planning Ref: P14/V2757/FUL
   S106 Ref: 15V45
   Date of agreement: 25 August 2015
   Decision: Planning Committee

15V45	
Obligation	**Definition**
Clubhouse Contribution	The sum of £29,886 towards Shrivenham recreation ground pavilion
Indoor Sports Facilities Contribution	The sum of £68,660 towards the provision or improvement of indoor sports projects in the Parish
Parish Contribution	The sum of £31,350 towards community facilities within the Parish

5. Development: Land at Highworth Road
   Planning Ref: P13/V2490/FUL
   S106 Ref: 16V52
   Date of agreement: 22 June 2016
   Decision: Delegated

16V52	
Obligation	**Definition**
Indoor Sports Facilities Contribution	The sum of £35,571 towards the provision of indoor sports facilities in the Parish
Local Facilities Contribution	The sum of £17,500 towards improvements to Shrivenham Village Hall and/or provision of other local facilities in the Parish
Changing Rooms Contribution	The sum of £15,382 towards the provision of changing rooms at Shrivenham Village Hall*

*A Deed of Variation is being sought to repurpose the Changing Rooms Contribution towards the Shrivenham Sports Pavilion project.

6. Development: Land to the East of Highworth Road
   Planning Ref: P13/V1810/O
   S106 Ref: 17V14
   Date of agreement: 17 April 2017
   Decision: Delegated

17V14	
Obligation	**Definition**
Memorial Hall Contribution	The sum of £105,480 for improvements to the Shrivenham Memorial Hall*

*Contribution repurposed in agreement between the Owner and the District Council

7. Development: Land at Longcot Road
   Planning Ref: P13/V1514/O
   S106 Ref: 16V03
   Date of agreement: 26 January 2016
   Decision: Planning Committee

16V03	
Obligation	**Definition**
Clubhouse/Pavilion Contribution	The sum of £21,771 to a clubhouse/pavilion in Shrivenham

8. Development: Land at Highworth Road
   Planning Ref: P12/V2582/FUL
   S106 Ref: 13V22
   Date of agreement: 03 May 2013
   Decision: Planning Committee

13V22	
Obligation	**Definition**
Leisure Contribution	The sum of £28,216 towards off site recreational facilities within the Parish

9. **Financial Procedure Rules:** The sum requested is in excess of £100,000. In accordance with the Constitution's Finance Procedure Rules (para 75 (c)) approval by council is required to create a budget and release the funds requested.

10. **S106 requested:** The sums for the s106 requested by Shrivenham Parish Council are set out in the tables below:

11. 106 16V30 - Development of Land off Townsend Road

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Community Buildings	£11,497.00	Instalments one & two: £6,302.68 Instalments three & four not due	£6,302.68	£0	£0

12. S106 15V45 - Development of Land off Colton Road Shrivenham

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Community Buildings	£29,886.00	£31,420.33	£6,420.33	£25,000.00 Architect Fees for Clubhouse	£0
Indoor Sport	£68,660.00	£72,184.96	£72,184.96	£0	£0
Facilities	£31,350.00	£32,959.48	£32,959.48	£0	£0

13. S106 16V52 - Development of Land at Highworth Road

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Indoor Sport	£35,571.00	£39,575.89	£39,575.89	£0	£0
Community Buildings	£17,500.00	£19,470.30	£19,470.30	£0	£0
Community Buildings	£15,382.00	£17,113.84	£17,113.84	£0	£0

14. S106 17V14 - Development of Land to the East of Highworth Road

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Community Buildings	£105,480.00	£130,057.86	£130,057.86	£0	£0

15. S106 16V03 - Development of Land at Longcot Road

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Community Buildings	£21,771.00	£23,899.31	£23,899.31	£0	£0

16. S106 13V22 - Development of Land at Highworth Road

Infrastructure category	Amount in Agreement	Contributions Received (incl. Indexation)	Amount requested	Amount Previously Spent	Balance
Community Buildings	£28,216.00	£30,553.15	£30,553.15	£0	£0

17. **Contribution expiry:** the contributions have a spend by date calculated from receipt of the contributions, as detailed below:

S106 agreement	Infrastructure categories	Terms of expiry	Contribution receipt	Contribution expiry
16V30	Community Buildings	10 years from receipt	11 September 2018 (1st instalment) 6 November 2019 (2nd instalment)	11 September 2028 (1st instalment) 6 November 2029 (2nd instalment)
15V45	Community Buildings Indoor Sports Facilities	10 years from receipt – all categories	7 October 2016 (1st Instalment – all categories) 13 July 2017 (2nd instalment – all categories) 13 December 2017 (3rd & 4th instalments – all categories)	7 October 2026 (1st Instalment – all categories) 13 July 2027 (2nd instalment – all categories) 13 December 2027 (3rd & 4th instalments – all categories)

16V52	Indoor Sport Community Buildings Community Buildings	10 years from receipt – all categories	20 March 2020 – all categories	20 March 2030 – all categories
17V14	Community Buildings	10 years from receipt	23 January 2019	23 January 2029
16V03	Community Buildings	No spend by date	4 December 2018	N/A
13V22	Community Buildings	10 years from receipt	7 June 2017	7 June 2027

Corporate Objectives

18. The Vale of White Horse District Councils Corporate Priorities for the report include building healthy communities, working in partnership and working in an open and inclusive way.

Background

19. Shrivenham Parish Council is the sole trustee of the Viscountess Barrington Trust (the Trust). The Trust proposes to construct a sports pavilion on behalf of the Parish Council on the Recreation ground adjacent to the Memorial Hall in Shrivenham.

20. At the heart of the village, the Memorial Hall is a Grade II listed building constructed in 1925 in the Arts and Crafts style and the main hall, modelled on Westminster Hall, is unique in Oxfordshire if not in the country. The hall facilitates a wide range of community uses, acting as a venue for clubs and societies and a home for a full range of sporting activities. In addition, the hall regularly hosts weddings and parties, allowing the Trust to supplement its income for the maintenance of the 90-year old building.

21. Since 2014 planning permission has been granted for over 800 new houses in the village which is expected to double the size of the community. Approximately 50 per cent of these new homes are now complete, creating demand that the Memorial Hall no longer has the capacity to accommodate.

22. The Memorial Hall is the home for Shrivenham Cricket Club during the summer months, who use the facilities for changing, storage of equipment and provision of the traditional “cricket teas”. The growth in population has caused this usage to clash with the increasing demands of other community groups. Inevitably, avoiding such conflicts has significantly compromised income generation which is crucial for the maintenance of the building.

23. Consequently, the facilities for cricket at the hall are becoming notably inferior to those offered by competing clubs. In 2016 an application by the Cricket Club to join the Cherwell League was turned down on account of its condition, resulting in a dramatic impact on the club’s finances. With continued population growth in the village, these difficulties will be exacerbated and the need for alternative facilities will become critical.

24. In order to ensure that the Memorial Hall and recreation ground remain at the heart of the community into the future, the Trust instigated a project to develop a new sports pavilion, to be located at the recreation ground. The building is intended to house all the sporting and exercise activities currently accommodated in the Memorial Hall, freeing up much needed space for other community purposes.

25. The proposed building has been designed to Sport England standards by Architects A'Bear & Ball with flexible usage in mind, providing space for a range of indoor sports activities including table tennis, pilates, judo, yoga, soft tennis, indoor cricket and short mat bowls as well as providing outdoor sport changing rooms for the cricket club and facilities for the disabled. The main hall of the new pavilion will also be suitable for non-sporting activities requiring a larger, lighter environment e.g. Scouts, Girl Guides, thus providing additional capacity for community activities.

Options

26. Policy CSH2 of the emerging Shrivenham Neighbourhood Plan was developed following extensive community consultation on the provision of recreational facilities in the village.

Principle	**To retain all that people like about living in Shrivenham**	
Objective	**SCSH2**	To encourage the provision of recreational facilities for all age groups and all abilities.
Policy CSH2: Memorial Hall Proposals to enhance and improve the facilities at the Memorial Hall and to provide suitable additional facilities on the Recreation Ground will be strongly supported.		

27. Paragraph 4.9.3 of the Plan (excerpt below) identifies the evidence that supports this policy and the community consultation that was undertaken.

> *4.9.3 Evidence for these policies was obtained from Village Plan 2009 and 2015 follow-up survey and Village Fete Survey in Appendices 7, 8 and 9. In addition a recurring theme throughout Community Life interviews (refer to Appendix 19) was the need for more mid-sized and affordable meeting rooms. Proposals to expand and enhance the facilities within the Memorial Hall and around the Recreation Ground will be actively encouraged. Developer contributions will be used to support necessary investment.*

28. The Cricket Club and Bowls Club identified a need for capital investment for changing and other facilities. The original concept to extend Shrivenham Memorial Hall to incorporate such facilities was considered unviable due to the buildings listed status. As an alternative, the development of a sports pavilion was identified as a means of meeting the demand for facilities and freeing up space in the Memorial Hall for community uses and the proposal overwhelmingly supported by respondents to the Village Sports Festival consultation held in April 2019.

29. Shrivenham ward councillors have supported the project from its inception, along with the council's allocation of £25,000.00 in S106 funding to enable design and planning work to be undertaken. The proposal has also been supported by a significant contribution, generously donated by a benefactor to the cricket club. In addition, Legal and General, developers of 'Land to the east of Highworth Road', generously released a substantial amount of S106 funding earlier than they had been obligated to do, in order to support the project and in recognition of the benefit to the local community.

30. There have been no other proposals for the use of the S106 contributions and the terms of the S106 Agreements do not allow the contributions to be expended outside the Parish of Shrivenham. Whilst it may be possible to expend the various contributions on smaller scale projects, the new pavilion building is expected to present better opportunities for the expanding population of Shrivenham.

31. Six candidates were invited to a single stage selective tender conducted in accordance with procedures set out in JCT Practice Note 6. Five submissions were received. The recommended tenderer provided the lowest tender and value for money.

32. Shrivenham Parish Council is the sole trustee of the Viscountess Barrington Trust. The pavilion will be owned by Shrivenham Parish Council and managed by the Trust. Councillors are not individual Trustees but have a collective responsibility for the operation of the Trust.

33. The project will be overseen by a Steering Group reporting to the Shrivenham Parish Council. Once complete, the sports pavilion will be managed under the existing Trust structure. The Hall Manager's responsibilities will be extended to include the new building (involving but not limited to facilities management, maintenance and security). The Deputy Caretaker's responsibilities will be extended to cover day to day cleaning and organisation of the new building. Bookings and payments for the building will be managed using existing systems. Increased staff and utilities costs are anticipated and will be incorporated into the Trust's 2022/23 budget. Once the sports pavilion is fully operational it is expected to generate the income required to cover these costs on an ongoing basis.

34. Planning permission for the project has been granted. The application reference is P18/V2964/FUL.

Financial Implications

35. The financial implications of this request can be accommodated by the secured S106 contributions.

36. Shrivenham Parish Council are forward funding up to £35,216.18 towards the build costs. A Deed of Variation is being sought to repurpose the Changing Rooms Contribution secured under S106 Agreement 16V52 and as such, Shrivenham Parish Council are expected to recover a portion of this S106 funding (minus legal costs). The table on the following page shows a breakdown of the portion forward funded by Shrivenham Parish Council.

16V52 Changing Rooms Contribution	£17,113.84
Parish CIL Receipts	£9,934.65
Parish Council Reserves	£8,167.69
Total Forward Funding:	**£35,216.18**

37. In order for Shrivenham Parish Council to recover the remaining forward funded monies, it is requested that the decision includes S106 funding yet to be received and detailed below (S106 anticipated), under the exceptional circumstances that the parishes forward funding amounts to less than ten per cent of the overall project cost and that the development funding triggers are expected to be met within the next year.

- S106 monies will be recovered to the value of no more than that received by the Council nor the value of forward funding that Shrivenham Parish Council have not recovered by any other means

- the S106 monies will be released to Shrivenham Parish Council, on creation of a budget to the value stated above, with no requirement for a further S106 application, report and decision

- the terms of release and use of the s106 monies to be agreed in a funding and legal agreement.

38. Shrivenham Parish Council agree to forward fund the project at its own risk, in the event that the S106 funding does not come forward.

S106 anticipated

39. Development: Land off Townsend Road
Planning Ref: P15/V0663/O
S106 Ref: 16V30
Date of agreement: 6 April 2016
Decision: Planning Committee

16V30			
Infrastructure Category	**Obligation**	**Definition**	**Contributions Secured**
Community Buildings	Sport and Leisure Contribution	The sum of £11,497 towards Shrivenham recreation ground pavilion	Instalment 3: £2,874.25 Index Linked due on 25th Occupation Instalment 4: £2,874.25 Index Linked due on 50th Occupation

40. Development: Land to the East of Highworth Road
Planning Ref: P13/V1810/O
S106 Ref: 17V14
Date of agreement: 17 April 2017
Decision: Delegated

17V14			
Infrastructure Category	**Obligation**	**Definition**	**Contributions Secured**
Outdoor Sport	Cricket Facilities Contribution	The sum of £14,973.60 towards improvements to the existing facility adjoining the Site	£14,973.60

Legal Implications

41. A legal funding agreement is required between the council and Shrivenham Parish Council, as the sole trustee of the Viscountess Barrington Trust, to ensure the S106 funds are used to cover the costs of this project and satisfy the need for the facility to deliver the identified purposes.

42. The terms of the funding agreement should include:

- The facilities must conform to Sport England & England Cricket Board (ECB) Standards;
- Agreement for the use of the facilities including community use, indoor and outdoor sports and facilities as secured and in compliance with the s106 agreements;
- A copy of the build contract signed by Shrivenham Parish Council and the selected contractor;
- Limitation of the Councils liability in its release of funding towards the project in the event of building contract failure or contractor insolvency, and
- Recommendation for Shrivenham Parish Council to seek independent legal advice in response to the agreement.

Risks

S106 Spending Parameters

43. The project falls within the spending parameters identified in the S106 agreements with the exception of:

- The Changing Rooms (Community Buildings) Contribution secured under Agreement 16V52.

  Mitigation: The terms of the 16V52 Agreement do not allow contributions to be repurposed and will require a Deed of Variation to do so. In consultation, the Owner, Persimmon Wessex, has agreed in principle to repurpose towards the project and a Deed of Variation will be instructed.

- The Memorial Hall Contribution secured under Agreement 17V14.

  Mitigation: A change of purpose for this fund has been agreed between Legal and General Homes Limited and the Council in accordance with the District Councils obligations under the terms of the Agreement. There is no further risk identified in this respect.

Funding gap

44. A total funding gap of £25,281.53 is identified. Shrivenham Parish Council are contributing £8,167.69 to the project total from its reserves and expect to bridge the remaining gap of £17,113.84 in the repurposing of funds under Agreement 16V52, as outlined in the section above.

    Mitigation: Shrivenham Parish Council have agreed to bridge the full funding gap of £25,281.53 in the event that the Deed is not executed.

Tender expiry

45. The tender provided to Shrivenham Parish Council has expired and an extension negotiated on the basis that an instruction to proceed is issued by 15 December 2020; conditional on constructional works starting in spring 2021. The selected tender is discounted and significantly reduced in comparison with competing tenders and the cost of building materials is expected to rise in early 2021. As such, successful delivery of the project is at a time critical point.

    Mitigation: In response, Shrivenham Parish Council have proposed to issue a letter of intent to the selected tender PJE Builders by 15 December 2020, expressing:

    - intent to award the contract and permitting pre-contract expenditure for building materials at a capped figure

    - intent to sign contracts no later than 1 March 2021 and an on-site start date of 1 April 2021.

46. At an extraordinary Parish Council meeting held on 19 October 2020, Shrivenham Parish Council agreed to accept the risk involved in signing the Letter of Intent before the S106 application is fully approved by the council.

47. Timely execution of the funding and legal agreement will be a critical element in releasing the necessary funds to Shrivenham Parish Council in time to meet the first payment instalment expected 1 May 2021.

VAT payments

48. VAT is not included in the identified project costs. Shrivenham Parish Council reserves are not able to meet this additional cost, at an assumed rate of 20 per cent of the total project value.

    Mitigation: Payment certificates will be issued by the contractor monthly, paid in instalments, with VAT being paid quarterly. Shrivenham Parish Council have expressed that cash flow management is expected to negate the risk. It is

recommended that Shrivenham Parish Council seek expert advice on VAT payments for new buildings to confirm this.

Building contract

49. S106 funding could be at risk if the building contract fails or the building contractor becomes insolvent.

    Mitigation: Legal funding agreement to limit the Councils liability in its release of funding towards the project.

Other implications

50. No further impacts or implications identified.

Conclusion

51. Shrivenham Memorial Hall is of insufficient size and structure to cater for the needs of an expanding village. The building is not able to provide additional space for changing and showering facilities due to its listed status.

52. The proposed project will provide accessible sporting and community facilities in this central village location, for the local community. With agreement to repurpose the identified funds, the request to help fund the building of these new facilities accords to the spending parameters of the S106 Agreements and is a suitable use of the funds.

53. In consideration of the above factors and once the council is satisfied that the risks identified in this report can be mitigated, it is recommended that a budget is created of £378,537.80 which allocates £361,423.96 towards the Shrivenham Sports Pavilion project and the funds be released to Shrivenham Parish Council. It is recommended that a further £17,113.84 (minus legal costs) be released on execution of a Deed of Variation to repurpose the Changing Rooms Contribution received under Agreement 16V52. This may be paid retrospectively.

54. It is also recommended that the remaining instalments of the Sport and Leisure Contribution towards Shrivenham recreation ground pavilion secured under S106 Agreement 16V30, and the Cricket Facilities Contribution secured under S106 Agreement 17V14 are released to Shrivenham Parish Council to the value of no more than that received by the Council nor the value of forward funding that Shrivenham Parish Council have not recovered by any other means.

Report to:

Vale of White Horse District Council

Joint Audit and Governance Committee
Cabinet
Council

Report of Interim Head of Finance

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To:	JOINT AUDIT & GOVERNANCE COMMITTEE on	26 January 2021
	CABINET on	05 February 2021
	COUNCIL on	10 February 2021

Treasury Management and Investment Strategy 2021/22

Recommendations

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

1. To approve the treasury management strategy 2021/22 set out in appendix A to this report;
2. To approve the prudential indicators and limits for 2021/22 to 2023/24 as set out in, appendix A.
3. To approve the annual investment strategy 2021/22 set out in appendix A, and the lending criteria detailed in table 6.

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

Purpose of report

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

required by legislation as follows:

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

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

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

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

Strategic objectives

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

Background

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

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

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

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

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

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

Recommended changes to the treasury management strategy

9. Council approved the 2020/21 treasury management strategy on 12 February 2020. The proposed strategy for 2021/22 includes the changes detailed below, which cabinet is asked to recommend to council.

Counterparty limits

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

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

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

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

Financial implications and risk assessment

13. This report and all associated policies and strategies set out clearly the parameters the council must work within. It is important that the council follows the approved treasury management strategy which is designed to help protect the council's finances by managing its risk exposure.

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

15. Base rate is currently 0.10 per cent. It dropped from 0.25 per cent to 0.10 per cent on 19 March 2020 to help control the economic shock of coronavirus. The Bank of

England had dropped base rate from 0.75 per cent to 0.25 per cent one week earlier on 11 March 2020.

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

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

Table 1: Medium term investment income forecast	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Forecast as at December 2020	558	138	131	181	181

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

Legal implications

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

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

Conclusion

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

Background papers

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

Appendices

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

Appendix A

Treasury Management Strategy 2021/22

Introduction

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

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

3. CIPFA defines treasury management as:

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

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

Treasury Management reporting

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

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

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

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

Scrutiny

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

Treasury Management Strategy for 2021/22

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

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

Councillor and officer training

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

Capital Prudential Indicators

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

Treasury management consultants

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

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

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

Minimum Revenue Provision (MRP) policy statement 2021/22

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

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

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

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

18. The Interim Head of Finance will determine the most appropriate repayment method, term of borrowing and duration of borrowing. As a general illustration, Table 1 below gives an example of the annual revenue costs associated with borrowing an amount of £2.5 million over a 50 year period, based on the current district tax base of 53,919 Band D equivalents.

Table 1: Example MRP and interest calculation		
Loan Amount	£2,500,000	
Loan Duration	50 Years	
PWLB Interest	1.38%	
2021/22 Tax Base	53,919	
	£	£ per Band D
MRP Element	£50,000	0.93
Annual Interest Cost	£34,500	0.64
Total	**£84,500**	**1.57**

Prospects for interest rate forecast and economic rate forecasts

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

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

Bank Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	-

5yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.84%	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
Capital Economics	0.84%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	-	-	-	-	-

10yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.15%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%	1.30%	1.20%	1.30%	1.30%	1.30%
Capital Economics	1.15%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	-	-	-	-	-

25yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.70%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%
Capital Economics	1.70%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	-	-	-	-	-

50yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.54%	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%
Capital Economics	1.54%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	-	-	-	-	-

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

21. The Monetary Policy Committee (MPC) still expects the £300 billion of QE purchases announced between the March and June meetings to continue until the "turn of the

year". This implies that the pace of purchases will slow further to about £4 billion a week, down from £14 billion a week at the height of the crisis and £7 billion more recently.

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

Negative interest rates

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

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

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

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

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

in investment income in future years that will need to be built into future years budgets.

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

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

Treasury Limits for 2021/22 to 2023/24

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

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

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

33. The following indicators set the parameters within which we manage the overall capital investment and treasury management functions. There are specific treasury activity limits, which aim to contain the activity of the treasury function in order to manage risk and reduce the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The limits are set out in table 2 below.

Cabinet is asked to recommend council to approve the limits:

Table 3: Prudential indicators	**2020/21 Approved £m**	**2021/22 Estimate £m**	**2022/23 Estimate £m**	**2023/24 Estimate £m**
Debt				
Authorised limit for external debt				
Borrowing	30	30	30	30
Other long term liabilities	0	0	0	0
	35	**35**	**35**	**35**
Operational boundary for external debt				
Borrowing	25	25	25	25
Other long term liabilities	0	0	0	0
	30	**30**	**30**	**30**

Interest rate exposures				
Maximum fixed rate borrowing	100%	100%	100%	100%
Maximum variable rate borrowing	100%	100%	100%	100%
Investments				
Interest rate exposures				
Limits on fixed interest rates	100%	100%	100%	100%
Limits on variable interest rates	50	50	50	50
Principal sums invested > 364 days				
Upper limit for principal sums invested >364 days	40	40	40	40

Current position

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

Table 4: maturity structure of investments:	**Total £000's**	**% Holding**
Call	-	0%
Money market fund	13,920	11%
Less than 6 months	50,000	41%
6 months to 1 year	45,000	37%
1 year +	11,000	9%
CCLA - Property Fund	2,000	2%
Total Investments	**121,920**	**100%**

Note: £122 million does not represent uncommitted resource the council has at its disposal. This amount includes council tax receipts held prior to forwarding to Oxfordshire County Council and the Police and Crime Commissioner for the Thames Valley, business rate receipts prior to payment to the government and committed capital and revenue balances. Details of the council's uncommitted balances are provided in the annual budget and council tax setting report.

35. The council currently holds all of its investments in the form of either cash deposits or a managed property fund (£2 million with CCLA), the majority of which have been placed for fixed terms with a fixed investment return.

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

Investment performance for the year to 30 November 2020.

37. The council's budgeted investment return for 2020/21 is £0.8 million, and the actual interest received to date is shown as follows:

Table 5: Investment interest earned by investment type				
		Interest Earned		
Investment type	Annual Budget £000's	Actual to date £000's	Annual Forecast £000's	Forecast Variation £000's
Fixed term and call cash	746	170	933	187
CCLA	87	54	87	0
Total interest	**833**	**224**	**1,020**	**187**

Borrowing Strategy 2021/22

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

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

39. Any borrowing undertaken will be within the scope of the boundaries given in the prudential indicators shown in Table 2, which allow for the council to borrow up to a maximum of £30 million, if such a need arose. This also allows short-term borrowing for the cash flow management activities of the authority.

40. The existing capital programme can be financed from internal resources. Additional expenditure committed in the future can be financed either by use of reserves or internal borrowing or externally (through prudential borrowing). Any decision on borrowing will be taken by the Interim Head of Finance based on the optimum cost to the council.

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

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

Policy on borrowing in advance of need

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

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

Annual investment strategy 2021/22

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

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

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

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

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

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

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

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

50. The council's Interim Head of Finance will ensure a counterparty list (a list of named institutions) is maintained in compliance with the recommended credit rating criteria (table 6) and will revise the criteria and submit any changes to the credit rating criteria to council for approval as necessary.

Investment types

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

Specified investment instruments

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

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

Non-specified investment instruments

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

- Supranational bonds of 1 to 10 years to maturity
- UK treasury stock (Gilts) with a maturity of 1 to 10 years
- Unrated building societies (minimum asset value £1 billion)
- Bank and building society cash deposits up to 5 years (minimum F1/A- rated)
- Deposits with UK local authorities up to 25 years to maturity
- Corporate bonds
- Pooled property, pooled bond funds and UK pooled equity funds
- Diversified Income Fund
- Multi-Asset Fund
- Ultra-Dated/Short dated bond
- Non-UCITS Retail Schemes (NURS)

Other Non-specified investment instruments.

54. Other non-specified investment instruments include:

- Fixed term deposits with variable rate and variable maturities

Approach to investing

55. The council holds approximately £40 million core cash balances which are available to invest for more than one year. This is expected to reduce over the medium term as the approved capital expenditure is incurred and to fund the revenue budget shortfall. In addition, the council has funds that are available on a temporary basis to invest. These are held pending payment over to another body such as precept payments and council tax. The amount can vary between £5 million and £15 million throughout the year and should only be invested short term (under one year). Investments will be made with reference to known cash flow requirements (liquidity).

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

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

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

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

60. Further investment in property funds will be looked at in more detail for consideration. In 2013/14 the council invested £2 million in the Churches Charities and Local Authorities pooled property investment fund (CCLA).

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

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

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

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

65. USDBF/SDBF have a variable net asset value (VNAV). This means the assets are 'marked to market' (re-valued to current market value) on a daily basis and the fund unit price adjusted accordingly. Under this calculation basis the unit price fluctuates and could, therefore, be higher or lower than the original investment when it is redeemed. Any use of the above funds would be restricted to the high-quality counterparty credit criteria as set out in Table 6 below.

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

Counterparty selection

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

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

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

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

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

Country and sector considerations

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

Counterparty limits

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

Table 6: Counterparty Limits				
Counterparty	Minimum Fitch Long term Rating (or equivalent)	Counterparty Limit £m	Max. maturity period	Maximum % of total
Institutions with a minimum rating:	F1+ / AA-	£10m	5 years	100%
Institutions with a minimum rating:	F1 / A-	£10m	2 year	80%
Institutions with a minimum rating:	F2/BBB	£5m	1 year	70%
Banks - part nationalised UK	UK sovereign	£15m	3 years	100%
Banks - house bank	n/a	£5m	3 months	20%
Building societies >£1m	n/a	£3m	12 months	50%
Building Societies	BBB+	£7m	12 Months	70%
Local authorities , parish councils	n/a	£20m	25 years	50%
Money Market funds (CNAV)	AAA	£20m	liquid	100%
Pooled property funds - CCLA	n/a	£7m	Variable	15%
Corporate Bonds	AA-	£5m	Variable	40%
CCLA Diversified Income Fund	n/a	£3m	Variable	10%
Multi - Asset Funds	n/a	£3m	Variable	10%
Ultra Dated/Short dated bonds	n/a	£3m	Variable	10%
Non-UCITS Retail Scheme (NURS)	n/a	£3m	Variable	50%
Managed Bond Funds	n/a	£15m	Variable	70%
Share capital / Equities	n/a	£3m	Variable	20%
Supranationals	AAA	£10m	10 years	50%
UK Government - gilts	UK sovereign	No limit	25 years	20%
UK Government - DMADF	UK sovereign	No limit	12 Months	100%
UK Government - Treasury Bills	UK sovereign	No limit	6 Months	100%

74. The criteria for choosing counterparties provides a sound approach to investment. Whilst councillors are asked to approve the criteria in table 6, under exceptional market conditions the Interim Head of Finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval.

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

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

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

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

Fund managers

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

Risk and performance benchmarks

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

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

- Cash investments - 3-month LIBID rate.
- Property related investments – IPD Balance Property Unit Trust Index.

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

Policy on the use of treasury management advisors

82. The council has a joint contract for treasury management advisors with South Oxfordshire District Council. Link Asset Services provides a range of services which include:

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

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

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

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

85. **Joint Audit and Governance Committee/ Cabinet**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- Ensuring effective scrutiny of the treasury management function

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

87. The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-

financial investments, (which CIPFA has defined as being part of treasury management), (See Appendix G).

Summary

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

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

Appendix B

ECONOMIC BACKGROUND

- **UK.** The Bank of England's Monetary Policy Committee kept **Bank Rate** unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
    - The economy would recover to reach its pre-pandemic level in Q1 2022
    - The Bank also expects there to be excess demand in the economy by Q4 2022.
    - CPI inflation is therefore projected to be a bit above its 2 per cent target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to **the Bank's forward guidance** in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2 per cent target sustainably". That seems designed to say, in effect, that even if inflation rises to 2 per cent in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase through to quarter 1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to GDP ratio falling significantly. **Inflation** is unlikely to pose a threat requiring increases in Bank Rate during this period as there is likely to be spare capacity in the economy for a considerable time. It is expected to briefly peak at around 2 per cent towards the end of 2021, but this is a temporary short lived factor and so not a concern.
- However, the minutes did contain several references to **downside risks**. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. That could involve some or all of the lockdown being extended beyond 2nd December, a temporary relaxation of restrictions over Christmas, a resumption of the lockdown in January and lots of regions being subject to Tier 3 restrictions when the lockdown ends. Hopefully, restrictions should progressively ease during the spring. It is only to be expected that some businesses that have barely survived the first lockdown, will fail to survive the second lockdown, especially those businesses that depend on a surge of business in the run up to Christmas each year. This will mean that there will be some level of further permanent loss of economic activity, although the extension of the furlough scheme to the end of 31st March will limit the degree of damage done.

- As for **upside risks**, we have been waiting expectantly for news that various **COVID19 vaccines** would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90 per cent effectiveness was much higher than the 50-60 per cent rate of effectiveness of flu vaccines which might otherwise have been expected. However, their phase three trials are still only two-thirds complete. More data needs to be collected to make sure there are no serious side effects. We don't know exactly how long immunity will last or whether it is effective across all age groups. The Pfizer vaccine specifically also has demanding cold storage requirements of minus 70C that might make it more difficult to roll out. However, the logistics of production and deployment can surely be worked out over the next few months.
- However, there has been even further encouraging news since then with another two vaccines announcing high success rates. Together, these three announcements have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels, which would help to bring the unemployment rate down. With the household saving rate currently being exceptionally high, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could begin to be eased, possibly in Q2 2021, once vulnerable people and front-line workers had been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7 per cent next year instead of 9 per cent. But while this would reduce the need for more QE and/or negative interest rates, increases in Bank Rate would still remain some years away. There is also a potential question as to whether the relatively optimistic outlook of the Monetary Policy Report was swayed by making positive assumptions around effective vaccines being available soon. It should also be borne in mind that as effective vaccines will take time to administer, economic news could well get worse before it starts getting better.
- **Public borrowing** is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19 per cent of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9 per cent of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1 per cent in August, this left the economy still 9.2 per cent smaller than in February; this suggested that the economic recovery was running out of steam after recovering 64 per cent of its total fall during the crisis. The last three months of 2020 were originally expected to show zero growth due to the impact of widespread local lockdowns, consumers probably remaining cautious in spending, and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year also being a headwind. However, the second national lockdown starting on 5th November for one month is expected to depress GDP by 8 per cent in November while the rebound in December is likely to be muted and vulnerable to the previously mentioned downside risks. It was

expected that the second national lockdown would push back recovery of GDP to pre pandemic levels by six months and into sometime during 2023.

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

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

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

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

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

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

overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

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

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

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

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

help recovery in the shorter term or to help individual countries more badly impacted by the pandemic.

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

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

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

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

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

Summary

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

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

INTEREST RATE FORECASTS

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

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

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

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

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

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

The balance of risks to the UK

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

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

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK / EU trade negotiations** – if they were to cause significant economic disruption and downturn in the rate of growth.
- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. In November, Hungary and Poland threatened to veto the 7 year EU budget due to the inclusion of a rule of law requirement that poses major challenges to both countries. There has also been a rise in anti-immigration sentiment in Germany and France.

- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

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

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

Appendix C

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

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

2. **Yield**.

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

3. **Liquidity**.

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

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

- maintain a minimal balance held in the council's main bank account at the close of each working day. Transfers to the councils call accounts, MMF and investments will be arranged in order to achieve this, while maintaining access to adequate working capital at short notice.

- use the authorised bank overdraft facility or short term borrowing where there is clear business case for doing so, to cover working capital requirements at short notice

5. **Security of the investments**.

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

Average defaults for differing periods of investment

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

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

Appendix D

Explanation of Prudential and Treasury Indicators

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

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

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

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

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

Appendix E

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

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

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

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

Non-specified investments
These are any other type of investment (i.e. not defined or specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are as set out in Table 6.

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

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

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

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

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

Appendix F

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

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

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
    - *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

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

Appendix G

GLOSSARY OF TERMS

Authorised Limit	The maximum amount of external debt at any one time in the financial year.
Basis Point (BP)	1/100th of 1%, i.e. 0.01%
Base Rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A financial instrument financing trade.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre-agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
Cash Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore, the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
CDS	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
CFR	Capital Financing Requirement.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	Department for Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.

ECB	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2 per cent. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
Enhanced Cash Funds	A pooled investment fund. Longer dated investment than a MMF and, unlike a MMF, enhanced cash funds have variable asset value. Assets are marked to market on a daily basis and the unit prices vary accordingly. Investments can be withdrawn on a notice basis (the length of which depends on the fund) although such funds would typically be used for investments of 3 to 6 month duration.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Mark to Market Accounting	Accounting on the basis of the “fair value” of an asset or liability, based on the current market price. As a result, values will change with market conditions.
Minimum Revenue Provision	This is a prudent sum set aside each year to offset the principal repayment of any loan to smooth the impact on the local taxpayer.
Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however a MMF relies on loans to companies rather than share holdings.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1 per cent of a central target of 2.5 per cent in two years’ time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Non-UCITS Retail Scheme (NURS) –	Undertakings for collective investments are funds authorised to be sold in the UK that are required to meet standards set by the UK services regulator. An example is property funds.
Operational Boundary	The most likely, prudent but not worst-case scenario of external debt at any one time.
Other Bonds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.

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

Cabinet Report

Report of Interim Head of Finance

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To: CABINET 5 February 2021
COUNCIL 10 February 2021

Capital strategy 2021/22 to 2030/31

Recommendation

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

2) That Cabinet recommends to Council to agree the strategy for flexible use of capital receipts which is contained as appendix 1 of the capital strategy.

Purpose of Report

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

Strategic Objectives

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

Background

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

account of stewardship, value for money, prudence, sustainability and affordability. Under the Code, a capital strategy is required to be agreed ahead of the 2020/21 financial year and will be reviewed on an annual basis.

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

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

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

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

7. This year the strategy includes within it a strategy for the flexible use of capital receipts. This identifies revenue activity which, under guidance issued by the Secretary of State for Communities and Local Government in 2016, is eligible to be funded using capital receipts rather than revenue resources.

Financial Implications

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

Legal Implications

9. None.

Conclusion

10. This report provides details of the proposed capital strategy for 2021/22 to 2030/31 and asks cabinet to recommend the capital strategy to council. These documents provide the parameters within which capital expenditure and investment decisions will be made once the supporting requirements are in place.

Background Papers

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

Appendices

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

Appendix 1

Capital Strategy
2021/22 – 2030/31

DRAFT

Contents

DRAFT

1 Introduction

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

2 Purpose

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

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

3 Scope

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

4 Capital Expenditure

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

The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees

and the acquisition of vehicles and major items of equipment. Also included would be any commercial investments.

5 Delivery and Commercial Investments

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

5.1 Delivery investments

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

5.2 Commercial investments

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

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

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

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

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

6 Due Diligence

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

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

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

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

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

7 Council Objectives

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

8 The Capital Budget Setting Process

8.1 Key Criteria for Strategy

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

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

8.2 Deciding which Schemes are to be put forward for review

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

Prudence:

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

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

Affordability:

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

Sustainability:

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

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

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

8.3 Prioritisation of Schemes put forward

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

8.4 Options Appraisals and Feasibility Studies

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

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

8.5 In Year Opportunities

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

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

8.6 Member Approval Process

As part of the annual budget cycle.

9 Monitoring of the Capital Programme Expenditure

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

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

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

10 Multi-Year Schemes

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

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

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

11 Funding Strategy and Capital Policies

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

11.1 External Funding

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

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

11.2 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an asset. In most cases they cannot be spent on revenue items. However, capital receipts maybe spend on certain projects as defined in the Statutory Guidance on the Flexible Use of Capital Receipts (updated) March 2016 by Department for Communities and Local Government.

11.3 Flexible Use of Capital Receipts

The Council will adopt a strategy on the flexible use of capital receipts as detailed in Annex A of this report.

11.4 Prudential/Unsupported Borrowing

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

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

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

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

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11.5 Invest to Save Schemes

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

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

11.6 Leasing

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

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

12 Procurement and Value for Money

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

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

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

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

13 Performance Management

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

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

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14 Risk Management

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

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

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

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

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Annex A

Strategy for Flexible use of Capital Receipts

Purpose

1. This report reviews the statutory guidance on the flexible use of Capital Receipts and its application within this Council.

Background

2. Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure but the use of capital receipts to support revenue expenditure is not permitted by these regulations.

3. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under these Regulations.

4. The Secretary of State for Communities and Local Government has issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital,

"expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners."

5. In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.

6. There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

7. The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

Flexible Use of Capital Receipts Strategy

8. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

"Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."

9. The Council's intends to use the following use of capital receipts to fund the following transformation projects:

Project Description	**2020/21 £000**	**2021/22 £000**
Costs of transformation activity as outlined in the budget setting report for 2020/21	250	250
Total	**250**	**250**

11. The Council will revisit the use of capital receipts to fund projects during the financial year if further opportunities arise for consideration.

Impact on Prudential Indicators

12. The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy.

13. The key indicator that is impacted by this strategy is the "Estimates of Capital Expenditure Indicator", which will increase by £500,000 over the two financial years.

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of the Local Government Act 1972.

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